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Public Provision of Employment Services in Selected OECD Countries

The Job Brokerage Function

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In 2000, following a decade-long series of public employment service reviews, the Organisation for Economic Co-operation and Development (OECD) held a conference in Prague to take stock of the conclusions and look forward (OECD 2001b). The final report of the conference found that “a sea change” in public employment services’ working methods had taken place during the decade. Public employment services (PES) in many OECD countries have indeed undergone substantial changes during the past decade as policymakers sought to improve the effectiveness and flexibility of labor market measures in the face of change and stress in labor markets.

The aim of this chapter is to provide a succinct, comparative review of key developments in the public provision of employment services in selected OECD countries, with particular emphasis on the job brokerage function (defined broadly to include vacancy and job seeker registration, counseling and placement); reference is also made to mechanisms for referral to active labor market programs. The chapter focuses primarily on a group of OECD countries selected from among those whose PES systems were reviewed by the OECD during the past decade and for which data were available: Australia, Belgium, Denmark,

France, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. For an overview of the PES job brokerage operations in each study country, see Table 7.1. It is important to note that this selection of countries, while covering a broad range of examples, is not necessarily representative of the OECD countries as a whole. The analysis draws substantially on OECD databases and several recent survey papers. Due to the pace of policy change in this area, it has by necessity been illustrative rather than comprehensive in approach.

The role of PES job brokerage services can be important in addressing market failures. First, they can help to improve the transparency of the labor market by registering and listing vacancies for job seekers and employers who might not otherwise have ready access to this information. Second, they provide tools (e.g., access to the Internet) and assistance (e.g., advice on job search strategies) to the job-ready unemployed and other job seekers, potentially helping them to find employment more rapidly or with a better match than might otherwise be the case. Third, for those who are not yet job ready or who face a mismatch vis-à-vis available vacancies, the PES can make and support referrals for training, specialized counseling or other assistance (which may be otherwise under-supplied in the market), with a view to facilitating the early placement of these job seekers. Fourth, access to quality PES brokerage services can reduce the cost of job search and, in association with benefit conditionality, can increase the job search effort and motivation among the unemployed, thereby increasing employment probabilities and reducing unemployment.¹

Although the PES play a key role in facilitating the matching of labor supply and demand, they are not generally the main channel for filling vacancies.² Typically, its market share for placements is one-third or less (measured in terms of placements as a percentage of all hirings in the economy; see Table 7.2).³ In an effort to improve their effectiveness and respond to changing labor market conditions, many PES undertook a restructuring of their job brokerage operations. Thus, the 1990s witnessed government action to modernize and reform PES systems by taking advantage of new technologies, empirical evidence, and policy perspectives, thereby enhancing performance. While countries differed in the resourcing, structure and content of their approaches,

there were also significant, common features in their restructuring strategies.

OVERVIEW

Already by the late 1800s or early 1900s, various types of labor exchanges were functioning in most, if not all, of the study countries.⁴ Over the decades, such exchanges were subsumed into PES systems with activities going well beyond basic placement activities. Now, the core PES functions generally comprise job brokerage, administration of unemployment compensation, and administration of labor market programs (OECD 2001b).⁵ In addition, the PES play an important role in labor market information systems, both collecting some primary data and helping to disseminate information to users including job seeker and employer clients, among others.

The OECD typology of labor market measures has traditionally made a distinction between passive and active measures. The OECD defined passive measures to include unemployment compensation and early retirement for labor market reasons, while active measures included PES and administration, labor market training, youth measures, subsidized employment, and measures for the disabled. Expenditure on passive measures tends to dominate.

In most OECD countries, some form of activation has been built into most labor market measures, and as a consequence the effective differences between these two categories have been reduced.⁶ For example, unemployment compensation is increasingly subject to conditions involving active participation in labor market programs or demonstration of independent initiative (OECD 2001b, pp. 35–68). This emphasis on activation is one key influence on PES restructuring.

The resources devoted to active labor market programs (including direct program costs and payments of subsistence allowances to program participants, as well as PES and related administrative costs) differ greatly among the countries examined.⁷ In 1999, for example, Belgium, Denmark, France, the Netherlands, and Sweden allocated between 1.3 percent and 1.8 percent of their GDP to active labor market

Table 7.1 Overview of PES Job Brokerage Operations in Selected OECD Countries

Country	Description
Australia	The Department for Employment and Workplace Relations is responsible for the job brokerage function. Placement services are provided primarily through the Job Network, which is comprised of hundreds of agencies contracted by the Department (mainly in the private & community sectors).
Belgium	Placement and vocational training programs are primarily the responsibility of three separate regional public agencies: FOREM, ORBEM and VDAB. These bodies offer their services through a number of subregional and local employment offices (as of 1997, about 100 each in Flanders and Wallonia).
Denmark	The National Labor Market Authority, working under the Ministry of Employment, provides oversight for the job brokerage function which is implemented by the national employment service (AF). The public employment service is organized into 14 regional offices that direct about 95 local offices.
France	The French National Employment Office (ANPE) is a national public establishment with a certain degree of financial autonomy which is responsible for administering the job brokerage aspects of employment services. ANPE is organized into 22 regional offices and 750 local offices.
Japan	The Ministry of Health, Labour and Welfare provides oversight to the Public Employment Security Offices (PESOs). Supported by prefectural governments, the PESOs deliver job brokerage services through a network of some 478 offices plus a number of branch and local offices.
Netherlands	The job brokerage service is primarily the responsibility of the Dutch Employment Office working in co-operation with the municipalities and social partners. Its regional offices support the delivery of placement and reintegration services at the newly established Centres for Work and Income that are run on a collaborative basis.
Sweden	The National Labor Market Board (AMS) establishes general goals and guidelines for the 21 county labor boards, which in turn are responsible for the local employment offices. There are 403 employment offices, which operate in nearly all municipalities.

Switzerland	The Federal Department of Economic Affairs provides policy direction for the 26 cantons, that have substantial autonomy for implementation of the job brokerage function (through some 153 regional placement offices). They have the option of contracting private placement agencies to provide placement and counseling services to unemployed workers.
United Kingdom	The Department for Work and Pensions provides oversight for the newly established Jobcentre Plus which operates 1,133 local employment offices delivering job brokerage services. The operations are relatively centralized.
United States	The US Department of Labor provides national level oversight for the PES, including the job brokerage function. States implement policy with considerable autonomy through a network of roughly 2,500 local offices. Core job placement operations must be implemented by government staff, but other operations can be contracted out.

