

Public employment services in the EU Facilitating mobility and employment

SUMMARY

Since the beginning of the financial and economic crisis, high rates of unemployment have been one of the most pressing problems of Member States in the European Union (EU). By matching job-seekers with employment opportunities, including vacancies in other Member States, public employment services (PES) can help to reduce unemployment, increase intra-EU mobility of workers and combat social exclusion. They can contribute to reaching the Europe 2020 employment target and to implementation of the Youth Guarantee by making available information on training as well as work opportunities.

The EU has a role to play in ensuring close cooperation between employment services, facilitating exchange of best practice between PES in Member States, and in encouraging cross-border mobility for workers, trainees and apprentices. The EU is responsible for the European Employment Services (EURES) network which provides information on jobs, job-seekers and working conditions in Member States.

Recently the European Commission proposed a decision to establish a formal network of PES organisations in Member States to encourage mutual learning. The Commission has also proposed a regulation to modernise and extend the EURES network. In 2014, before the end of the current legislature, the European Parliament is expected to vote on the proposed decision and to consider the proposed regulation.



In this briefing:

- Background
- The situation of public employment services in Member States
- Cooperation of public employment services in the EU
- EU institutional positions
- Recent legislation
- Main references

Background

Public employment services (PES) are responsible for implementing many of the active labour market policies in Member States in the European Union (EU). PES facilitate the recruitment and placement of workers by informing job-seekers about available jobs and informing employers about qualified job-seekers. In addition to this job brokering, PES may offer career and vocational counselling or training to persons who do not have the skills demanded by employers or who have problems that make finding work particularly difficult. PES may also make labour market adjustments easier by providing information on market conditions. In some countries, in addition, PES manage and provide unemployment insurance.

PES have a role to play in mitigating the effects of the global financial and economic crisis. High levels of unemployment (particularly youth unemployment at [23.4%](#) in January 2014) have become a major concern in the EU and job brokering can help the unemployed find work as quickly as possible. By reducing unemployment, PES can also make a contribution to achieving the [targets](#) of the Europe 2020 strategy, specifically those of reaching 75% employment and raising 20 million Europeans out of poverty and social exclusions. Moreover by supplying information on job opportunities in other Member States across the EU, PES can increase the range of opportunities for unemployed people, and reduce the perceived mismatches¹ between labour supply and demand, with employers increasingly unable to find qualified workers to meet their needs. Moreover, as all Member States begin to implement the EU's [Youth Guarantee](#), PES will need to be [able](#) to advise young people on appropriate job, education and training possibilities.

To meet these challenges, PES need to optimise administrative practices; make effective use of new technologies; cooperate with other PES to share best practice and labour market information; and ensure that information about job-seekers, vacancies and training possibilities throughout the EU are readily available to all.

The situation of public employment services in Member States

In the EU, Member States are responsible for organising, staffing and running their PES. Because of the different institutional labour-market structures in Member States, there is no single approach to PES in Europe.² However in recent years differences in the range and mix of services have been reduced in Europe. This is partly due to a series of [reforms](#) in customer service, information technology, performance indicators and classification schemes but also to greater mutual sharing of experiences and greater collaboration between agencies providing employment services. Nevertheless no single model for PES has emerged, and a number of different approaches to PES are seen in Member States:³

- PES may be part of ministries of labour or they may be separate executive agencies.
- A Member State may have a single PES or may have multiple organisations, each offering different types of service(s) to different groups or regions.
- PES may compete with private, non-profit and non-governmental organisations in employment placement, or they may cooperate with other agencies by [outsourcing](#) certain responsibilities to private operators.⁴ For example, support and placement services for certain categories of job-seekers (e.g. younger workers, the long-term unemployed) can be assigned to private recruitment agencies (as in [the UK](#) or

