

Labor Intermediation Services: A Review for Latin America and Caribbean Countries

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Executive Summary

Labor intermediation services are used to improve the connection between job seeker and job. They aim not only to get job seekers more quickly into new jobs but also to make a better quality match, getting the more appropriate worker into the right job. Done well, labor intermediation helps reduce short-term unemployment, reduce job rotation, reduce the cost of new hires, improve productivity and firm growth, and importantly, reduce job discrimination. For many years, labor intermediation services were embodied in a single national public employment service that varied in quality and investment. Today, we find a range of public and private intermediation services and a wider range of products and services, including those to link workers to training, self-employment, and social services. Around the globe, countries are facing greater pressures to increase international competitiveness, promote growth, and reduce inequality through a more productive use of human capital. Developed and developing countries alike are reforming and restructuring labor intermediation services to provide more effective links between employment demand and labor supply.

This policy brief first examines the characteristics of labor intermediation services, then reviews key reform efforts in developed and Latin America and Caribbean economies, and lays out the principal institutional models or public/private configurations that can be found in these countries. It concludes by providing a series of recommendations and considerations for Latin American and Caribbean countries seeking to reinvigorate or reform labor intermediation services. In particular, the policy brief offers some key considerations for adapting labor intermediation services to the realities of Latin American and Caribbean economies. These include:

- Of the many institutional models available, consideration of the models of public-private-non-profit partnership and private-sector management as ones that offer the region the prospect of improving coverage, achieving more sustainable levels of public expenditure, and improving credibility and linkage with private sector employment. Many countries can take a first step by linking existing public services with private and non-profit providers in a national job network.
- Incorporate both salaried and self-employment work in a labor intermediation service by providing a clearinghouse and referral for self-employment programs. This would create intermediation centers that foster and support a broader definition of employment that is more relevant to the region, particularly those countries with large informal sectors.
- Provide within the service information on existing training programs and provide referrals of candidates to training. In this way, intermediation services promote a needed linkage between training and employment in the region;
- Pay particular attention to incorporating disadvantaged populations (e.g. women, ethnic, Afro-Latin populations, disabled) through specialized services and targeted strategies to better reach these groups. This would include “walk in” or community-based centers accessible to these groups;
- As national intermediation systems evolve in the region, the development of subregional systems of training and employment intermediation (e.g. within Central America) that complement and support regional labor market integration.

CHAPTER I: LABOR INTERMEDIATION SERVICES: AN INTRODUCTION

In every nation one finds persistent gaps and lags between the “demand” for workers by employers and the “supply” of job seekers. Many factors explain the lack of “fully clearing” labor markets: limited information and dissemination on job openings, mismatches between the skills workers have and the skills employers need, poor skills by job seekers in finding appropriate employment, and discrimination, just to start off. The persistent gap between labor market supply and demand not only has significant national economic costs, in terms of un and underemployment, lower productivity but also social ones as well in the effect on families and communities.

Around the globe, there are new efforts to innovate and reform ways to better match job to job seeker. National public employment services were first created in the industrial economies at the turn of the century. Today, many of these public employment services are being reformulated and reformed, private services are being expanded, and new partnerships are being sparked between the two. In these new policy reformulations of employment services, it is more accurate to call the emerging systems labor intermediation systems (LIS) as the range of services has become broader in “intermediating” between worker and job and between job and education and training, self-employment, and other needed social services.

This chapter is designed to provide an overview of just what constitutes labor intermediation services, their purposes, benefits, and legal context. This general overview supports a more detailed discussion of the trends in both developed and Latin American and Caribbean countries that follows in Chapter 2.

WHAT DO LABOR INTERMEDIATION SERVICES DO?

Labor intermediation services are services intended to improve the speed and quality of the match between available jobs and jobseekers. In this way, such services “intermediate” between labor supply and demand. The principal clients of such services are: un or underemployed workers and firms seeking new employees.

There are many advantages in making the match between job seekers and jobs more quickly, with lower cost, and with better quality. **Better quality** in this case means the employee more closely fits the job, is more productive on and suited to that job and is thus more likely to stay longer. The benefits of **more quickly and at lower costs** means that the firm hired an employee into a position in a shorter amount of time (e.g. reducing output losses, increasing productivity, reduced staff time in personnel functions) and a worker found employment sooner (e.g. increased income, reduced social and familial costs of un or underemployment,). **Lower costs** also result from the wider community in terms of reduced need for social services, and reduced unemployment insurance/social service payments if applicable. To summarize broadly, the principal benefits of labor intermediation services are:

- Reduce short-term unemployment, job rotation

- Increase productivity
- Improve labor mobility
- Increase social welfare
- Increase labor market transparency, reduce discrimination.

THE TYPES AND RANGE OF SERVICES

To accomplish above benefits, labor intermediation services have developed a set of “**core**” **services** that you would find in any intermediation service. These are:

1. **Job Search Assistance** – this means preparing the job seeker for finding new employment through resume preparation, development of a job search strategy, occupational information, and contacts with employers. This could include counseling of the worker, or so-called “job clubs” where workers meet regular among a group to reinforce their job search strategies. Research has continued to indicate that job search assistance is highly cost effective and productive as a method of assisting workers into new jobs. Positive impacts as well have been noted in job counseling, particularly with two or more sessions.¹ Job clubs, as well, have been shown to assist the long-term unemployment in the developed countries.²
2. **Job Placement or “Brokering”** – the key function of labor intermediation services is to maintain a registry and information on current job openings and seek to match specific opening with specific applicants. This task is not as simple as it sounds. Employer job needs change rapidly and to be effective, the service must get a wide enough number of listings, keep them extremely current, and be skilled at placing the right people in the right jobs in order to insure that employers to continue to use the service.

Overtime, from the core functions of job search and placement, labor intermediation services have developed a range of “**secondary**” **services** designed to improve the quality and efficiency of intermediation. These services are labeled secondary only in that not all systems of labor intermediation offer such services. In many cases, these services can be central to the efficient functioning of the match between workers and jobs. These services are:

3. **Employment Profiling/Skills Assessments** – The LIS can better match job seekers to jobs if the skills and requirements of the job seeker are better analyzed beforehand, and the job search strategy better fits the job seeker. There are a range of early services that can be provided, or the LIS can refer the job seeker to these services which include: skills testing, profiling of job seeker, and individual job counseling. For example, the job seeker may have intentions for seeking employment where there is little demand, good early

¹ A U.S. study (1980, SRI) found positive impacts of counseling with two or more sessions, controlling for the need and quality of counseling. A Canadian study found two or more sessions increased the level of job satisfaction. (Employment and Evaluation of the National Employment Service, Employment and Immigration, Ottawa, Canada, 1989.)

² A European Commission report cited the range of participants receiving work after participation in a job club from 8 percent in Ireland to 73 percent in a small pilot project in the Netherlands (Commission of the European Communities, 1990).

assessments can help direct a job seeker to alternative employment that fits their profile and where there is demand, or refer the job seeker to retraining (see below).

- 4. Training/Training Referral** – A newer, but important labor market function of many labor market intermediation services is to refer clients to appropriate training as a complement or (short-term) transition to employment. The service maintains a listing of currently offered training and requirements as well as has knowledge of current job offerings in the market. Candidates may be unaware of training alternatives, or unknowledgeable whether specific courses would help in getting a real job. Some intermediation centers conduct the training courses themselves although there is a consistent trend to get intermediation services out of the training business. If the service is also a training provider, it risks both conflict of interest and inefficiencies. This training referral function is highly recommended in Latin American and Caribbean markets where training “slots” are often filled by open enrollment rather than the matching of appropriate workers to training that is needed for private sector employment. Mexico’s model is less common in that it uses its network of public employment services as the “front door” for its national program for retraining unemployed workers (e.g. *Programa de Becas de Capacitación para Trabajadores Desempleados*, PROBECAT). Given the increasing skill demands of today’s markets, the incorporation of training intermediation into a national labor intermediation service is increasingly critical in assuring a more fluid movement between work, education, and training.
- 5. Labor Market Information** - If the LIS succeeds in gathering data on a substantial number of job openings and job seekers, as well as information on training availability, it then has some key and highly current data on the functioning of the labor market of value to employers, training institutions, and government agencies alike. Labor intermediation services can go further than just the basic data garnered from employer and job-seeking clients. A number of LIS’ are capable of, and do, provide a more sophisticated labor market information system of wider use in analyzing and planning of labor market trends. The German local employment services conduct comprehensive labor market research and surveys. The U.S. Department of Labor contracts with local employment services for a wide range of data collection used in national statistics including employment surveys, employment statistics, occupational and wage data.
- 6. Social and Business Service “Gateway”** – Another integrated function that LIS’ can and do perform in certain countries is to link incoming clients with social services that they are eligible for. For Latin America and the Caribbean, an important link for lower income groups is with self-employment or microenterprise programs. Like training, there may be a number of government and non-profit programs to assist microentrepreneurs but candidates do not have the information on where to get such assistance or if they are appropriate candidates. The United States has moved to models of “one-stop” shops where job/training seekers can find under one roof, information on employment openings and on setting up and registering their new business, and social services.