Table 7.2 PES Workload and Market Share Indicators, 1999

	Annual newly registered							
	Job seekers as a % of the labor force	Vacancies as a % of the labor force	Placements by PES as a % of the labor force	Placements per PES staff member ^a	Placements as a % of job seeker registrations	Placements as a % of vacancies	Vacancies as a % of hirings	Placements as a % of hirings
Australia ^b	—	8	4	—	—	53	37	20
Belgium ^c	—	—	—	—	—	—	39	—
Denmark	33	8	3	27	8	33	43	14
France	19	12	7	97 (46)	34	56	39	22
Japan ^b	10	9	3	113	26	29	76	23
Netherlands	13	4	3	19	17	50	28	14
Sweden	12	11	—	—	—	—	—	—
Switzerland	6	4	1	12	24	37	24	9
United Kingdom	—	9	5	41	—	52	44	23
United States ^d	13	5	1	27	11	26	—	—

^a Numbers in bold are calculated on the basis of staff in the job brokerage agency only. The nonbold numbers, including the number in parentheses for France, are calculated on the basis of PES-wide staffing including benefit administration but excluding staff in occupational training centers run by the PES.

^b Data for Australia and Japan refer to 1999–2000.

^c Data for Belgium refer to 1995.

^d Data for the United States refer to 1998–1999.

SOURCE: OECD labor market programs database, OECD PES database and, for Australian placements and vacancies, OECD (2001a).

programs, while the United States and Japan spent 0.17 percent and 0.31 percent, respectively.⁸ With respect to the PES share of this active expenditure, Martin and Grubb (2001) observe that “In 2000, the average OECD country devoted 17 per cent of active spending to PES administration, a proportion which has been very stable over the period 1985–2000.”

Although the PES in each of the study countries delivers services in each of the core PES functional areas, spending on the PES agencies and related administrative costs varies widely between these countries (see Table 7.3).⁹ This expenditure category includes costs of the job brokerage function as well as the administrative costs for unemployment compensation and labor market programs.¹⁰ In 1999, the Netherlands and Sweden expended 0.28 percent and 0.27 percent of their GDP, respectively, on these items. Australia, which has privatized most of its PES activities in 1998, allocated 0.20 percent of GDP or an amount slightly above the average for the 10 countries examined here. The United States allocated just 0.06 percent of GDP for these expenditures.

The amount of PES and related administrative expenditure per dependent employee provides a comparative indication of the available resources.¹¹ By this measure, Australia, France, Japan, the Netherlands, Sweden, and Switzerland all expended in 1999 more than U.S.\$100 per dependent employee, while the PES in the United States expended just U.S.\$41 per dependent employee. An indication of the resource intensity of the PES can be had by comparing key results to expenditure on the PES and related administration. For example, the PES and related administrative costs per vacancy registered varied between U.S.\$3,483 in the Netherlands to just U.S.\$632 in the United Kingdom. In relation to each placement, these costs ranged from U.S.\$6,585 in Switzerland to U.S.\$1,204 in the United Kingdom.

Staffing of the PES also varies widely, as shown by a review of the indicators in Table 7.4. Due to a lack of consistent data, the table presents these data in two categories: those covering just the job brokerage function and those covering the overall PES. One indicator of the potential personal service availability is the average number of dependent employees per staff member. Among the countries for which data on just the job brokerage function are available, this indicator ranges between 365 for Sweden and 1,198 for France (ANPE, i.e., the French National

Table 7.3 Public Employment Service Expenditures, 1999

	Active labor market policy expenditure as a % of GDP ^a	PES and related administrative expenditures as a % of GDP ^b	PES and related administrative expenditures (in U.S. dollars ^c)		
			Per dependent employee	Per vacancy	Per placement
Australia ^d	0.45	0.20	111	1,152	2,154
Belgium	1.34	0.18	—	—	—
Denmark	1.78	0.12	78	850	2,591
France	1.37	0.17	113	788	1,398
Japan ^d	0.31	0.20	84	759	2,573
Netherlands	1.62	0.28	197	3,483	5,377
Sweden	1.81	0.27	170	1,385	—
Switzerland	0.66	0.14	115	2,440	6,585
United Kingdom ^d	0.36	0.13	71	632	1,204
United States ^e	0.17	0.06	41	713	2,789

^a The active labor market policy budget figure includes PES and administration costs, labor market training, youth measures, subsidized employment, and measures for the disabled. (See OECD 1994a, pp. 52–53 for full definitions of expenditure categories.)

^b PES and related administration costs include placement, counseling, and vocational guidance; job search courses and related forms of intensified counseling; support of geographic mobility and similar costs; all administration costs of labor market agencies (including unemployment benefit agencies), and other labor market programs.

^c The conversion of PES expenditure data is based on market exchange rates as of July 1, 1999.

^d Expenditure data for Australia, Japan, and the United Kingdom refer to 1999–2000. For Australia and Japan, PES vacancy and placement data refer to 1999–2000, as well.

^e Data for the United States refer to 1998–1999.

SOURCE: OECD labor market programs database and OECD PES database.

Table 7.4 PES Offices and Staffing,^a 1999

	Number of PES local offices	Average number of staff per local office	Geographical area per office (Km ²)	PES staff	Dependent employment per staff member	Average stock of benefit recipients per staff member	Average stock of job seekers per staff member
PES—Job brokerage and program management only							
Denmark	95	25	454	2,775	889	48	103
France—ANPE only ^b	750	19	732	15,200	1,198	131	193
Netherlands	243	27	168	8,500	657	—	89
Sweden	403	22	1,117	10,455	365	22	41
PES—Overall, including benefit administration							
Belgium ^c	123	25	248	12,300	245	48	59
France ^b	—	—	—	37,000	570	62	93
Japan	478	27	790	15,273	3,490	70	165
Switzerland ^d	153	18	270	4,483	674	25	38
United Kingdom ^e	1,133	26	204	34,963	691	32	43
United States ^f	2,528	28	3,707	70,050	1,825	33	—

NOTE: Excludes staff in occupational training centers run by the PES.

^a Data for these indicators are not available for Australia due to the privatization of PES service delivery.

^b The institution in France responsible for the job brokerage function is ANPE (see Table 7.1 for a description). The number of staff per local office refers to 1995. French data under “PES—Overall” include staff in ANPE, UNEDIC (unemployment benefits), Ministère du travail, and AFPA (training).

^c Data for Belgium refer to 1995. The local office count refers to job brokerage offices only. The figure for average staff per office refers to Flanders only.

^d The Swiss local office count refers to placement offices only.

^e Data for average stock of job seekers per staff member in the United Kingdom are from (OECD 2001b).

^f Data for the United States refer to 1998–1999 (U.S. staffing and local office numbers are estimated based on 1997 data). Data for benefit recipients per staff member in the United States are from (OECD 2001b).

SOURCE: OECD PES database, except as noted.

Employment Office). For the other countries, the calculation is based on overall PES staffing data and ranges from between 245 for Belgium to 3,490 for Japan. In terms of actual client loads per staff member, Sweden and Switzerland were the best resourced in their respective groupings, while France (ANPE) and Japan had the largest client stocks per staff member in their respective groupings. Despite low staffing relative to dependent employment, the PES in the United States fell below the average for its grouping in terms of benefit recipients per staff member, reflecting the relatively limited use of unemployment benefits.