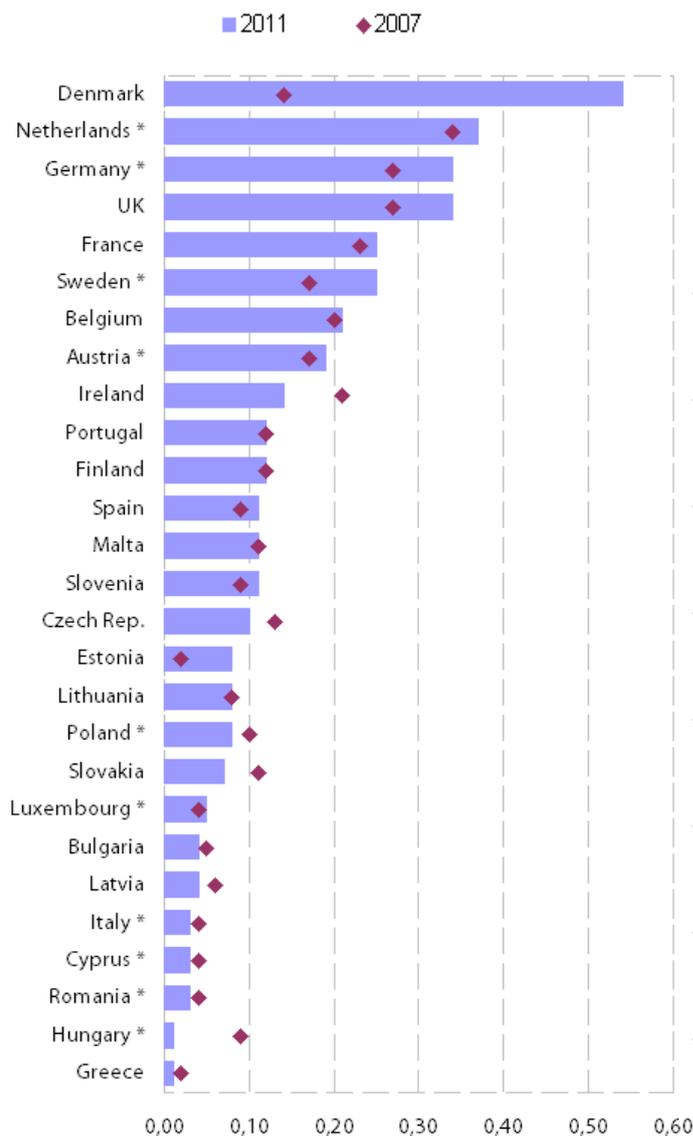
[Belgium](#)) or job-seekers may be offered a choice of agency after a certain period of unemployment (as in [Germany](#)). Recourse to private operators can help Member States respond to rapid increases in unemployment, such as in the period following the onset of the financial and economic crisis.

- The degree of [involvement of social partners](#) in PES policy-setting and monitoring may differ between Member States. For example, in Austria, the involvement of social partners is deeply embedded in PES governance; in Germany, their influence has declined in recent years; and in the UK, social partners have little or no role, although unions are concerned about the effectiveness and fairness of for-profit organisations called on to implement parts of PES programmes.
- Expenditure levels vary widely across countries (see figure 1).
- PES in different Member States may also have different priorities. For example, France allocates [more resources](#) to employer services than the UK or Germany, but considerably less to the support of job-seekers.

Despite the variations found in PES structures in Member States, most [experts](#) and [institutions](#) such as the [International Labour Organization](#), (ILO) believe PES are effective at getting the unemployed back to work, particularly those who have poor labour-market prospects. Access to job vacancies through internet-based exchanges, combined with income support measures for job-seekers, [offer](#) the most-cost effective solution. PES appear to be as effective as, or even more effective than, private employment placement agencies.⁵

Nevertheless some analysts point to evidence of poor PES effectiveness. [Several](#) say that 'matching' outcomes are poor due to insufficient incentives when job search is delegated to local offices; [others](#) argue that PES are ineffective in job-brokering because they are obliged to include the supposedly 'worst' workers and 'worst' job opportunities, thereby undermining the trust of both employers and job-seekers. Researchers at the ILO admit that job-brokering may appear to be ineffective in a period where demand is low and firms are simply not hiring.⁶

Fig. 1 - Labour market service expenditure, 2007 and 2011, % of GDP



*Estimate. Data source: Eurostat, [lmp_ind_exp](#). Labour market services cover all PES services/activities and other publicly funded services for job-seekers. 2011 data: for UK from 2009; for Greece, 2010. No data for Croatia.