The most common linkage of LIS’ with social services is with unemployment insurance (UI). Workers eligible for unemployment insurance can register and receive benefits and at the same time

register for job search assistance and placement. This is important for UI whose aim is to get workers back into new jobs quickly. While the informational linkages

TABLE 1
LABOR INTERMEDIATION SERVICES
PRINCIPAL FUNCTIONS

SERVICE CATEGORY	TARGET CLIENTS	TYPES OF SERVICES
Job Search/ Employment Profiling	<ul style="list-style-type: none"> • Job seekers 	<ul style="list-style-type: none"> • Skills testing or referrals to testing • Profiling of clients to determine services needed • Resume preparation • Job counseling • Phone banks for job search • Job search assistance • Job clubs • Case management
Job Placement/Brokerage	<ul style="list-style-type: none"> • Employers • Job seekers 	<ul style="list-style-type: none"> • National database of job vacancies • Job placement • Vacancy in/take (firms) • Candidate screening (for firms) • Outplacement • Recruitment for select positions (firms)
Training	<ul style="list-style-type: none"> • Job seekers • Training Providers • Employers 	<ul style="list-style-type: none"> • Assessments of training needs/requirements • Referral to private and public training providers • Training directly by LIS (limited)
Specialized Services to Employers	<ul style="list-style-type: none"> • Employers 	<ul style="list-style-type: none"> • Human resources assessments • Legal advice on employment • Screening and testing of job applicants • Sector promoters/liasons • Staff training guidance
Labor Market Information	<ul style="list-style-type: none"> • Government (Local and National) • Firms • Job seekers 	<ul style="list-style-type: none"> • Provide data and analysis on labor market trends
Unemployment Insurance/Social Services Gateway to Social Services Provision	<ul style="list-style-type: none"> • Job seekers 	<ul style="list-style-type: none"> • Administration of UI benefits or referral to UI • Referral or coordination with social services • Referral to self-employment programs

between UI and LIS has worked quite effectively in some OECD countries, in others, like the United States, it has been found that placement rates were actually higher when UI

offices were separated from employment offices.³ This is likely because some job seekers were discouraged from using “unemployment offices” to find a job, and possibly, the combination of services led to less emphasis on job search. The linkage between UI benefits and employment services is less relevant to Latin American and Caribbean countries due to the small number of countries that have UI. In the LAC countries that do have UI, however (e.g. in Brazil, Argentina), coordination between UI and the employment service is not being made and could help strengthen the service.⁴

7. **Regulatory Role** – a more limited, and more controversial function that some public employment services have taken on is in implementing labor regulations, or in regulating private employment services. The concern is that the adversarial nature of regulatory oversight is often at odds with collaborating with a range of providers and working closely with the private sector. The Indonesian public employment service, for example, regulates private employment agencies.
8. **Specialized Services for Employers** - the ability of the LIS to know the needs of local employers and gain their confidence is absolutely critical to continuing to expand the job vacancies and better match worker-clients with employer-clients. Some LIS’ have developed specialized services for local employers, often on a fee-basis, that strengthen this relationship and quality/information on job vacancies and support the financial sustainability of the service. These services include: screening and testing of job applicants, assessing the human resource needs of a specific firm, developing firm-based human resource plans (both employment and training), and legal advice on employment issues. As these services require a highly skilled LIS staff such services develop more slowly overtime as the LIS staff develops expertise and is trained appropriately. The Netherlands is one country that has developed a wide range of employer services (see Box 1).

Table I is provided to summarize the different types of services that fall under the main groups of services LIS’ offer. The variety is great. Labor market information systems can be simplistic or extensive. A further way to better understand the great variety in LIS systems around the world is to look at some of the implicit trade-offs between the client base, the services, and the costs of these services in an individual country and institutional context.

CLIENTS VS. SERVICES VS. COSTS

No one package of services will fit the needs of every worker seeking employment through an intermediation service. Some will need little assistance; others a lot. It is neither efficient nor effective in terms of placement for a service to provide the exact same services to every client. As resources are not unlimited in any system, better results are obtained by concentrating resources on those who need the greatest number of services. Table II provides a classification of client need in three categories, as you move to higher categories, larger and more individualized services are likely

³ Arvil Van Adams, “Developing Effective Employment Services,” [HRO Dissemination Notes](#) World Bank, No. 9, 28 June 1993, 2.

⁴ See Jacqueline Mazza, [Unemployment Insurance: Case Studies and Lessons for Latin America and the Caribbean](#) Inter-American Development Bank, Working Paper Series 411, October 1999.

required to get the worker hired. Table II shows for example the first, simplest category of “job ready” client (**Category 1**), who already has the skills and recent work history to find a new job relatively easily. This might be a professional in a high demand occupation or a skilled tradesperson. If the worker’s skills are demanded in the marketplace, likely low-cost resume

BOX 1
THE NETHERLANDS:
PROVIDING SPECIALIZED SERVICES TO EMPLOYERS

One of the keys to effective labor intermediation services is to develop extensive linkages with employers. This helps ensure the service has a direct line to getting new job listings and, even further, helping firms identify where employment can be expanded. Only by providing needed services to local employers can a labor intermediation service keep its job listings relevant and better serve its job seeking clients.

The National Employment Service of the Netherlands is a decentralized model that operates via regional boards of local employers, workers, and governments. They have developed a range of specialized services to employers. While a number of the services may be too extensive for early developing Latin American and Caribbean systems, the Netherlands model provides some important insights into strategies for working with employers and potential service offerings that can be adapted to local needs. In particular, the Netherlands model offers insights into:

- **Working with Sectors.** The Netherlands service works directly with key economic sectors to identify employment bottlenecks, enabling them to be pro-active in anticipating employment needs in key sectors. By 1999, the Netherlands had developed national agreements with 21 sectors in providing services that met sectoral needs, particularly in growth sectors.
- **Developing Basic and Additional Services.** The Netherlands has developed a range of services for employers and divided them between basic services provided to all firms and specialized paid additional services. The paid additional services are to be financially self-supporting. These services include:
 - **Basic Services (Universal):**
 - information and advice (broad)
 - vacancy intake and publication (done either on phone, by writing, or by personal visit in 5% of cases)
 - job matching (supported by computer database)
 - advice on legal procedures
 - **Additional Services (Fee basis):**
 - intensive recruitment and selection
 - outplacement
 - staff training and guidance
 - individual personnel advice

preparation and job search orientation might be enough to get the individual into a new position. In a number of countries this client would be a candidate for the “self-service” services, that is, could be left on their own to navigate the system’s job data base and resource library, asking for assistance only when needed.⁵ It is important not to disregard services for this category of worker as research continues to point out that job search assistance is one of the most effective services an LIS can provide, particularly on a cost-per-client basis.

A second category of worker/client (**Category 2**) is at a greater risk of longer-term un or underemployment without services more tailored to their individual case. This might be the case of a secondary school graduate who needs to focus a job search in a field where they have not worked before but for which their skills are transferable or could be developed with a bit of on-the-job training. In this category, all or a few of the following services may be what is needed to assist the client in finding a new job: the intervention of a job counselor, referral to short-term training programs, development of a job search plan that includes identification of a range of positions in the vacancy data base as well as direct solicitation of firms, use of a telephone bank, case follow-up. The most difficult to place category of worker (**Category 3**) requires a wider range of services to get them job ready. This could include older workers with highly outmoded skills, workers with social difficulties that impede employment (e.g. alcoholism, poor work record or skills), single parents who require integrated services (e.g. including child care), or indigenous or disadvantaged workers with cultural or linguistic barriers. While more costly, these are workers who are best handled on a *case management* basis, having counselor who can look at the complexity of their employment situation and help tailor the right combination of services and follow-up closely with the many elements of a job and social services strategy. Categories of employer clients have not been as easily classified. Typically, an LIS service would distinguish between a set of basic services provided to all employers, including the critical service of registering job vacancies, and then a set of enhanced services that would be provided on a fee-for-service basis to firms that request such services (see Box 1, The Netherlands).

In assessing how to structure what services will be offered to which client, it is not simply a question of resource availability. Different national intermediation services reflect different national philosophies about the nature of a “public” service. As a matter of policy, in a number of European countries (e.g. Austria, France), all services are offered to all clients, that is, services are “universally” offered. In other nations, services are not offered universally, but selectively based on a personal or formula-based determination of which beneficiaries need the services the most (e.g. Great Britain, the United States). The United States is the nation that has move the farthest to an automated, formula-based assessment of which clients are most “at risk” for long-term unemployment and thus eligible for a greater range of services earlier. Those defined most at risk are eligible for a larger range of services such as social services and training. The profiling system utilizes a number of characteristics of the client: age, length of time in previous employment(s), occupation, etc. to assess the potential for long-term unemployment. The system does not use characteristics such as race and ethnicity. This computer-based profiling system is relatively recent

⁵ Some OECD nations have found a class of worker that prefers the anonymity of self-service services.

and there is widespread agreement that it is still “getting rid of teething problems,”⁶ so its efficiency and effectiveness are unknown.

TABLE 2
CLIENT (WORKERS) TYPES VS. SERVICES NEEDED

No.	CLIENT DESCRIPTION	KEY SERVICES NEEDED
#1	Job ready	Orientation and Placement Services only
#2	At risk for longer term un or underemployment	Skills assessment and job counseling before placement in either employment or short term training
#3	High risk for longer term un or underemployment	Development of longer term employment and training plan, more systematic follow-up, intervention and social services

The trade-offs made between costs, clients, and services reflect many variables: the nature of the problem to be addressed, amount of resources available or willingness to charge fees, cultural/societal beliefs about the universality or right to such services. The institutional and legal framework in which a national employment service and private employment services operate also shapes how labor intermediation services operate or are configured in a given country.