ORGANIZATION OF PUBLIC EMPLOYMENT SERVICE PROVISION

In each of the study countries, the PES might be thought of as a network or system comprised of a number of institutions.¹² National governments have established the framework for each PES, assigning the responsibilities for the functions of the PES to various institutional units. Among public institutions engaged in the system, there is a division of labor along functional lines with some responsibilities devolved to the regional or local levels. In most of the countries, there are mechanisms for consultation with the social partners (i.e., employers and worker representatives) on the functioning of the PES.¹³ And, increasingly, there is an engagement of nongovernment organizations and other bodies in partnership arrangements with the PES, sometimes on a contractual basis.

In 9 of the study countries, the job brokerage function is administered under a mechanism separate from that for unemployment benefits (Table 7.5).¹⁴ Japan is an exception in the study group, whereby a single institution—the Ministry of Health, Labour and Welfare—administers both the job brokerage and unemployment benefits functions. The United Kingdom has restructured its system over the years first to separate, then to reintegrate the service delivery of the two functions; now, it has moved to establish more fully integrated PES administrative arrangements.¹⁵

The basic organization for the placement function tends to be a tiered one consisting of a national level, regional offices, and local of-

fices, sometimes with branch offices or part-time service windows in other institutions. Each of the 10 study countries has at the core of its PES a network of local offices to deliver basic placement and counseling services. However, there are many variations in the specific structure and linkages. These variations have been underscored in recent years by differences across countries in approaches toward activation of policy measures, introduction of new technologies, and efforts toward improved policy coherence (among other initiatives).

In 9 of the countries, these local offices operate under national or regional government agencies, some of which have a fair amount of autonomy.¹⁶ Australia is the exception (see “Job Network: The Australian Case,” on p. 229) in that key placement-related services are delivered locally for the central government on a contractual basis by private or nonprofit providers (i.e., most basic placement services are no longer provided directly by the state).¹⁷

A number of OECD countries have introduced or expanded decentralization in service delivery, as central governments focus increasingly on the policy framework and mandates and on monitoring outcomes while permitting regional or local offices and service providers more flexibility in implementation (OECD 2001b).¹⁸ In Denmark, this involved greater engagement of the social partners in the oversight of the PES.¹⁹ In some countries, this may involve local engagement of other partner institutions (e.g., municipal government, educational institutions, or nongovernmental organizations) with a view to expanding the pool of knowledge and expertise in addressing labor market problems and potentially expanding “buy-in” to agreed policy approaches (as in some areas of the United States).

The study countries, with the exception of Japan and the United Kingdom, have substantially decentralized the implementation of the placement function (Table 7.5) such that regional or local operations can be tailored to needs in specific areas. Belgium, Switzerland, and the United States have devolved responsibility for local PES placement offices to subnational levels of government, with the result that different office networks operate in different regions while still conforming to the national PES frameworks.²⁰ Under recent PES reforms that came into effect in January 2002, the Netherlands has established centralized oversight for the job brokerage function under the Ministry of Social Affairs and Employment, but has given the local Centers for Work and

Table 7.5 PES Placement Operations and Linkages

	Separate administration of PS and UBs?	Separate PS and UB local client service units?	Significant decentralization in management of local placement offices?	Adult training provision
Australia	Yes (separate ministries)	Yes	Yes (privatized to outside providers)	Most ALMPs abolished; but contracted assistance providers may offer training at own initiative. ^a
Belgium	Yes (UBs under a national agency, PS under regional agencies)	Yes	Yes (autonomous at regional level)	Most is provided by the regional PES agencies.
Denmark	Yes (UBs through autonomous funds, PS through national agency)	No, in practice (i.e., most clients register for UBs at PS office, but separate UI offices address any complications)	Yes (semi-autonomous at regional level)	Most is purchased from a PES institution, some externally. ^a
France	Yes (UBs through autonomous funds under social partners, PS through a national agency)	Yes	Yes (through managerial autonomy under management by objectives approach)	Most is purchased externally or provided via a government supported association (AFPA).
Japan	No (both under Ministry of Health, Labour and Welfare)	No (but separate ES and UI sections within offices)	Limited	Purchased by participants externally on a reimbursable basis

Netherlands	Yes (UBs through industrial insurance boards & joint bodies, PS through national agency & partners)	Yes, but moving to co-locate services with one-stop Centers for Work and Income	Yes (under regional boards and through some autonomy for local Centres of Work and Income)	Most is purchased externally. ^a
Sweden	Yes (UBs through autonomous funds & municipalities, PS through national agency)	No (claims handled usually via the PS office)	Yes (through substantial autonomy for local office managers)	Most is purchased externally.
Switzerland	Yes (although both under same federal department, they have separate administrative mechanisms engaging different institutions)	Yes	Yes (semi-autonomous at the canton level)	Most is purchased externally, with some provided through PES & its partners.
United Kingdom	Implementing a merged system	Generally no, with some variation by locality (but implementing a merged system)	Limited	Most is provided through PS referral to an external partner institution (Learning & Skills Council).
United States	Yes (although both under same federal department, they have separate administrative mechanisms engaging different institutions)	Mixed (there is a national initiative for one-stop shops, but some state variation; e.g., UB telephone/internet initial claims in some states)	Yes (semi-autonomous at state level)	Purchased externally ^a

NOTE: PS = Placement service; UB = unemployment benefit.

^aIn these countries (Australia 1999–2000, Denmark 2000, Netherlands 2000, United States 1998–1999), adult training was the largest ALMP category in terms of participant inflows (excluding PS).

SOURCE: PES Internet sites and OECD PES reviews; OECD 1993a,b; 1996a,b,c; 1997; 1999; 2001a.

Income a degree of independence in management and mandated “integrated co-operation” with similar departments in the municipalities (Struyven and Steurs 2002).

As a complement to the network of local placement offices, some countries have set up separate PES offices for special target groups. For example, in France, special local units have been set up to place and counsel youth (*espaces jeunes*), professionals (*espaces cadres*), or employees in specific industries.²¹ In Belgium, each of the three regional placement agencies runs separate (for profit) offices for placements into temporary work. In Japan, the work of the main PES offices is bolstered by satellite branch and local offices set up to serve particular local areas or client groups (e.g., students, part-time workers, women with children) (Ministry of Labour 1995).²²

Provider networks extend well beyond the local offices in the study countries and are used to address job seeker needs beyond the basic placement, counseling, and unemployment benefit services. Placement offices refer individuals to active labor market programs or to other service providers addressing special needs (e.g., to respond to psychological problems). While subsidized employment programs are often administered directly through the placement offices, most of the other programs and measures are operated through PES partners or contractors. For example, in most if not all of the study countries (Belgium may remain an exception), training referrals are generally made to outside providers (Table 7.5). This is the case even in those countries that 20 years ago may have relied more on state-run training centers (e.g., Netherlands or Sweden). The use of networks of providers enables the PES to provide individuals with access to a broad range of targeted assistance.