Cooperation of public employment services in the EU

PES to PES cooperation

Since 1997, the European Commission has encouraged a '[PES to PES dialogue](#)' to help anticipate new trends and to reform business models and services. This dialogue has taken place primarily through a system of peer reviews and study visits supported by analytical papers. In addition, managers of PES have participated in the informal network of Heads of Public Employment Services (HoPES) to exchange information and best practice. As a contribution to the realisation of the Europe 2020 strategy, HoPES created a strategy called [PES 2020](#) which emphasises enhancing market transparency, creating PES standards, and identifying and cooperating with other actors. At the [Berlin Youth Summit](#) in July 2013, the HoPES network [advocated](#) scaling up targeted employment incentives and increasing youth mobility by strengthening EURES.

EURES

The [European Employment Services](#) (EURES) is a cooperative network made up of the European Commission and PES, trade unions and employers' organisations in countries in the European Economic Area (EEA) (Switzerland is also involved). Established in 1993, EURES aims to increase mobility in the European labour market by providing workers with advice and information on job opportunities and conditions in participating countries (particularly in cross-border regions), and by helping employers to recruit workers from other countries. The main communication tool for the network is the multilingual [EURES portal](#). The portal offers information to both job-seekers and employers in participating countries, with more than 1.2 million CVs and more than 1.9 million job vacancies (February 2014 figures). EURES accounts for about [150 000 placements per year](#) (one-third through advisers and the rest through the portal). Through the Commission's Portal on Learning Opportunities throughout the European Space ([PLOTEUS](#)) system, the EURES portal also provides information on higher education and databases of training courses.

[Your first EURES job](#) is a pilot programme established in 2012, targeted specifically at helping young people aged 18 to 30 to find work and to help employers find young workers in other Member States. It is one of the actions of the Europe 2020 flagship initiative [Youth on the Move](#). In addition to a network of advisers and job-matching services, some training, consulting and financial support is offered, e.g. part-payment of travel and settlement costs for candidates and special training costs for small and medium-sized enterprises.

EU institutional positions

The European Commission (EC) believes that the EURES network currently has shortcomings, largely due to manual exchange of information and limited participation of Member States in sharing information. For example, it is [estimated](#) that only around 30% of vacancies in Member States are available on EURES, with ratios varying from 80% in the Czech Republic to 0% in Bulgaria and Croatia (the lowest levels due to technical problems.) Though surveys [suggest](#) that about 2.9 million EU citizens would like to move to work in another Member State, only about 325 000 do so annually; such a wide gap may indicate significant unrealised potential.

According to the EC, the current level of cooperation between PES in Member States is insufficient in terms of mutual learning and benchmarking. A stronger legal basis is

needed to foster cooperation beyond what currently takes place in the context of EURES and to facilitate labour market projects financed by the European Social Fund. The possibility of extending EURES to traineeships was raised in the EC's [proposal](#) on a quality framework for [traineeships](#).

In various resolutions during the current legislature, the **European Parliament** (EP) has invoked the importance of PES. The EP emphasised that cooperation of public and private employment services was necessary for the successful implementation of the Youth Guarantee and highlighted the importance of PES [services](#) in aiding workers in cases of restructuring. It [called](#) on Member States to enhance their use of the EURES system and supported the system's reform. In the light of the 2012 Annual Growth Survey, the EP [urged](#) Member States to increase the coverage and effectiveness of PES services and [underlined](#) the role of PES in providing training and learning for young people. In considering worker mobility, it [called](#) for development, reinforcement, further funding and promotion of EURES.