INSTITUTIONAL AND LEGAL FRAMEWORK

During the early post WWII period, labor intermediation services in many OECD countries were a single national, public service run by the Ministry of Labor in which private employment services were prohibited or restricted. Conventions under the International Labor Organization (ILO) in Geneva provided the broad framework under which many countries operated their national employment services. Each nation has its own laws governing intermediation services, maintaining adherence to the relevant ILO Conventions depending on country ratification. The basic ILO convention of the Employment Service Convention, 1948 establishes the framework for national employment services in which placement services are guaranteed free to workers. The accompanying 1949⁷ Fee-Charging Employment Agencies Convention bans private agencies that charge fees for placement of workers, effectively creating a public monopoly. (Private employment agencies were seen as potentially exploitive in that they could charge workers for placement, deliver a bad quality service, and “cream” the best candidates relegating public services to the hardest cases). The convention provides for certain exceptions to the private agency ban for temporary employment agencies and agencies for artists and performers, but they must be subject to annual licensing. Non-fee charging employment agencies were permitted subject to national supervision.

⁶ The Public Employment Service in the United States, Organization for Economic Cooperation and Development, Paris, France, 1999, 195.

⁷ Modified from 1933.

In recent years, there have been efforts throughout the developed and developing world to revitalize employment services and seek a more dynamic mix and relationship between public and private providers. A number of leading countries did not ratify the original private agency convention⁸ and permitted private employment agencies from the outset. The concern about workers being exploited by private employment services has diminished as the advent of wider competition and budget constraints. The poor performance of many national employment services made it more important to look for alternatives to a public service monopoly. As private markets and the international economy shifted, the ILO itself maintained the private agency ban “came to look increasingly anachronistic.”⁹ New conventions were developed by ILO, in particular the 1997 C181 Private Employment Agencies Convention and R188 Private Employment Agencies Recommendation, 1997. These acts reverse the ban on private employment agencies but provide for oversight and regulation. The basic principle of “free” services in the 1948 convention applies to the placement of job seekers; it has not applied to more advanced services or to services for employers. Annex I lists the relevant ILO conventions and the ratification dates of Latin American and Caribbean countries.

This review of the services, purposes and legal framework of labor intermediation services and is helpful in understanding the new directions sought for LIS systems in the last two decades. Chapter 2 provides a discussion of the direction of reforms and liberalizations of labor intermediation services in OECD and Latin American and Caribbean countries, including reforms for the opening to private employment services.

⁸ Including the United States, the United Kingdom, Australia, and Switzerland.

⁹ Thuy, Phan, Ellen Hansen, and David Price, The Public Employment Service in a Changing Labour Market, International Labour Office, Geneva, 2001, 152.

CHAPTER 2: RECENT TRENDS IN LABOR INTERMEDIATION SERVICES: OECD AND LATIN AMERICAN AND CARIBBEAN COUNTRIES

In just the past two decades, countries have begun testing out a range of new methods of making labor intermediation systems more effective, looking at how to reach a greater number of workers and firms in a more “client-driven” fashion. They are taking advantage of new technologies and demanding more explicit and definable outcomes. These efforts are not just oriented at reform of the old public employment services, but modernization and design of the larger “system” of public and private services in a global marketplace. In brief, the market and needs have changed and labor intermediation services are changing along with it.

This chapter outlines some of the emerging trends and reforms to labor intermediation systems, first in the OECD¹⁰ countries, then in Latin America and the Caribbean based on existing literature. The analysis of trends in the developed countries relies importantly on the work of the OECD in Paris; the literature on Latin America and the Caribbean systems is highly limited and thus, these reviews must be considered partial. The trends highlighted here are considered with an eye to those trends that may be of particular interest to Latin American and Caribbean countries.

TRENDS IN OECD LABOR INTERMEDIATION SYSTEMS

Public employment services in OECD countries began at the turn of the 20th century as labor exchanges for growing industrial economies. Many of these services grew up under conditions of a legal monopoly on placement services or with relatively extensive public financing. They have incorporated, overtime, key national labor market goals: to support the unemployed through, in many cases, administering programs of unemployment insurance, UI (1920-30s), to supporting full employment and growth policies (post WWII), to addressing growing problems of longer-term unemployment beginning in the 1970s. For more than a decade now, the OECD countries have come to jointly re-examine and reform the role of public and private employment services in the mix of “passive” and “active” national labor market policies. “Passive” labor market policies are income support policies, such as unemployment insurance (principally) and disability payments that address the basic income needs of workers, but are passive in that they do not directly re-insert or prepare workers for re-entry into the labor market. “Active” labor market policies are those that more directly prepare or re-integrate workers in the labor market such as labor intermediation services (e.g. job search assistance, placement), training programs, and employment subsidies.¹¹ Labor intermediation services are considered active labor market policies. The OECD Jobs Study in 1994¹² made explicit a growing consensus within OECD countries on the need to shift the focus

¹⁰ Mexico is a member of the OECD but for the purposes of this paper will be incorporated into the analysis as part of the Latin American and Caribbean group.

¹¹ There is also a recognition within the OECD that active measures, such as public sector job creation or training programs, can be *de facto* passive measures if they are not well designed and result in merely creating “holding spots” for the unemployed without advancement.

¹² OECD Jobs Study: Facts, Analysis, Strategies, Organization for Economic Cooperation and Development, Paris, France, 1994, 41-47.

from passive labor market policies, which consumed the largest share of resources to more active measures, to active labor market policies, which hold greater promise in directly addressing chronic problems of unemployment.

As part of this emphasis on strengthening active labor market policies, labor intermediation services have been strengthened and experimented with in different ways. These reforms are oriented towards: (i) making *public* employment services more efficient, effective, and client-drive, including introducing private sector practices; and, (ii) expanding the use of *private* labor intermediation services, either as contractors to public systems, as competitors, or as partners in a national labor intermediation system. Key reforms pursued within the OECD countries include the following four described in the following sections: (1) integrating core functions; (2) expanding policy interventions for the long-term unemployed; (3) introducing and strengthening performance indicators; and, (4) introducing “market signals” in operation of public employment services.

1. Integration of Employment-Training-Income Support Functions. OECD countries recognize there is many times a lack of an effective linkage or synergy between the three functions of employment (e.g. placement, brokerage), training, and income support (UI). Often the three functions were carried out by different agencies, or were administered with little consideration of improving the connection between job, training, and income support. The key advantages in integrating better these functions have been described as¹³:

- Close coordination between job placement and training is needed to insure that the un or underemployed acquire the skills needed for job vacancies;
- Knowledge of job vacancies and private sector requirements is needed to insure training and self-employment programs closely meet economic demand; and,
- Close coordination between income support and re-entry into the labor market is needed to insure the beneficiary uses income support to transition to new work rather than become dependent on income support over the long-term.

There are a number of ways that OECD countries are working to integrate or link better these core functions. These include:

- Add a training referral function to employment services;
- Create a “one-stop” service where all core functions are united and simplified, including UI and self-employment programs, business development. This has been a particular emphasis of the United States;
- Dispense UI benefits and job placement services from the same place or link or coordinating the two services more effectively. It is not inherently necessary to have UI and labor intermediation under one roof, but coordination is essential. Japan
- tries to improve linkages by rotating staff between UI benefits and the employment service. Countries have different traditions and concerns about whether unification discourages non-UI beneficiaries from using the job placement service. Currently, about one-half of OECD

¹³ Labour Market Policies: New Challenges: Enhancing the Effectiveness of Active Labour Market Policies: A Streamlined Public Employment Service, OECD, Paris, France, 15 October 1997, 6.

countries surveyed have UI benefits administration separate from the public employment service.¹⁴

2. Targeted Policy Interventions for the Long-Term Unemployed. Many OECD countries are moving towards trying to make their labor intermediation services better serve the needs of the more difficult cases, the long-term unemployed. These are typically defined as those with more than 12 months of unemployment. The reforms are oriented towards intervening earlier for the most at-risk clients and targeting more and different services to the long-term unemployed.

Among the policy interventions of this type are:

- **Profiling and Early Intervention.** New schemes to identify early on the most at-risk clients and target services before long-term unemployment sets in. The United States introduced a computer-based model for profiling (see Chapter 1), other countries, such as Sweden, rely on personal interviews for such assessments, and some, such as Australia, offer a mixture of both statistical and personal profiling.
- **Case Management.** Introduction of a “case management” or individualized approach to developing a re-employment strategy for individual clients. This has taken many different forms from guidance plans in Belgium, to individual action plans in Denmark, to “back-to-work” plans in the United Kingdom. The plan includes individual guidance, training, skills assessment, and placement in subsidized employment among a range of options. The client may be required to sign a contract, and/or show agreement and commitment to the plan.
- **Benefit Sanctions and Sequencing.** A few countries are moving to tightening requirements for workers to actively seek work to receive UI, and to sequence services with stricter limitations, again, with the goal of seeing if this gets the worker back into the job market faster and with more lasting effect. Switzerland, for example, has introduced a cut-off of seven months of unemployment insurance after which workers are eligible only for participation in active labor market programs. Japan’s UI program has a “re-employment bonus” paid to the beneficiary on shortening the time of unemployment.

Right now, most of the techniques are experimental. There is no research yet on the cost effects of early interventions on correctly profiled workers vs. later interventions to the same class of workers. Nor have the statistical-based profiling models been implemented with enough time to measure their efficiency and effectiveness. Nonetheless, the changes make some intuitive sense grounded in previous research. Re-employment of displaced workers, for example, has been shown to shortened with early intervention.

¹⁴ *Ibid.*, 7.

3. Introducing and Strengthening Performance Indicators; Management Reforms. Improving internal performance of labor intermediation services through new performance measures and management reforms has occurred widely among OECD countries. Countries vary widely in the nature of these management reforms and how widely they are applied. Generally countries are seeking to focus LIS staff and resources towards agreed-on goals.