Even though placement services are often administered separately from unemployment benefits and program services, there is nevertheless a move toward functional integration across providers. This is seen, in part, as a means of rendering the system more transparent to users and more capable of capitalizing on synergies between the various services available in an area. In some cases, this has involved actual co-location of placement services and registration for unemployment benefits, as in Denmark, Japan, the Netherlands (now being implemented), Sweden, the United Kingdom, and the United States (some areas). In others, it has involved “virtual” links, as in some areas of the United States.

A broader approach can be seen in the ongoing implementation of one-stop shop facilities in countries such as the Netherlands and much of the United States.²³ While the exact definition of one-stop shops varies by country, these offices are generally structured to include a local employment center at their core (providing placement services, counseling, and referral to programs), plus unemployment benefit administration and representation of other partners such as government agencies, nonprofit organizations, educational institutions or private-sector firms. One-stop shops sometimes take the form of unified intake points for labor market and social services provided by different agencies or suppliers; sometimes they are even more ambitious, with a collocation of service delivery.

Another organizational development in the PES structure of several of the study countries is the increase in contestability of employment services. Australia has perhaps gone the furthest in this regard, maintaining a public vacancy and resume database system, but delivering most other labor exchange and reintegration services through private providers (see “Job Network: The Australian Case,” on p. 229). The Netherlands has gone part of the way down this pioneering path by moving toward contestability in the delivery of reintegration services (Struyven and Steurs 2002). On the other hand, most OECD countries have introduced contestability in the delivery of at least a portion of their long-term training (Table 7.5). In a twist on the theme of contestability, the Swiss system has introduced performance-related payments to the cantons, which have management responsibility for the local public providers. Moreover, treatment of private employment services has been liberalized in many OECD countries, even those that formerly maintained a monopoly for the PES (e.g., Denmark). In sum, the employment services market has become much more competitive.

In 1997, a new International Labour Office convention (C 181) recognized that private employment services could contribute to the healthy functioning of labor markets and advocated PES cooperation with them, while still envisaging regulation to prevent abuses (Thuy, Hansen, and Price 2001).²⁴ This reflected the (sometimes newly developed) thinking in most OECD countries that such agencies could complement the PES. In all of the study countries, private employment services now play a significant role. For example, in the United States

there are over 31,000 private employment agencies that offer labor exchange services (Balducchi and Pasternak 2001).

The shift to decentralized systems with networks of providers and functional integration across core PES activities has been helped by new technologies and management information systems. Office automation and communication technology has expanded the possibilities for exchange of information concerning labor market conditions (supply, demand, wages), job seekers, and employers (e.g., resumes and vacancies), or program administration (within the bounds of privacy constraints on sharing of client information). While potentially benefiting all labor market participants, these systems play a critical role in the operation of the PES. The information they generate empowers PES managers with timely information on local conditions and the performance of their offices. The information also feeds back into the policy and budget formation processes. For example, local performance is taken into account in the contracting process in Australia and the determination of central budget funding for PES operations in Swiss cantons. A number of other OECD countries (e.g., Sweden, the United Kingdom, and the United States) have invested in developing performance measurement systems that provide incentives for managers

JOB NETWORK: THE AUSTRALIAN CASE

In recent years, the Australian government has energetically pushed forward with far-ranging employment service reforms that extend and combine a number of the innovations discussed above. In particular, major PES reforms were implemented from 1998, whereby the former Commonwealth Employment Service was shut down and most labor market programs and the previous case management system were abolished. The government established a new system depending substantially on contracted service providers.

Centrelink, a single point of initial contact for job seekers, was established for individuals wishing to access income support and employment services (as well as certain other government benefits and services). This government-sponsored service provider operates under a business partnership arrangement funded by several government agencies. At intake, it employs a "job seeker classification instrument" to profile clients and—together with other criteria—determine the level and types of assistance that can be offered.

Centrelink refers eligible job seekers (primarily the unemployed and new or reentrants to the labor market) to the Job Network, which consists of hundreds of competitively contracted service pro-

viders. They deliver the bulk of government-funded employment services, including placement services, through five principal measures:

- 1) Job Matching (basic labor exchange services),
- 2) Job Search Training (JST, selected off the shelf assistance and counseling delivered according to an agreed job search skill plan),
- 3) Intensive Assistance (IA, substantial personalized assistance delivered according to a negotiated preparing for work agreement),
- 4) Project Contracting (seasonal placement services), and
- 5) New Enterprise Incentive Scheme (self-employment development).

In addition, job seekers with special needs such as severely disabled, youth and indigenous people can be referred to other measures operated by a variety of public agencies.

Technology is widely employed for the administration of the system and the delivery of services. A user-friendly vacancy database is available and accessible via the Internet and touch-screen kiosks in Centrelink offices and other locations. Employers can list open vacancies directly via the Internet (i.e., with full information accessible to all job seekers) or in a semi-open fashion via the Job Network providers (i.e., employer information is not available until the job seeker registers with the provider). Listings via the Job Network are generally (but not always) semi-open, because providers are paid a fee for placing qualified job seekers and want to retain the business for themselves. Contracted service providers submit administrative information and

to deliver outcomes and satisfy their clients.

CLIENT FLOWS: FINDING A JOB

The OECD publication *Labour Market Policies for the 1990s* laid out a labor market policy agenda highlighting three priorities: 1) mobilizing labor supply, 2) developing employment related skills, and 3) promotion of a spirit of active search among job seekers. Service provision was to focus first on steps that would rapidly act to motivate the job seeker while increasing the individual's search efforts and job readiness. The more intensive measures were to be reserved for later in the period of job search, to be made available only if the first round of services failed. This agenda was affirmed in 1992, when OECD labor ministers endorsed a "long-term strategy for a progressive shift from passive to active labor market measures and related social policies." (OECD 2001c). Subsequent OECD reviews of the PES approaches to client flows indicate that many have substantially followed through in the implementation of such a strategy.

Is the Future PES a “Virtual” Institution?

In terms of organization, the development of the Internet has transformed many PES into “virtual” institutions that are accessible from any computer with Internet access. While PES maintain “bricks and mortar” office networks, their virtual services can decouple the job-matching process from the physical confines of the employment office. PES agencies also use the Internet to deliver practical information to job seekers on topics such as job search, how to apply for a job, training opportunities, labor market information, benefit entitlements, or additional services available to clients in their facilities. In some cases, job seekers can request via the Internet e-mail notification of vacancies that match their preferences or they can post their resumes for review by perspective employers; or registered employers can list their vacancies directly over the Internet (e.g., in Australia, Sweden, and the United States).

However, it is clear that the use of the Internet has limitations. Disadvantaged job seekers, for example, may not have ready access to a computer with Internet access or may not have the skills

track their contractual arrangements on line.