With the aim of facilitating labour mobility, in June 2012 the **European Council** made a number of [recommendations](#) concerning the EURES portal, calling for a truly European placement and recruitment tool. Suggested actions included extending EURES to notices of apprenticeships and traineeships, support for the *Your first EURES job* action, and improved tools to track new skills. At an [informal meeting](#) of the Employment, Social Policy, Health and Consumer Affairs Council in Dublin in February 2013, the ministers agreed that greater and more focused cooperation between PES would lead to better sharing of best practice across the EU.

Recent legislation

Enhanced cooperation between PES

Based on Article 149 TFEU (which empowers the EU to adopt measures to encourage Member States to cooperate and exchange best practice in the field of employment), the Commission proposed to the EP and Council a [decision on enhanced cooperation between PES](#). The proposed decision would formally establish a European network of PES for 2014-20 that would replace and reinforce the cooperation in the current HoPES advisory group. The network would facilitate performance reporting based on indicators, sharing of best practice and mutual learning. Funding of €4 million for the period 2014-20 would come from the PROGRESS/Employment section of the EU programme for Employment and Social Innovation ([EaSI](#)).

On the basis of a report adopted on 9 December 2013 (rapporteur Frédéric Daerden, S&D, Belgium), representatives of the Employment and Social Affairs Committee (EMPL) participated in trilogue negotiations. The political agreement reached on 29 January 2014 specified closer relations with the [Employment Committee](#) and cooperation with a wider range of other organisations including social partners, NGOs and local and regional authorities. The text (which was [approved](#) by Coreper on 7 February) includes wording [implying](#) that all Member States must participate at least in benchmarking based on an annexed list of performance indicators. (Some Member States would [prefer](#) participation remained voluntary.) On 12 February 2014, the EMPL Committee approved the text, which should be considered by plenary in the current legislature.

Expanding the EURES network

In January 2014, the EC proposed a [regulation on the European network of employment services](#) that would replace the provisions on EURES contained in [Regulation 492/2011](#) on the free movement of workers. The new regulation aims to modernise EURES, taking into account recent developments, including technological. It would expand the EURES portal to include almost all job vacancies and extend the available pool of CVs. Moreover it would improve automatic job-matching by linking European and national terminology used to describe occupations, competences and qualifications; expand assistance services that help employers recruit and integrate workers from abroad in their new post; and support information exchange on labour market shortages and surpluses. Access to the EURES portal would be further promoted throughout the EU. The EP is expected to consider this proposed regulation in the coming months.

Main references

[Matching skills and labour market needs: building social partnerships for better skills and better jobs](#) / World Economic Forum, 2014.

[Public employment services and activation policies](#) / A. Kuddo, World Bank, 2012.

[Social partners and the governance of public employment services: trends and experiences from Western Europe](#) / J. T. Weishaupt, ILO, 2011, Working Document no 17.

[Étude comparative des effectifs des services publics de l'emploi en France, en Allemagne et au Royaume-Uni](#) / Inspection Générale des Finances, France, 2011.

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[The role of employment services in supporting the labour market](#) / ILO, 2010. Global Jobs Pact policy brief no. 5.

Endnotes

¹ Labour market mobility / BusinessEurope, 28 June 2013. Available on the [BusinessEurope site](#).

² [Politiques sociales](#), P. Penaud et al., 2013, p. 323.

³ [Public services and European law](#), M. Freedland et al., 2008, p. 102. The [PES Monitor](#) provides additional comparative information (though not necessarily up-to-date) on PES in the EU Member States.

⁴ Private employment placement agencies that provide job brokerage services (and possibly training or other support services) should be distinguished from temporary work agencies that hire and provide temporary workers to enterprises for a fee or wage. See [The role and activities of employment agencies](#) / Policy Dept. A, EP, 2013.

⁵ A 2012 French report found the rate of return to employment at eight months was 43% for the public authority and 38% for private operators; earlier reports found higher costs in the private sector. See P. Penaud, op. cit., p. 326.

⁶ Labour market policies in times of crisis / S. Cazes, S. Verick in [After the crisis: towards a sustainable growth model](#) / A. Watt, A. Bosch, European Trade Union Institute, 2010, p. 66-70.

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