Performance Indicators. Performance targets have been moving from *ex-post* indications of performance to *ex-ante* measures of how the service is being implemented. These include targets such as “vacancies filled” or “vacancies filled with active involvement of the service,” and “time required to fill a vacancy.” Indicators can be grouped by the objectives sought, e.g. increased matching of jobseekers and vacancies, increased customer satisfaction. In the United Kingdom, a House of Commons Committee is suggesting the British system move away from placement-based targets to targets that represent “value-added” through customer. Box 2 provides a set of performance indicators utilized by the one-stop service in state of Connecticut in the United States, showing both employment and social service delivery indicators. Performance measures have included both “carrot and stick” measures, such as: disciplinary measures, management reviews, budget or staff bonuses. In Switzerland, the national government ranks placement offices by performance after controlling for external influences such as local labor market conditions. It then pays each canton (regional government) according to the performance of the placement office under its management.

Internal performance indicators have clear limitations. For example, unless a fairly sophisticated indicator is used, performance indicators like number of applicants registered do not show the impact of a particular service, just whether it has been delivered. A local service may appear to reach its targets for jobs placed, but these jobs may be mismatched or temporary. A neighboring service may spend more time per client, get a lower placement rate, but these placements may have a greater impact on local unemployment. One of the serious shortcomings of internal performance indicators is the lack of an external benchmark or standard from which to measure. Internal performance indicators must be matched or integrated within a larger evaluation system that attempts to look at longer-term impacts. In addition, internal performance indicators alone cannot be relied on as the sole method for increasing efficiency and effectiveness. For this reason, a number of OECD countries enact performance indicators while simultaneously implementing wider management reforms and market-based mechanisms as described below.

Management Reforms. The development of performance indicators for each office/locality has been part of more extensive reforms to improve the internal management of employment centers. A number of public systems have moved to *decentralize operations* providing more responsibility at the local level and seeking the ability of local offices to tailor their services and priorities to the needs of the local economy. In France, for example, national targets are established, with each region, department, and local district participating in a process to set local indicators commensurate with national targets. Performance indicators also underlie a more ambitious reform trend of “*management by objectives*” found in Austria, Finland, and Sweden for example. In these cases, local offices are given wider latitude in apportioning their budgets among the different services (e.g. job search vs. training vs. employment subsidies) in keeping with agreed on objectives.

**BOX 2:
UNITED STATES (CONNECTICUT):
PERFORMANCE INDICATORS FOR ONE-STOP SERVICE**

Outcome Measures

Activity Area	Indicator
Entered employment	1. Percentage of applicants who entered employment 1a. Percentage of applicants who received services and entered employment 2. Percentage of purged job orders with at least one placement

Process Measures

Activity Area	Indicator
Consumer Satisfaction	3. Index of overall applicant-claimant satisfaction
Wait time	4a. Percentage of applicants who waited too long
UI	4b. Average number of minutes for longest wait
	5. Percentage of non-monetary decisions made on time
Employability Services	6. Percentage of first payments made within 21 days
	7. Percentage of applicants receiving employability or other services
	8. Percentage of newly-registered applicants assessed
	9. Percentage of applicants receiving a service within 30 days of assessment

Context Measures

Activity Area	Indicator
Employment services	10. Percentage of new, fully-registered applicants
Referral and placement	11. Percentage of applicants receiving at least one referral
	12. Percentage of applicants receiving at least one referral
Job Bank	13. Proportion of individuals referred to individuals placed
	14. Percentage of placements initiated from microfiche or kiosk
	15. Average number of referrals per urged job opening
UI - voice response	16. Percentage of continued claims processed by voice response
	17. Percentage of calls transferred to staff that were unanswered on the third try

Source: Adapted from "The Public Employment Service in the United States," OECD 1999

A third area of management reforms is in introducing and utilizing *information technologies*. The advent of the Internet is changing the provision of labor intermediation services throughout OECD countries. Many countries have moved to putting their job banks "on line" and have found a greater range of clients prefer using the self-serve services from their homes, community centers, or even shopping centers. Introduction of communications and information technologies is intended to improve both internal management and the external quality of the service provided to the country. The uses of new technologies include: on-line job vacancy and job seeker data bases, labor market data collection, enhanced labor market analysis, and more systematic case management of target populations.

4. Introducing Market Signals and Mechanisms; Role of Private Employment Agencies. As the era of public monopoly of employment services has ended, many OECD countries are introducing a range of market-based mechanisms and signals to, in essence, make public services respond to competition like a private firm or act more like a competition and cost-driven firm. These reforms can be categorized into two groups: improving the efficiency of public employment services through market-based mechanisms and introducing competition and partnership with private employment agencies.

i. Introducing Market-Based Mechanisms for Public Employment Services. Recent efforts to make public employment services perform more efficiently based on private sector principles include: contracting out through *competitive bid labor market training or services*, developing user fees and paid services; and organizational reforms. The key organizational reform that affects all of these private-based methods is to separate out the role of the government as a provider and purchaser of training and services. Many OECD countries are getting their public employment services out of the business of providing training and allowing either the service or the client to choose competitively among providers. The public employment services or the public sector can have an unfair “inside track” if the public service refers workers to its own programs. This provides little incentive to the public employment service to improve its training performance or insure that the worker-client is referred to the training course that best meets their needs. The Swedish public employment service turned to purchasing courses from either other public sector training centers or the private sector. The result was a 50% drop in market share for the public sector (since 1990) and a 20% drop in the cost of training for workers using the employment service.¹⁵ In the United Kingdom, the local training and enterprise councils that run local employment services contract out to training agents who assess training needs who in turn contract to training managers who provide the training or contract it out. *Vouchers* are another method being used to induce competition. Workers are given a voucher to purchase training from outside providers. A key in voucher provision is providing substantial labor market and training course information to the beneficiary and oversight in the implementation of the voucher scheme.

User charges have been limited in both private and public employment services, in large part because of the restrictions of ILO Convention 96 that prohibited charging placement fees to workers with the intent of making a profit. These restrictions have been understood not to apply to fees

¹⁵ Labour Market Policies: New Challenges: Enhancing the Effectiveness of Active Labour Market Policies: A Streamlined Public Employment Service, Organization for Economic Cooperation and Development, Paris, 1997, 19.

charged to employers or fees for non-job placement services. In Belgium, for example, employers pay for the extra service of intensive screening of job candidates and for outplacement services. Fee-based services for employers in the Netherlands are listed in Box 1.

ii. Increasing Role of Private Employment Agencies and Community Organizations. Another set of market-based reforms is directed at private employment agencies or community organizations that provide placement and job services. Particularly with the relaxation of ILO restrictions on private employment agencies (1997), a series of reforms has been directed at expanding the role of private employment agencies and other organizations. This includes:

- Relaxing legal restrictions on private employment services, allowing them to compete with public services (e.g. most OECD countries);
- Contracting directly with private employment agencies or community organizations to place individuals (e.g. Australia) and stimulate competition; and,
- Developing partnership agreements with private agencies or organizations to better coverage the placement market.

Contrary to expectations, the opening of the employment services market in many countries has not led to dramatic gains in market share for the private sector. This is likely due to the smaller, high-end market that the private sector typically occupies and the substantial “start up” and reputation building that is needed to gain large market share. Such was the case of Denmark in the early 1990s. Private employment agencies have typically served the higher end of the market serving workers had higher income and education levels. Public services, in turn, have been principally utilized by disadvantaged groups and the more difficult-to-reemploy on a no-charge basis. This too has shifted as some community and non-governmental organizations have sought to serve low-income clients, and public employment services have contracted the private sector to assist some of its harder-to-place clients. Australia and the Netherlands contract the private sector to serve the long-term unemployed and disadvantaged workers.

TRENDS IN LATIN AMERICAN AND CARIBBEAN LABOR INTERMEDIATION SYSTEMS

Recent consideration of reforms and modernization to labor intermediation systems in Latin America and the Caribbean, as in most of the developing world, has a distinctly different point of departure than for OECD countries. Namely, a number of characteristics of Latin American and Caribbean systems contrast those of the OECD:

- Typically, existing LAC national employment services are less extensive and have had a lower investment level than their OECD counterparts;
- Private sector placement and employment services are generally less prevalent in the region and the few existing firms are of more recent origins;
- The majority of LAC countries do not have unemployment insurance (UI) or other forms of protections for the unemployed, so LIS reforms do not address the integration of such systems. As a consequence, potential cost savings in UI is not a motivation to reform the national employment service. Those countries in the region that *do* have unemployment

insurance *do not* typically use the employment service to administer UI (e.g. Argentina, Brazil).¹⁶

- Informal sector employment can exceed 50% of the national economy, with a concentration of poor and disadvantaged workers in this sector. This, by definition, shapes a different approach to labor intermediation (which traditionally serve the formal sector) and employment development more broadly;
- LAC countries have less of a chronic problem of long-term unemployment in the workforce than a problem of severe underemployment and low educational and work skills; and,
- Substantial internal and external migration in a number of countries, particularly within Central America and Mexico.

Currently in Latin America there are a number of public national employment services with a limited, but growing private sector market in labor intermediation and placement. In a number of countries in the region, there is the existence of a small public sector service that, with limited resources, typically serves the lower strata of the work force. The directors of the public employment services of Central America, for example, stated that, historically, intermediation services in the region have been occupied with the strata with “low technical qualifications at the lowest levels of the occupational pyramid.”¹⁷ National employment services in the region are typically administered by either the Ministry of Labor or via the state-based national training institute (e.g. SENA in Colombia). Like trends for developing countries as a whole, Latin American and Caribbean systems typically concentrate on the core functions of job brokering and job search. On top of the motivations for reform found in the OECD such as poor performance and greater need to reach target populations, Latin American and Caribbean countries have some additional factors that motivate reform.