As part of the reforms, income support measures were further activated with mutual obligation requirements imposed for younger unemployed (and the middle-aged, ≤ 49 years of age) and Work for the Dole activities (delivered via contracted providers separate from the Job Network and generally targeting young benefit recipients after six months on benefit, but also often taken up by other unemployed). The number of unemployment benefit sanctions increased significantly as a consequence of the activation requirements, with many sanctions linked to a failure to attend measures (e.g., IA).

A recent OECD review of Australian labor market policies (2001a) found that the results of the first years of Job Network operation were mixed. Job seeker and employer satisfaction surveys indicate that clients of the new system were generally happy with it. Placement results were comparable to the previous system (e.g., in terms of market share) and, more recently, improving. Moreover, these results were achieved at significantly less cost. However, it was not clear that opportunities to serve the disadvantaged were fully exploited. For example, a substantial number of IA participants reported that they had little contact with their providers after the first or second visit. Another concern was the integration of the various elements of the system, particularly with respect to the very long-term unemployed. As individuals are serviced by different elements of the system over time, expertise on their cases may be lost and thus their needs may not be systematically treated. Efforts are under way to address such shortfalls. *Source: OECD (2001a)*

to use the services effectively. Highly qualified job seekers also may need advice or information that is most efficiently delivered via an employment center with trained job counselors and ready access to reference tools and guidance materials. Thus, even where vacancy listings are readily accessible, many job seekers continue to approach the PES for additional information or services. For example in Belgium (Flanders), although more than 90 percent of registered vacancies are advertised on a fully open basis, direct referrals by employment counselors account for a quarter to a third of the job applications that are made in response to registered vacancies (OECD 2001b).

In sum, it appears that the employment office still has a critical role to play in the PES organization. However, even in this regard, technology is playing an increasing role. Employment services in many OECD countries are tending to promote the primary responsibility of individual job seekers for their own job search. In order to allocate scarce resources with a view to targeting the most intensive services on those most in need, the PES are increasingly relying on self-service approaches to deliver at least a portion of their services to other job seekers.

Self-Service Initiatives and Job Seeker Access to Vacancy Listings

While a primary focus of PES systems is to facilitate reemployment of the unemployed, all of the study countries make at least some basic job placement services available to all job seekers, including employed individuals seeking a change of employment. Generally, this includes access to information from a national job vacancy database.

In many countries, job seekers can gain access to searchable vacancy listings of the PES even without registering. Where employer information is provided in at least *some* of the vacancy listings (i.e., vacancy listings are open), as in Australia, Belgium, France, Sweden, or the United States, the job seeker can find a job match directly. The PES in countries as diverse as Singapore and Slovenia have moved to post open vacancies on the Internet. Similar initiatives have been undertaken by private firms such as TMP (which operates Monster.com). And, some PES Web sites provide links to such commercial vacancy listings (e.g., as in the United Kingdom). Overall, the advent of the searchable

vacancy listing has enhanced the transparency of the labor market, potentially expediting the job-matching process.

Where such services are sought by job seekers who face no particular disadvantage on the labor market, the PES tend to emphasize self-service approaches. While the Internet is a key part of this strategy, job seekers are also able to access a broad range of tools at local placement offices. For example, some PES provide access to desktop computers or reference materials. Japan is currently setting up “Hello Work Information Plazas” as a way of providing a range of employment information to job seekers. France has developed a computerized system of references and descriptions of occupations and required skills. Touch-screen kiosks are also widely employed in OECD countries (e.g., Australia, Belgium, Sweden, and some U.S. states), powered by intuitive software to assist job seekers—even to those who are not computer literate—with easy access to vacancies and other information.

In some of the study countries, many vacancies remain listed in a semi-open fashion by the PES. Although countries such as Australia or the United Kingdom have Internet-accessible vacancy databases, employer information is often not provided (i.e., such vacancy listings are semi-open). This forces job seekers to contact the employment office for details. The use of semi-open vacancy listings and employment office contacts can facilitate prescreening of potential applicants (e.g., as a service to employers), monitoring of the PES effectiveness and, in the case of Australia, tracking the delivery of contracted services by suppliers.

Job Seeker Registration

Unemployment benefit claimants are generally required to register as job seekers at a PES placement office as a precondition for benefit payment (OECD 2001b, pp. 35–68).²⁵ Registration is also generally required of other individuals seeking more intensive forms of assistance. While all of the study countries encourage early placements of unemployed who are job ready, only about one-third of OECD countries “positively affirm that the placement service sometimes attempts placement at the initial registration.” Following the first registration contact, most countries conduct a detailed registration interview that may fol-

low a week or more afterwards. Among other functions, the PES may use this process to promote self-service job search, or in some cases to establish individual action plans (e.g., in Australia, Belgium, France, Switzerland, and the United Kingdom).

Subsequently, for benefit recipients, regular signing-on or confirmation of status is required in most OECD countries as a condition of benefit receipt (OECD 2001b, pp. 35–68). Australia, Belgium, Japan, the Netherlands, Switzerland, and the United Kingdom require in-person visits, whereas in Denmark, France, Sweden, and some areas of the United States, this is done by mail.²⁶ In Australia, the Netherlands, Switzerland, the United Kingdom and the United States, these procedures involve reporting on job-search efforts, but in Denmark, France, and Sweden, job search is reviewed relatively infrequently. In Belgium, there are no general procedures for reporting on job search. Research reported by Martin and Grubb (2001) found that countries whose PES effectively monitors unemployment insurance claimants' search for work can reduce the duration of unemployment and unemployment insurance payments.²⁷

In seeking to improve the functioning of labor markets, the PES often take special initiatives to address the needs of those job seekers facing particular disadvantages. For example, this might include targeting special initiatives on groups such as the long-term unemployed (a substantial share of total unemployment in most of the study countries) or youth. Or, for example, in a few countries those with low educational attainment are targeted.²⁸ Youth and those with low educational attainment both experience above-average rates of unemployment (see Table 7.6).

Early in the registration process, Australia, the Netherlands, and the United States use profiling to identify those likely to require and benefit from intervention with more intensive assistance to address employment-related issues early in spells of unemployment.²⁹ Some countries use categorical targeting to respond to the needs of "at risk" groups, such as youth and young adults (e.g., Australia's Mutual Obligation initiative); others classify the unemployed into groups according to their placement prospects, but rely on the judgement of the PES officers to do so (e.g., Sweden and Switzerland).

As Layard, Nickell, and Jackman (1991) note, "the experience of unemployment has an adverse effect on search effectiveness." Conse-

Table 7.6 Labor Market Indicators and PES Flow Data, 1999

	Standardized unemployment rate	Incidence of long-term ^a unemployment as a percentage of total unemployment	Unemployment among those with less than upper secondary education (%)	Unemployment among population aged 15 to 24 years (%)	Dependent employment (000s)	Hiring rate (% of dependent employment, monthly)	Total vacancies notified (000s, annual flow)	PES placements (000s, annual flow)
Australia ^b	7.0	29.4	8.4	13.5	7,701	2.2	742	397
Belgium ^b	8.6	60.5	12.0	22.6	3,015	1.1	149	109
Denmark	4.8	20.5	7.0	10.0	2,468	1.8	227	74
France ^c	10.7	40.4	15.3	26.5	21,079	3.1	3,031	1,710
Japan	4.7	22.4	5.6	9.3	53,305	1.2	5,862	1,730
Netherlands	3.2	43.5	4.9	7.4	5,581	1.7	315	204
Sweden	7.2	30.1	9.0	14.2	3,816	—	468	—
Switzerland	3.0	39.6	5.0	5.6	3,020	1.7	143	53
United Kingdom	5.9	29.6	10.0	12.3	24,172	2.2	2,724	1,430
United States ^b	4.2	6.8	7.7	9.9	127,842	—	7,372	1,886

^a Long-term unemployment refers to spells of 12 months or more.

^b Dependent employment, hiring rate, total vacancies notified and PES placements data refer to 2000 for Australia, 1995 for Belgium and 1998 for the United States.

^c For France, the hiring rate is based on data for the private sector only.

SOURCE: Unemployment rates are from the OECD (2002), except for those with less than upper secondary education, which are from OECD (2001c). Entries for other items are from the OECD PES database.

quently, as durations of unemployment spells increase, many PES agencies take the initiative to suggest that job seekers should apply for a specific vacancy; in effect, they imply an obligation to attend a job interview with an employer (e.g., Belgium, Denmark, the Netherlands, Sweden, Switzerland, and the United States). While most PES target additional assistance on the long-term unemployed to promote job readiness and motivation for job search, the United Kingdom has adopted a work first approach that more aggressively seeks to place individuals into employment as soon as possible, even while seeking to address any potential impediments to successful labor market experiences (Wells 2001). Both obligations to interview and placements into temporary employment help job seekers to maintain some contact with the labor market, which can provide them insights into possibilities for finding a job.

Alternatively, the PES may seek to place job seekers into active labor market programs as their job search lengthens. Countries such as Australia, Denmark, the Netherlands, Sweden, Switzerland, or the United Kingdom have used preestablished durations as triggers for referral of clients to such programs. In the Netherlands, for example, about half of the unemployed are likely to be placed in a program after 12 months on the job seeker register (Thuy, Hansen, and Price 2001). In many cases, employment counselors have some discretion and may use other criteria in making referrals. Some programs are also open to job seekers who voluntarily request admission as a way of improving their job prospects. In Denmark and Sweden, upgrading workforce skills is an integral part of the PES remit, and there is relatively open access to training programs.

Vacancy Registration and Employer Services

While employers in some OECD countries increasingly register their vacancies directly via the Internet, local employment offices still strive to maintain direct contact with employers. This allows counselors to cultivate an understanding of the local labor market and to increase employer awareness of additional services available through the PES beyond the basic vacancy listings (e.g., prescreening of candidates or tailored training). New resume talent banks enable employers in some countries to search actively for suitable job applicants, including direct-

ly via the Internet (e.g., Sweden and the United States). In some cases, the PES has sought to market fee-for-services options to employers along with the basic free provision of the core job brokerage services (e.g., in Belgium).

Vacancy registrations are for the most part voluntary. A few countries require employers to list their vacancies with the PES (Belgium and Sweden), but this is rarely enforced. The French ANPE includes in its vacancy listings not only those vacancies about which it has been directly notified, but also vacancies advertised in newspapers and magazines. The Danish PES also registers job announcements placed by employers in newspapers.

A study by de Koning, Denys, and Walwei (1999) found the PES to be a very important recruitment tool for employers because it provides a ready source of available workers and is free of charge. The PES in the examined countries have employed a variety of strategies to increase the number of registered vacancies. Some countries (including Belgium, France, Japan, and the United Kingdom) have organized marketing campaigns to get employers to increase vacancy notifications. In the United Kingdom, the PES has appointed specific officers as account managers to manage the PES relationship with particular firms. In Sweden, every employer has one counselor as a point of contact (about 150 employers per counselor). Counselors are expected to spend 15–20 percent of their time visiting employers. In Belgium (Wallonia), the PES has established units to conduct vacancy searches. In Denmark, approximately 30–40 percent of PES staff are required to keep in continuous contact with employers, and their performance in listing vacancies is systematically evaluated (Thuy, Hansen, and Price 2001).

PES PERFORMANCE

Goals and Objectives

The study countries employ a variety of management tools to provide policy direction and results-orientation in the work of the PES, with goals and objectives set through different channels depending on institutional arrangements. Implementation is monitored through PES

performance indicators and management information systems. Fulfillment is assessed through a variety of strategies, such as external evaluations and audits or client satisfaction surveys.³⁰ For example:

- The Australian labor market reforms launched in 1998 incorporated provisions for a three stage evaluation (including an element of external evaluation) focused on four key criteria: 1) effectiveness, 2) efficiency, 3) quality of service, and 4) equity. The elaboration of these criteria helped to provide direction for the PES and its service providers (whose contracts were specified with these criteria in mind).
- In Denmark, local PES management contracts with each employee or team with regard to annual resources and targets. Regional offices also have agreements with local offices and with the National Labor Market Board.
- In France, a *Contrat de Progres* agreement between the ANPE and the Ministries of Labor and Finance sets the direction of the agency for a four-year period. The agreement contains a number of qualitative targets, such as widening the range of services, fighting social exclusion, and decentralizing budget management.³¹ A *tableaux de bord* report provides monthly information for managers on the PES results for the regions and the country as a whole.
- The Netherlands sets the total number of placements as its main goal but differentiates between placements in regular jobs versus subsidized jobs, and direct placements made by job centers versus indirect placements made by other public institutions such as local community organizations cooperating with job centers.
- The Swedish PES uses four indicators to measure PES success: 1) rate of filling vacancies; 2) proportion of previously unemployed persons as part of total hiring; 3) the vacancy registration rate; and 4) the job seeker registration rate. A computerized management information system called “Leda” displays operational targets for various levels and organizations of the PES on an annual, quarterly and monthly basis. Access to the system is open to all PES employees.
- Switzerland has recently implemented a system to measure the placement performance of local employment offices in terms of

the average duration of job search, the proportion of unemployment spells which result in benefit exhaustion, and the proportion of unemployed workers who reregister after leaving the unemployment rolls (OECD 2001b).

- In the United Kingdom, a recent employment service annual performance agreement lists performance requirements and targets for six major elements (Mosley, Schütz, and Breyer 2001). For example, the PES aims to offer unemployed people, particularly the long-term unemployed and other disadvantaged people, help and advice in finding work or appropriate training. Its effectiveness is measured in terms of such absolute figures as the total number of vacancy registrations and the total number of placements. In addition, the government hires an independent research company to survey the PES performance at local job centers.
- In the United States, the evaluation system for the PES consists of three components: 1) a set of labor exchange performance measures (e.g., job seeker entered-employment rate and employment retention rate at six months); 2) reporting requirements for labor exchange services and outcomes; and 3) procedures for establishing performance goals that state agencies and the U.S. Department of Labor can use in assuring the quality of labor exchange services (U.S. Department of Labor 2001).
- In addition, in recent years the PES in a number of the OECD countries have placed more emphasis on how PES customers (i.e., employers and job seekers) rate the services they have been receiving from the PES. This customer service orientation has been reinforced in some countries, such as Australia, Belgium (VDAB), France, Sweden,³² the United Kingdom, and the United States through the use of client satisfaction surveys.