- *Discriminatory markets.* Lack of labor market transparency, information, and discrimination are particular motivations for strengthening LIS systems in Latin America and the Caribbean. The region has a high reliance on informal networks and family/personal contacts and this is typically viewed as reinforcing and perpetuating discrimination based on race, ethnic origin, gender, and economic class; and,
- *Traditionally poor linkages with private sector.* In some countries in the region, the national employment services have had a reputation of being politicized by local and regional authorities. This has discouraged private sector from working more directly with the offices. These relationships are beginning to change as efforts for reform are being pursued.

Four areas of new trends are reviewed for the region here, they include: (1) expansion and introduction of information systems; (2) partnerships with private and non-profit sectors; (3) improved performance and expanding client base.

1. Introduction and Expansion of Information /Internet-based Systems. Throughout the region, there is a clear trend to put new technologies to work in improving the performance of labor

¹⁷“Seminario-Taller Sobre la Estructura y Funcionamiento de los Departamentos de Empleo y de los Sistemas de Intermediación en el Mercado de Trabajo,” Organización Internacional del Trabajo, 8 y 9 de septiembre de 1998, documento de conclusiones, 2.

intermediation systems. Large investments in new information systems technologies for intermediation systems have been more limited in Latin American and Caribbean systems than in the OECD, but countries and local municipalities are beginning investments in new computer-based systems (e.g. Brazil). Chile's *Servicio Nacional de Capacitación y Empleo* has developed the country's first electronic labor exchange. *InfoEmpleo* currently contains more than 29,000 curriculums of job seekers and receives more than 300 job vacancies a month.¹⁸ Mexico as well has made important advances and investments in information systems for their network of employment services. Costa Rica, under financing and support from the National Apprenticeship Institute (INA) is developing a two-phased information system to revitalize its public employment service, expand to a network of private and non-profit providers, and provide a national job registry with INA providing the central server. Important as well to the region is the consideration of electronic "*bolsas de trabajo*" not just on a single country basis but, as part of regional networks. The International Labour Organization (ILO) under its program to modernization the Labor Ministries of Central America, Belize, Panamá, and the Dominican Republic is, among its efforts, examining electronic job exchanges on a regional basis.¹⁹

Information systems modernization includes: on-line job exchanges and services, internal office information systems, and labor market information systems. Under a regional project of the IDB Multilateral Investment Fund, eight countries of the Central America region, the Dominican Republic, and Panama are developing a labor market information system in which labor market data can be jointly shared and analyzed on a regional basis, including on employment, economic, and occupational trends.

2. Expansion of Role/Partnerships with Private/Non-Profit Sectors. Another of the emerging trends in the region is the expansion of the role of private employment agencies and initiatives to create partnerships between public, private, and non-profit providers. Argentina is seeking to better link its public employment offices with the range of non-profit and private employment agencies operating in the country. Box 3 describes the case of Perú who created a network of public, private, and non-profit providers, significantly increasing the reach of the system. Guatemala, as well, with the support of the Inter-American Development Bank is developing plans to create a network of Employment Services (*Red de Servicios de Empleo (RESE)*) in which the local public office of the national employment service in each region or province would serve as a center for a local network that would include private and non-profit providers. The pilot program of the network would begin in the capital city of Guatemala City and its metropolitan area.

As a first stage in opening up and regularizing a private sector market a number of countries in the region are working to provide appropriate legal frameworks and institute regulations or oversight of private providers. This has been evolving in the region, but particularly since the mid to late 1990s. Panama passed a law in August 1995 permitting for-profit employment agencies and providing for Ministry of Labor oversight over such agencies.

¹⁸ <http://www.sence.cl/>

¹⁹ <http://ns.oit.or.cr/matac>

3. Improving Performance; Expanding Client Base. There are also a series of actions being taken to improve the performance, output, and client base of Latin American and Caribbean systems, including:

i. *Job Fairs as Temporary One-Stop Centers.* “*Ferias de Empleo*” are being used in the region more than just to bring employers and job seekers together face-to-face for one day. Job fairs, like those in Panama, are expanding to offer a range of services more akin to a one-day “one stop shop” that is seen in the OECD countries. The services available at the Panamanian Job Fairs for example include: technical assistance to micro-enterprise; career information; resume workshops; information on training programs and needs; and, assessments of job seekers work skills in addition to interviews with employers. In the Panamanian case, these fairs are self-financing, that is they are fully paid for from the fees charged to employers establishing booths at the fair. Mexico, as well, for many years has developed a comprehensive approach to job fairs.

BOX 3

PERU: ESTABLISHING A PUBLIC-PRIVATE NETWORK FOR INTERMEDIATION

Peru’s public employment service suffered, according to a 1996 internal study, from high costs, long registration waits, inflexibility and a poor reputation. Since that time, however, the Ministry of Labor has been able to significantly improve outputs, increase placements, and boast the participation of employers through the modernization of the public service and the development of a national network of public, private, and non-profit providers. The idea behind the network is to reach more people on a wider geographic basis with a better quality service.

The Peruvian Network of Centers of Intermediation and Labor Information (CIL) expanded in phases. First it incorporated training centers and institutions (including technological institutions and occupational centers), and then, shortly thereafter it expanded to private agencies, other public institutions and non-governmental providers. This expansion included institutions promoting local employment, such as municipalities and development organizations. In 2001, the Ministry is seeking to expand the participation of private agencies outside the capital city of Lima.

The centers, public and private, talk the same language, they use the same software and occupational classifications to assess workers skills and match workers to vacancies. They provide job search assistance and occupational orientation. Most important, combined, they have been able to significantly increase placements, jobseekers registered, and vacancies listed. From just 1998-2000, the number of placements of the combination of public and private centers increased 27.5% and efficiency in terms of the percentage of job seekers placed and vacancies filled also increased. While the public sector offices (capital city and regions) still register the larger number of job seekers and jobs, the smaller numbers placed by the private network doubled in three years and continued to increase in efficiency.

The system is more than a network of intermediation providers co-existing. It contains mechanisms of joint promotion, regulation, and incentives to guarantee quality standards. In addition, labor market data on both demand and supply can be jointly analyzed from the centers and provided as feedback to local training institutions. The next steps for the system include: a more integrated information system and extranet network, greater promotion, and development of a labor market observatory for analysis of labor market trends.

Source: "La Modernización del Servicio Nacional de Empleo en el Perú" MTPS, mayo 2001.

ii. Decentralization. There is a more limited trend in the region towards decentralization of labor intermediation services to local municipalities and offices. The role and feasibility of decentralization in any country depends on a larger national strategy and trend towards decentralization and on the capacity of local institutions. One of the greatest concerns in OECD countries in decentralization is the great variety in quality of service that can result without sufficient local capacity. Consistent with its national approach, Chile has decentralized local employment offices to a network of over 150 Municipal Employment Agencies. Mediation services are provided free to workers in these offices. The Chilean National Training and Employment Service (SENCE) provides technical support to the network as well as plans and supervises training programs and institutions and monitors the performance of the tax rebate plan for enterprise-based training.²⁰

iii. Improved Services, Assessment Tools. An additional area Latin American and Caribbean systems are working on is to improve the specific services provided by intermediation centers, for example, better job search methodologies, assessments, looking at sharing information and tools across the region. As part of this, countries are looking at sharing information and curriculums in international forums.

Overall, reform and strengthening measures enacted in both OECD and Latin American and Caribbean countries should be seen in the larger context of restructuring and reforms to the institutional frameworks from which labor intermediation services are delivered. These frameworks are discussed in the following chapter 3.

²⁰ Eduardo Martinez Espinoza, "Chile: Experiences in a Market-oriented Training System," International Labour Organization, Geneva, December 1997, 6.

CHAPTER 3: INSTITUTIONAL MODELS FOR LABOR INTERMEDIATION SERVICES

There is a common range of institutional models for labor intermediation services, whether we are considering either industrialized or Latin American and Caribbean nations. We can understand the range of models as a continuum from a sole public employment service to a solely a private system, except that few systems operate at the extremes. The greatest variety is in the interaction and/or partnership of public and private models in the middle. This chapter reviews some of the basic institutional models for labor intermediation services as a guide to Latin American and Caribbean nations in assessing the current and potential future directions of their own systems.

INSTITUTIONAL MODELS

Model A: Public Service Monopoly/Private Services Banned

This model was more common in earlier eras when there was a particular concern that private employment agencies might exploit workers by charging them fees to place them in employment. Under this model there is a single national public service, either as an integral part of the Department of Labor or an executive agency of a government department. Private employment services are limited to those that do not charge fees for placement, temporary employment agencies, and, agencies dealing with theatrical workers and artists. Despite the private agency ban, workers always have access to other job-finding methods such as newspaper advertising and public notices. Even when the ban has been in place, there were not always strenuous efforts made to close down small private employment agencies. The legal public employment service monopoly has now been removed in most developed countries (e.g. Portugal (1989), Finland, Austria (1994)). There are few systems today that still have a legal ban in place. Costa Rica, for example, still has a legal ban on private employment agencies on the books although, in practice, at least 42 private employment services operate in the country. More often these firms are called consulting agencies. The principle characteristic of this model today is that the public employment service dominates the provision of intermediation services and private agencies are either banned or live in a precarious, uncertain legal situation.