Comparative Review of PES Performance

International comparisons of PES performance indicators can help to provide a rough appreciation of PES outcomes. However, care must be taken in drawing any conclusions due to the important influences of specific national contexts.

Market share indicators can help to situate PES performance in the labor market. Examples include PES vacancy listings as a percentage of all hirings in the economy, and PES placements as a percentage of all hirings in the economy (Table 7.2). Among the countries examined, the Japanese PES reported the highest percentage of registered vacancies relative to hirings. The PES in Japan and the United Kingdom delivered the highest percentages of placements relative to hirings. Switzerland delivered the lowest market share results in these two indicators (24 percent and 9 percent, respectively).³³

In terms of internal performance, the ability of the PES to place job seekers into vacancies is regarded as one of the most important factors. An indicator for PES placements as a percentage of new job seeker registrations with the PES, which can sometimes be readily calculated from PES reporting, provides a rough gauge of performance in this area. Table 7.2 shows the wide range in this indicator for the study countries, which range from 8 percent in Denmark and 11 percent in the United States, to 34 percent in France and 26 percent in Japan.

The number of placements per PES staff member provides a rough indicator of the labor intensity of one aspect of the PES operations.³⁴ Here again, there is wide variation. In 1999, among countries for which the basis of the calculation was PES-wide staffing, this indicator ranged from 113 placements per staff member in Japan to 12 placements in Switzerland.³⁵ Among the countries for which the calculation was based on job brokerage agency staff only, it ranged from 97 in France to 19 in the Netherlands.

When comparing the data on placements, the following caveats should be kept in mind. First, the number of placements says nothing about the quality of the job or the labor market readiness of the job seeker. It is much more difficult to place someone from a disadvantaged labor market group in a well-paid job than it is to place a highly qualified applicant into a temporary job. Second, PES placements are difficult to measure. For example, many PES placements achieved through self-service or general PES job search assistance are not easily tracked. Third, PES placements are sometimes not well defined or properly recorded.³⁶ Moreover, while the PES takes credit for many placements, job seekers often do not recognize the PES as the main reason for finding a job.³⁷

Effectiveness of PES Placement-Related Programs

The OECD has actively reviewed the growing evaluation literature on placement-related programs (among other areas). The evidence, while not without qualification, indicates positive findings with respect to several approaches that help to support and motivate active job search:

- Job-search assistance³⁸ tends to be viewed as an effective and inexpensive way of getting the unemployed back to work quickly.³⁹
- Efforts to maintain closer contacts with unemployed workers through an intensified interview process can help to motivate job search.⁴⁰
- Compulsory referral of job seekers to labor market programs after a specified period in unemployment has been effective in reducing unemployment.⁴¹
- Tightening unemployment benefit eligibility requirements and increasing their enforcement (along with increased monitoring of job search) have been found to help motivate effective job search.⁴²

As for active labor market programs that go beyond job-search assistance, the literature has tended to indicate that large-scale public employment programs deliver the least positive postprogram effects.⁴³ Training programs and recruitment incentives to the private sector fall somewhere in the midrange between job search assistance and public employment programs, with their success depending largely on design characteristics and the type of target groups addressed (Schwanse 2001).

CONCLUSION

This chapter has underscored current approaches to implementation of the PES job brokerage function in 10 OECD countries. While there is wide variation in the resourcing, structure, and content of the various approaches, there are some crosscutting themes and principles

that have emerged as part of efforts to improve the effectiveness of the PES. These touch on the following aspects of PES operations:

- Institutional structure: emphasizing decentralization and networking among service providers, combined with functional integration in the field operations.
- Delivery of job brokerage services: emphasizing contestability through the liberalization of private employment services, increasing competitive contracting of services by the PES, and performance monitoring of service delivery within the PES.
- Service delivery: emphasizing customer service orientation.
- Reemployment strategies: emphasizing job search and activation measures, while targeting or tiering more intensive services on disadvantaged job seekers.
- New information technologies: emphasizing delivery of information over the Internet, self-service approaches, and management information systems.

While OECD countries have found that diversity in approach is appropriate in view of the differing national contexts, experience in many has highlighted the common utility of certain of these recent innovations.

Notes

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1. See Layard, Nickell, and Jackman (1991) for a useful discussion of job search and unemployment.
2. In many labor markets, the PES market share for placements is smaller than such channels as newspaper advertisements, direct application to employers, or contacts through personal networks.
3. For example, figures from the European Commission indicate that the PES in European Union member states intervene in between 10 percent and 30 percent of total hiring, although the number of unemployed people receiving help from the PES in finding employment is higher (European Commission 1998).

4. Janoski (1990) and OECD (1999), for example, provide information on the origins of employment services in the United States and certain other OECD countries.
5. In some countries, such as the Netherlands, the PES have a regulatory or legal oversight role (e.g., related to dismissal procedures or work permits).
6. Among policymakers in most OECD countries, activation had already become an important theme by 1990 (e.g., see OECD 1990).
7. See the notes to Table 7.4 for an explanation of these terms.
8. One factor contributing to this divergence is the prevalence of long-term unemployment (defined as spells of 12 months or more, see Table 7.2) in certain European countries and their use of active labor market programs to address the problem. It is interesting to note that among the study countries, Sweden tended to devote the highest share of its overall labor market program expenditure to active measures (more than one-half in 1993 and 1998), whereas most of the other study countries expended between one-fifth and two-fifths of the total on active spending during these two years (OECD 2001c, p. 24).
9. In the Netherlands, for example, the share of GDP spent on these costs was more than seven times greater than the share in the United States.
10. To the extent that this expenditure category also includes the administrative costs related to unemployment benefits (but not the cost of unemployment benefits themselves), it is not a "purely" active category.
11. Dependent employment refers essentially to wage and salary jobholders.
12. There is some debate about the importance of PES institutional issues. de Koning (2001), for example, argues that OECD governments have tended to "overestimate the role of the institutional framework," but also acknowledges that "organisation and implementation of active policies matter to outcomes." An ILO survey of the PES around the world (Thuy, Hansen, and Price 2001) found that most of the well-established PES had been through a phase whereby a standardized and structured set of services, procedures, and processes were the norm throughout local offices. The authors observe a broad "recognition that a standardized organization fails to produce the desired results" and note a broad shift internationally "toward a more flexible and decentralized service-delivery approach tailored to the conditions and needs of local areas."
13. In about half the countries, the social partners (i.e., employers representatives and unions), or the unions alone, participate in the actual administration of benefits (e.g., France or Sweden). But, with respect to the labor exchange function, their role tends to be advisory.
14. This is one area where bias is evident in the selection of countries for the present study. The share of OECD countries with fully integrated systems is higher than 10 percent. Austria, Germany, Greece, Italy, Korea, and Norway have fully integrated systems.
15. At the local office level in the United Kingdom, the delivery of employment services and unemployment benefits has been reunited for about a decade. Now, administrative operations of the former Employment Service and certain elements from the former Benefits Agency (including some benefits in addition to unem-

ployment benefits) are being merged under the new Jobcentres Plus service in the Department for Work and Pensions.

16. For example, state offices in the United States have a fair amount of autonomy to innovate within the federal framework or, in France, ANPE has a fair degree of autonomy governed in part by the *contrat de progrès* agreement with the government.
17. Interestingly, the United States has taken the opposite position. Despite the heavy use of contracted services in some PES areas such as training, the U.S. Department of Labor insists that basic placement services must be delivered by government personnel (as a way of ensuring that these basic services are delivered to job seekers in an objective fashion).
18. By the early 1990s, a number of OECD countries were already applying decentralization in service delivery (e.g., the Netherlands and the United States). Still, even where decentralization already existed, often new means of implementing it were applied during the course of the 1990s.
19. In another example, Austria shifted a substantial share of implementation discretion to the regional and local offices, with greater engagement of the social partners in oversight. The Netherlands, Sweden, and the United Kingdom abandoned tripartite approaches in 1994, 1991, and 1987, respectively.
20. Canada has also substantially decentralized its placement services, transferring nearly all of the resources and responsibilities for this function from the federal to the provincial level.
21. For example, this occurs under “conversion agreements” with companies to provide services to employees being laid off.
22. Japanese secondary school students are served primarily by the PES, whereas university students are served by their school guidance/placement services (http://www2.mhlw.go.jp/english/e_text/outline/02-5.htm).
23. In France, “single window” facilities exist for access to a range of services for certain client groups (e.g., some facilities target youth or professionals), but they do not integrate unemployment benefits. Australia has unified unemployment benefit administration with job brokerage intake; delivery of job brokerage services remains separate (see “Job Network: The Australian Case,” on p. 229).
24. The ILO previously sought to restrict such agencies via Convention 96.
25. There are some exceptions, such as benefit claimants in the United States who are temporarily laid off with a specific recall date.
26. In some parts of the United States, such as Wisconsin, benefit claimants confirm their status via telephone.
27. Chapter 5 in this volume by Christopher O’Leary underscores importance of monitoring and verifying active work search by UI claimants. Also, a useful summary of PES administration of the work test can be found in (Thuy, Hansen, and Price 2001).
28. For example, measures targeted on those with low educational attainment exist in Belgium (via individual action plans) and France (*Contrat Jeunes*).
29. See Dickinson, Decker, and Kreuzer (2002) for an overview on the statistical models of UI benefit exhaustion used by U.S. states in Worker Profiling and

Reemployment Services systems for targeting of early reemployment services on those at greatest risk of long term UI benefit receipt.

30. For a discussion of approaches, see Mosley, Schütz, and Breyer (2001) and Walwei (1997).
31. The 1999–2003 agreement emphasizes modernization of the ANPE, integrating of youth into the labor market, and reducing long-term unemployment.
32. In 1998 and 1999 the Swedish National Labor Market Board promoted customer satisfaction as a PES goal. However, this indicator was dropped at the national level in the year 2000 in order to simplify the performance management system and to concentrate PES work on reducing the unemployment rate to 4 percent by the end of the year 2000 (Mosley, Schütz, and Breyer 2001). Local employment offices continue to carry out their own client interview surveys as a basis for local operations' planning.
33. In the United States, Holzer (1998) reports that PES agencies account for about 3 percent of newly hired workers in all jobs.
34. The use of placement indicators must be taken in the national context, controlling for a variety of factors (discussed below).
35. The PES in Japan has a well-developed self-service information system that has operated for a number of years. The use of this system and related self-service tools is well established and may account partly for the low labor intensity of its PES operations (Thuy, Hansen, and Price 2001).
36. For example, repeated short-term placements of a relatively small proportion of job seekers are sometimes found to account for a large proportion of all placements, or local offices are sometimes found to be recording placements in situations where they did not really achieve the match (e.g., in cases of recall following a temporary layoff or where the employer has applied for a hiring subsidy to be granted in respect of a specific candidate who was not identified with PES assistance).
37. For example, the Swedish National Labor Market Board (AMS) asked workers who had been hired during 1992 and 1993 where they received the decisive information about these jobs (OECD 1996b). The proportion mentioning the PES was 13–14 percent. Yet a review of PES job placements as a percentage of vacancy registrations using AMS data implies that the PES was in part responsible for 47 percent of job placements.
38. Job search assistance is a term covering a variety of relatively low-cost and generally short-term services aimed at equipping and motivating job seekers to find a job. Examples include initial interviews at PES offices, in-depth counseling during an unemployment spell, reemployment bonuses, and jobs clubs (Martin and Grubb 2001). Such services are also sometimes combined with increased monitoring and enforcement of the job search requirements for receipt of unemployment benefits.
39. For example, Martin and Grubb (2001) report that evaluations in Canada, Sweden, the United Kingdom, and the United States support this finding, although a study in the Netherlands found no significant impact.

40. For example, the *OECD Jobs Study* (OECD 1994b) found that increased PES efforts to maintain closer contacts with the unemployed through frequent job interviews was effective, and that interviewing unemployed people, when such a procedure was rarely used before, resulted in 5–10 percent of benefit claims being dropped. In the Netherlands, employment counselors who increased the amount of time spent interviewing the unemployed found an almost one-third increase in the number of job applications.
41. For example, evaluations in Denmark and Switzerland found that establishing an obligation to enter a labor market program increased the rate at which the unemployed found a job.
42. For example, Abbring, Van Den Berg, and Van Ours (1999) found that imposing benefit sanctions on the unemployed in the Netherlands raised their subsequent transition rate to employment by 77 percent in the metal sector and 107 percent in the banking sector. A Danish study (Ministry of Finance 1998) on the strictness of eligibility criteria in 19 OECD countries concluded that strict benefit eligibility criteria can reduce long-term unemployment and offset the impact of high replacement rates in countries such as the Netherlands and Sweden.
43. However, as noted in Martin and Grubb (2001) the preprogram or motivation effects of potential referral to such programs can be significant. For example, in U.S. welfare reform, the decline in entries to welfare has been as important as the increase in exits from welfare in accounting for the caseload declines (Moffitt 2002). Beyond the United States, public employment programs with emphasis on training have often been a component in strategies where motivation effects play an important role (e.g., the New Deal in the United Kingdom or Work for the Dole in Australia). Moreover, such programs can help severely disadvantaged labor market groups to stay economically active as part of an overall strategy against social exclusion (Brodsky 2000).

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