Model B: National Employment Service Operating with, *de facto*, Competition from Private Providers

This is a model we find common in developing country and industrial countries alike. Private employment agencies and services are permitted, but the public and private services operate largely independently. The typical tendency of the market is for the public service to serve the lower-income clientele and for private firms to spring up to serve more targeted, higher income and professional workers whom are easier to place, or for whom, employers have greater demand. In this model, private employment services may either be regulated (by the public service or other entity) or market conditions may prevail. In the Dominican Republic, for example, the small National Employment Service exists with just a small number of private and non-governmental employment services. There is limited interaction between the public and private sectors. same is true in the Dominican Republic. It is thought that the existence of private providers may provide

some competition for the public service, but in large part, the two tend to cover only fractions of the national market and generally serve different clientele. In Latin American countries, private agencies tend to concentrate on executive search or professional workers. As the two sectors move into greater forms of interactions, they may enact more extensive forms of private/public cooperation as found in models C and D.

Model C: Public-Private Partnerships

There are currently a range of ways that public employment services have been reformed and transformed into different institutions through creating new relationships and partnerships, not only with the private sector, but also with key social actors, e.g. trade unions, community organizations, directly concerned with employment. Partnerships have become increasingly common as an institutional framework as the demands for effective intermediation have increased. Partnership is meant here to be a collaborative, not competition-based relationship in which public and private institutions combine among the possibilities: resources, information, services, and/or clients. There are many ways private firms can be utilized to enhance internal competition (see Chapter 2).

Three key types of partnerships are reviewed here. The first type is when the public employment service forms a *(i) network of public, private, and non-profit providers* to create an expanded, more effective national system. Peru offers an interesting example of this type. A 1996 diagnostic conducted by the Peruvian Ministry of Labor and Social Protection found that the public-only employment service had serious limitations.²¹ From this diagnostic study and with external support, the Ministry implemented a widespread reform, modernizing public offices and creating a network of public and private agencies involved in training and employment that included local municipalities, non-governmental organizations, development organizations, and private agencies (see Box 3). The results, even in the first years of implementation, demonstrated clear increases each year in the numbers inscribed in the service, number of jobs listed, and importantly, an increasing percentage of workers placed.

Partnerships can also be developed in a second area of *(ii) providing policy guidance and oversight* to improve implementation of labor intermediation services and overall coordination of labor market policy. Mexico created executive committees of its state-level employment offices in 1992 to provide guidance in the operation of the employment offices. Participation in the executive committees includes: business associations and firms, training institutions, state and federal government agencies, and labor unions. These executive committees in turn form part of the state councils for productivity and competitiveness, which seek to coordinate labor market policy between state and federal governments.²²

²¹ “La Modernización del Servicio Nacional de Empleo en el Perú,” Ministerio de Trabajo y Promoción Social del Perú (MTPS), Dirección Nacional de Empleo y Formación Profesional, Sistema de Información Laboral, Documento preparado para el 5to. Congreso Mundial de la Asociación Mundial de Servicios Públicos de Empleo, 29-31 del 2001, Noreuga, 9.

²² Roberto Flores Lima, “A New State of Decentralization in Mexico: Granting Autonomy to the States,” in Decentralizing Employment Policy: New Trends and Challenges- The Venice Conference, OECD, Paris, 1999.

A third form of partnership has developed around *(iii) serving disadvantaged or special needs populations*. The United Kingdom provides an interesting example of using local area partnership to improve services to the most difficult-to-reach populations. The responsibilities and flexibility to develop these partnerships to fit local needs lies at the local level. In Bolton, England, for example, a local partnership established an ethnic minorities forum to present a minority-target program to the local community and support its delivery. UK partnerships have also been formed around serving handicapped populations or those with severe learning difficulties. Partnerships aim to increase labor market policy effectiveness and social cohesion, but care must be taken in examining potential conflicts of interests among partners, diffusion of decision-making, and auditing and monitoring functions.

Model D: Autonomous Service with Tri-Partite/Key Social Actors Participation

A more advanced form of partnership has resulted when the public employment service is eliminated altogether and replaced by an autonomous organization comprised of key social partners. These autonomous services make all the key decisions on the operation of offices and the delivery of services. There is typically still an element of public subsidy and public payment of training and other services, but management is independent of the public sector. These autonomous services can be run on a tri-partite basis (e.g. Germany) with business, labor, and government (local and federal) partners or take on different groupings of actors. A recent study concludes that almost one-half of OECD countries now have autonomous, tri-partite organizations.²³ The key advantages of this model are in the more active participation of the local stakeholders, and improved delivery and flexibility of decision-making. It requires, however, the pre-existence of cooperative relationships among the social partners to avoid polarized and ineffective decision-making. The Netherlands started with a tri-partite organization in 1991, but the government decided to withdraw from administration in 1996 and replaced its slot with independent experts. Government representatives had found themselves in impossible and compromising political positions that frequently paralyzed decision-making. The United Kingdom had attempted a tri-partite service, but the Thatcher government retook the service for the public sector after major disputes with the trade union partners. The degree of consensus between the government and the social partners and the advanced state of existing relations are key elements in the success of this model. For this reason, the model is rare to find in developing countries.

Model E: Competition-Based Network with Public Funds

Within the OECD countries, the most adventurous reforms have been pursued by Australia. The Australia system has evolved from earlier reforms when it developed a “case management” approach in which the public employment service would contract out specific cases for placement/services to the private sector. Recently, it has inaugurated to a more advanced reform in 1998 which one might call “competitive service delivery.” Under this newly developed model, the Public Employment Service was replaced by a job network of 310 private, community, and governmental organizations that are paid to place clients in jobs. The functions of this network, delineated in the national web page include: job-broking, employment and training systems. This

²³ Phan Thuy, et al., *The Public Employment Service in a Changing Labour Market*, 146. Tri-partite systems include: Austria, Canada, France, Greece, Ireland, and Portugal.

BOX 4
EL SALVADOR:
EXPERIMENTING WITH PRIVATE-BASED SERVICES

El Salvador has taken a recent bold step to reinvigorate and revolutionize the provision of labor intermediation services in the country. For years, labor intermediation services languished in the hands of a small, poorly funded and low visibility public employment service that had little credibility with the country's employer community. On the initiative of a key non-governmental organization with ties to the social and business communities, and with the key leadership by the Labor Ministry and the nation's tri-partite, state-funded training institute, *Instituto Salvadoreño de Formación Profesional* (INSAFORP), the institutions are collaborating to create a new national employment service, based solely in the private and non-governmental sectors.

The project has received the support of the Multilateral Investment Fund of the Inter-American Development Bank for its pilot development. The key elements of the new Salvadoran model include:

- The service will be run by a national non-governmental organization, *Fundación para la Educación Integral Salvadoreña* (FEDISAL). FEDISAL will develop a national job registry bank and develop the core services of job search assistance, brokering, and training referral to be provided to all workers and firms who seek assistance.
- The national job registry will be provided *on-line* and through counselors in walk-in centers.
- The service, for the first time in the country, will also register training course openings and provide training referrals and assessments, helping to better link the country's employment and training system.
- FEDISAL will develop a network of satellite offices and local partnerships with training institutions, NGOs, universities and others to expand the coverage and access to the national service. FEDISAL will be able to develop for-fee services to contribute to its long-run sustainability, including providing labor market information and data.
- The service will develop specialized promoters to work directly with key sectors of the Salvadoran employer community to assess their labor market needs and register job vacancies.
- The Labor Ministry, INSAFORP, and business and labor representatives will participate in giving policy direction to the service.

new institutional model is strongly driven by outcomes, as agencies – whether public, private, or non-profit – are paid a fee for each unemployed person placed with extra fees for placing the long-term employed. In the second round of contracts (called tender), the public sector organization (Employment National) was cut back and the largest contributions are being made by non-profit organizations run by churches and other voluntary bodies. It is too early to judge the effectiveness of this new model, but the Australian job network has been called “a unique step which is being watched closely by employment ministers around the world.”²⁴

Model F: Private Sector-Based Services

In Central America, El Salvador has introduced new reforms offering a different private sector-based model and taking new risks to improve the provision of intermediation services (see Box 4). The Salvadoran model is relatively unique in that it is piloting a national service provided by a private or non-profit provider. The Ministry of Labor and the tri-partite state training institute, *Instituto Salvadoreño de Formación Profesional* (INSAFORP) provided particular leadership in formulating and supporting the new pilot service, and will constitute a policy oversight committee to the service, but without direct management responsibilities. The Salvadoran experiment constitutes a model of *a private-based national service* with plans for creating a network of satellite partners, while allowing for competition with other specialized private employment agencies. Those countries with no public service or efforts to collaborate in a national service constitute an alternative model of *a private providers with no national linkages*. This can be understood as a *laissez faire* approach in which private providers may compete but there is no effort to support or capture the “public good” element of labor intermediation services and coordination with labor market and training policy.

KEY CONSIDERATIONS REGARDING INSTITUTIONAL FRAMEWORKS

There is, by definition, no single “right” way to structure labor intermediation services that will always be more efficient or effective. Which model is more efficient and effective and serves the greatest number (and type) of clients depends on a country context, the strength and performance of public and private institutions, available financing, and the relationships of key social actors. But institutions and their structure do matter in delivering labor intermediation services. A recent OECD study notes: “the institutional structure [of employment services] does affect factors such as the pool of knowledge and expertise contributing to management, the willingness of the parties involved to co-operate in implementing particular strategies and the perceived political legitimacy of operations.”²⁵ For Latin American and Caribbean countries, it is important to consider whether reforms in the institutional framework, or strengthening of the existing institutional arrangements would likely: increase the quality of the services delivered; increase the number and kind of client served; and/or decrease costs or make funding more sustainable or predictable.²⁶ Key factors to assess include:

²⁴ A British Member of Parliament as quoted in Phan Thuy, Ellen Hansen, and David Price, *The Public Employment Service in a Changing Labour Market*, International Labour Office, Geneva, Switzerland, 2001, 128.

²⁵ *Labour Market Policies and the Public Employment Service*, Organization for Economic Co-Operation and Development, Prague Conference, July 2000, 62.

²⁶ Assuming decreased costs do not seriously impair the availability and quality of the service.

- The reputation and record of the public employment service;
- The current strength and role of private employment providers;
- Partnership experience of key stakeholders (e.g. government, employers, unions/workers);
and,
- Nature of market to be served.

CHAPTER 4

LABOR INTERMEDIATION SERVICES: CONSIDERATIONS AND RECOMMENDATIONS FOR LATIN AMERICAN AND CARIBBEAN NATIONS

The Latin American and Caribbean (LAC) region faces its own set of challenges and distinct economic needs in implementing new or reformed systems of labor intermediation. This chapter builds on the review of the previous three chapters to provide a series of considerations and recommendations to those Latin American and Caribbean nations considering investments and/or reforms in systems of labor intermediation. In particular, this chapter: (i) explores the economic and labor market considerations Latin American and Caribbean countries in the formulation of labor intermediation systems: (ii) reviews key program design and reform features relevant to the region; and, (iii) provides suggested features that may constitute, in the future, a Latin American-Caribbean variation of labor intermediation.

ECONOMIC AND LABOR MARKET CONSIDERATIONS IN LABOR INTERMEDIATION SYSTEMS

The principal economic purposes of labor intermediation systems hold true in developed and developing countries alike. Namely, both types of economies operate with incomplete labor market information and inefficiencies in the linking of demand and supply of labor in both employment and training. These inefficiencies contribute to lower productivity, increased short-term unemployment, and reduced social welfare (see Chapter 1). Greater economic integration has increased the need for more effective labor intermediation systems worldwide to adjust competitively to higher rates of job rotation, career changes, and more frequent need for skill upgrading. In all countries, the job brokering function of labor intermediation services – its core service -- is performed more effectively when the economy is growing. While this is inherently obvious, there are still conditions of limited growth in which investments in labor intermediation systems make sense. They are:

- Conditions of high job rotation, i.e. high levels of short-term unemployment
- High levels of labor market discrimination
- Human capital misallocations in both training and employment

Any of these factors may commonly be found in Latin American and Caribbean labor markets and merit evaluation as the chief targets/purposes of a labor intermediation system. However, **if a country is facing a true employment crisis with conditions of high structural unemployment, investments in labor intermediation systems should not be a priority** as their effectiveness will be highly limited by the crisis themselves unless the service also coordinate or delivers income support or other safety net programs.

While official unemployment has been rising in Latin America, the most pressing labor market problem is in underemployment and education/skill deficits. While not needing to focus labor intermediation systems on long-term unemployment as do OECD systems, Latin American and Caribbean systems can take a lesson from the industrial country experience in **utilizing labor intermediation services to target key labor market difficulties, in the region's case, improving**

the labor market performance of the nation's under and unemployed. In doing so, Latin American and Caribbean systems would stay truer to the original intent of such systems, to address short-term unemployment, and for what they are best suited for. To be clear, labor intermediation systems cannot resolve the entrenched problems of under and unemployment and labor market discrimination, but they should be part of the strategy that does so.

STRENGTHENING AND REFORMING LABOR INTERMEDIATION SERVICES IN LATIN AMERICA AND THE CARIBBEAN

Generally, the case for reforming or strengthening labor intermediation services in Latin America and the Caribbean is a strong one, except in circumstances of a severe contraction of employment as delineated above. How a country goes about reform and strengthening measures clearly varies with each country context and the existing state of labor intermediation services in the country. **For countries that have large informal sectors care should be taken in broadening the scope of intermediation services rather than reliance on job placement in the formal sector as the single principal service,** elaborated further below. The recommendations below can be organized by level: level one, being early reform and strengthening measures pursued without alteration to the fundamental institutional structure and purpose of the nation's intermediation services; and, level two more comprehensive reforms and restructuring. These recommendations are provided from the baseline of the more common institutional formulation found in the region: an existing public employment service with limited coverage, outdated information systems and a small private sector market which serves the higher end of the market. This will obviously not fit all countries in the region. For example, there are cases like Mexico who have larger and stronger public service, and countries with hardly any development of either public or private services.

In any reform or strengthening of labor intermediation services, a key decision point is the long-run vision of the **institutional structure** and corresponding **target purpose** of the service. **Particularly in Latin American and Caribbean countries whose public sectors are subject to substantial budget constraints it is often impractical to envision a solely public service that will receive enough funding to function without partnerships in the private and non-profit sectors.** Taking this reality to heart, the recommendations below provide for the opening of a private sector market, the strengthening of the public service (where it is the better strategy), and particularly the strengthening of partnerships and relationships with private, public and non-profit entities.

Level 1: Early Reform and Strengthening of Labor Intermediation Services

- **Foster Appropriate Legal Environment for Private/Non-Profit Providers.** A key constraint on the development of a private sector-based market for labor intermediation services has been a closed, contradictory, or onerous legal environment for growth. Legal and regulatory reforms could include: removing the legal ban on private providers for the few countries which still have such bans; revising and reducing regulatory constraints on private firms; and, creating simplified procedures for opening and regulating such private employment agencies.

- **Create Early Network/Partnerships with Public, Private and Non-Profit Providers.** Nearly all institutional models incorporate some form of partnership relationships between public and private providers. This paper has argued that public, private, and non-profit providers of labor intermediation services need to be seen as part of a larger “system” and that system needs management as to how to best meet national needs for labor intermediation. Networking and partnership relationships can be initiated without substantial restructuring of existing institutions. In Latin American and Caribbean countries, in particular, there are a number of vibrant non-profit institutions from universities to grassroots organizations that provide opportunities for capitalizing on existing institutions. Key areas for considering partnership relationships include (elaborated in Chapters 2 and 3): creating national networks of providers, including a national job registry; contracting specialized providers to provide services to disadvantaged groups; joint training between public and private services, information sharing; consulting regularly on professional practices; and, linking public and private providers electronically.
- **Strengthen Staff Training, Information and Performance-Based Systems.** Another short-term investment in improved outcomes for labor intermediation services is in staff training and information systems. These would include: periodic staff training, rotation of staff among centers, upgrading of information systems, and automation of inscriptions to the job registry (see Chapter 2). Care should be taken so that large investments in new equipment should not exceed their practical use among staff and clients.
- **Strengthen Input and Participation of Employers.** For public employment services, one of the weakest links in the system is the credibility and reputation of the service with the principal font of jobs: private employers. In many cases, wholesale restructuring would likely be the more effective way of garnering greater participation and use of a national service by employers. Absent such reforms, there are also steps that can be taken to increase private sector participation in centers through executive committees, develop outreach activities to the employers in growing sectors of the economy, providing for periodic consultations with employer groups; promotion campaigns.

Level 2: Institutional Reform, Restructuring, and Expansion.

For those countries willing and able to invest in reformed labor intermediation services, there is a range of options once key decisions have been made about the institutional framework and target purpose of the system.

- **Restructuring Institutional Framework.** The key point of departure for all more extensive reformed systems of labor intermediation is in determining the institutional structure of a new or strengthened service. In the cases of Peru and El Salvador (Boxes 3 and 4) this required rethinking the roles of public, non-profit and private providers in a national labor intermediation system based on the strengths and weaknesses of national institutions and how best to garner increasing use of the system by local employers. Assuring adequate financing and sustainability is also critical to design.

- **Development and Expansion of Information Systems.** At this second level of reform and expansion, greater investments in new information systems and technologies will be more effective. This includes: development of information systems that integrate public and private job seeker registries; development of labor market data and information systems; and, development of survey/data collection capabilities.
- **Develop Training Registry and Training Referral.** Nearly region-wide there is a problem in the linkage of training to jobs demanded in the private sector. Many times training curriculums and courses are designed without consultation with employers and trainees sign up for courses without an assessment of their suitability for such a career. Labor intermediation systems can play an important role in the region in: (i) developing a registry of current courses and referring appropriate candidates to training institutions; (ii) providing data and information to training institutions on private sector demand; and, (iii) facilitating connections between employers and training institutions in developing new courses. It is not recommended that labor intermediation services in the region become providers of training. The “broker” relationship in intermediating between training and employment, however, is clearly needed in Latin America and the Caribbean. Particularly given the evidence of the greater returns to training for female participants, integration of a training function without stereotyping will be important to equilibrating market distortions between male and female work.

SOME ADAPTATIONS OF LABOR INTERMEDIATION SYSTEMS TO LATIN AMERICAN-CARIBBEAN CONTEXT

In addition to the above principal considerations in strengthening and reforming labor intermediation systems in the region, care must be taken to insure that new systems adapt appropriately to the local marketplace. There are a number of particular characteristics of Latin American and Caribbean economies that do not negate the rationale for reforming and strengthening labor intermediation systems, but affect the type of intermediation service recommended and the services provided. The characteristics include:

Informal Sector

In many countries in the region, the size of the informal sector can exceed 50% of the labor force (e.g. Mexico, Argentina, and Brazil). The traditional target of labor intermediation services has always been formal sector jobs as these are ones in which employers more openly advertise and solicit employees. There has been little empirical study of the use of labor intermediation services within the informal sector or what impact such services can have on increasing/decreasingly informality. In countries that have high rates of informality, and typically high rates of underemployment, there are clear benefits to improving the match of workers to jobs, but considerations need to be made within labor intermediation systems. **Labor intermediation systems should include matching and referrals to programs of microenterprise, self-employment, and small business development**, as this is a frequent –and sometimes only – source of employment for portions of the labor force, particularly older workers. Ivan Goncalves Ribeiro Guimaraes, who runs the state employment service in Brasilia, Brazil, for example, says that workers over 33 who have lost their formal sector jobs are particularly difficult to place. Their statistics showed that only about 2-3% of the unemployed in this age group find employment in the

formal sector.²⁷ In most countries in the region self-employment programs are provided by a range of different providers (e.g. governments, NGOs) but rarely on a “walk in”- demand basis. Even more rare is a clearinghouse that provides information on a range of alternative programs where a candidate can be helped in assessing which best fits their needs. Additionally, labor intermediation systems in the region should consider whether intermediation centers can provide advice, information, and referral on the formalization of businesses. A word of caution here. Like in the industrial countries, countries in the region should clearly avoid putting labor intermediation services in any regulatory role that discourages participation in the service. The suggestion here is the value of providing information on a voluntary basis in some cases, particularly if the government is offering expedited procedures to register businesses. Both points regarding the informal sector take a lesson learned from the “one stop” shops in the industrial countries in that labor intermediation services need to recognize that increasingly “employment has become more fluid between being an employee or the employer. These trends can be recognized without, per se, creating greater informality.

Disadvantaged Populations/Gender Considerations

Many Latin American and Caribbean countries face major labor market challenges in the concentration of low skills, poor education, poverty, and labor market discrimination (e.g. employment, wage) among specific populations. These populations can include, among others: women, ethnic/racial minorities, youth, and the handicapped. Among the greatest concerns in the evolution of labor market intermediation systems is how to more effectively reach these target populations. Like the OECD targeting of the long-term unemployed, these populations are most likely better reached through individual case management combined with specialized services and social service referral, although this is costly. The key for the region is first analysis of the barriers to employment in the country’s labor market and specific adaptations of the labor market intermediation service to those barriers. For example, high levels of occupational segmentation by gender, race, ethnicity, disparities in unemployment rates. Box 5 provides some ways of adapting labor intermediation services to better reach disadvantaged populations. Particularly interesting may be the United Kingdom experience which contracts directly with specialized non-governmental organizations in trying to meet the needs of ethnic minorities and disadvantaged groups. To provide for the social inclusion of these groups in the marketplace, labor intermediation services must be careful that the public/private market does not become so segmented that the national public service receives only the most disadvantaged clients, as this leads to increasing disuse by private employers. **The challenge is in increasing the coverage of disadvantaged populations while simultaneously expanding the overall client and employer base in order to provide more opportunities to refer disadvantaged populations to better quality jobs.**

Migratory and Seasonal Labor

For many of the poorer countries in the region, out migration of labor – both legal and illegal -- to higher income countries has continued over many decades. Migration trends are increasing even within the region, for example, Nicaraguan workers in Costa Rica. This migration can be seasonal, temporary, or permanent. For countries such as the Dominican Republic and El Salvador, worker remittances from abroad are a key source of national income and effect, substantially, the operation

²⁷ Interview with Ivan Goncalves Ribeiro Guimaraes, Brasilia, 14 May 1998. The figures refer to recipients of unemployment insurance in Brasilia in 1998.

BOX 5
ALTERNATIVES FOR REACHING DISADVANTAGED POPULATIONS
WITH LABOR INTERMEDIATION SERVICES

Many Latin American and Caribbean nations face particular barriers in making labor intermediation services more accessible to and used by socially-marginalized or disadvantaged populations. In some countries, they could be poor, rural populations, ethnic minorities, black, or disabled which face the greatest poverty and greatest challenges to employment outside their present social circles. Many times such groups may have discomfort or negative experiences with government or official buildings. Below are some alternative ideas that labor intermediation services could employ to increase the access of these groups to intermediation services, depending on country circumstances. Recognized, local leaders can be used as intermediaries in seeking input on how to reach these populations and to inform groups on the existence of services. Some ideas that could be explored with local consultation are:

- Use mobile units brought to community centers;
- Rotate offices by, temporarily (e.g. one day/week), locating the intermediation service in a more accessible location, a marketplace, town square;
- Adapt the layout, location, and structure of local office to local custom;
- Contract specialized non-governmental or community organizations for services to specialized groups;
- Have native speakers among LIS staff;
- Train LIS staff in how to best reach marginalized clients;
- Provide referral to language programs if language is a particular barrier to employment;
- Play areas for children while parents are accessing the service;
- Donated clothes which can be borrowed for job interviews

of the local labor market. For higher income Caribbean countries, there is a reduction in job opportunities in the low season. A key question and controversy is whether a national labor intermediation service should play any role in regularizing temporary or seasonal migration or in protecting/overseeing workers migrating within the region. For countries that choose this path, the justification is that it provides their workers with a legal and safe path for migration and provides for their safe return to their home country. Mexico, for example, has a specific arrangement between its public employment service and the Canadian government in which the service screens a set of agricultural workers who are provided legal visas and travel costs to work seasonally in Canada. The National Employment Bureau (NEB) of Barbados lists seasonal overseas job opportunities under special programs largely in Canada and on U.S. cruise ships.²⁸ The principal and overwhelming focus of any intermediation service is the national economy. Whether and how special programs are designed for seasonal or temporary migration remains a profoundly individual choice depending on national circumstances. In Panama, for example, private agencies specializing

²⁸ Wendy Maclean, Office Director, National Employment Bureau, Barbados, 17 August 1998.

in overseas employment are prohibited. No country in the region, nor is it advised, uses its national employment service for principally overseas work as is found in the cases of the Philippines, Indonesia and Sri Lanka²⁹ But regional leaders are grappling with how to respond and adjust to migration trends. The Directors of the Central American employment services, for example, maintain the importance of continuing to meet on a regional basis to share national experience, propose adequate national policies, and seek ways to guarantee work conditions for migratory persons, actions which have implications for employment services.³⁰

TOWARDS A LATIN AMERICAN AND CARIBBEAN MODEL OF LABOR INTERMEDIATION

While Latin American and Caribbean countries have much to learn from the experience of the OECD countries in labor intermediation systems, in other ways they will need to chart their own path so that intermediation systems respond to the needs of developing countries with Latin-Caribbean characteristics. The vibrancy of the non-profit sector and their ability to reach marginalized populations in Latin America and the Caribbean is an asset the region should not turn away from in building new labor intermediation systems. Labor unions as well offer new areas for cooperation in intermediation. At the risk of overgeneralization, some key considerations to future systems in the region would be:

- The building of national networks of public, private, and non-profit providers of labor intermediation services, and the testing of new institutional frameworks that garner the credibility and participation of private employers;
- Incorporation of both salaried and self-employment work with a labor intermediation service by providing a clearinghouse and referral for self-employment programs. This would create intermediation centers that foster and support a broader definition of employment that is more relevant to the region;
- Linkage of training information and referrals so that intermediation services promote a more needed and productive linkage between training and employment;
- Particular attention to disadvantaged populations through specialized services and targeted strategies to better reach these groups;
- Slower evolution of computerized “self service” services than found in the OECD countries until there is more widespread use of information technologies nationwide;
- Incorporation of labor intermediation data in wider national and regional labor market analysis and systems; and,
- As national systems evolve, the development as well of regional sub-systems of training and employment intermediation (e.g. within Central America) that support labor market trends and regional integration.

²⁹ Phan Thuy, Ellen Hansen, and David Price, The Public Employment Service in a Changing Labour Market, International Labour Office, Geneva, 2001, 37.

³⁰ “Segundo Seminario-Taller Sobre la Estructura y Funcionamiento de los Departamentos de Empleo y de los Sistemas de Intermediación en el Mercado de Trabajo,” Organización Internacional del Trabajo, 12 y 13 de mayo de 1999, documento de conclusiones, 2

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<http://www.sence.cl>

ANNEX I

ILO CONVENTIONS WITH LATIN AMERICAN AND CARIBBEAN RATIFICATIONS

1. Employment Services Convention 1948. Ratified by 83 countries. Fifteen Latin American and Caribbean countries have ratified the convention as follows:

Ratifications:

Argentina - September 19, 1996
Belize - December 16, 1983
Bolivia - January 31, 1977
Brazil - April 25, 1957
Colombia - October 31, 1967
Costa Rica - June 2, 1960
Dominican Rep. - April 29, 1952
Ecuador - September 22, 1953
El Salvador - August 8, 1975
Guatemala - June 15, 1995
Nicaragua - October 1, 1981
Panama - June 19, 1970
Peru - June 6, 1970
Venezuela - November 16, 1964

2. C-96 Free-Charging Employment Agencies Convention, 1949.

Ratified by 42 countries. Seven Latin American and Caribbean countries have ratified the convention and two denounced it as follows:

Ratifications:

Argentina - September 19, 1996
Bolivia - July 19, 1954
Brazil - June 21, 1957
Costa Rica - June 2, 1960
Guatemala - January 3, 1953
Mexico - March 1, 1991
Uruguay - July 7, 1976

Denouncements:

Panama - July 15, 1971

3. C-181 Private Employment Agencies Convention, 1997.

Ratified by 10 countries, one of which is in Latin America, as follows:

Panama ratified on August 10, 1999