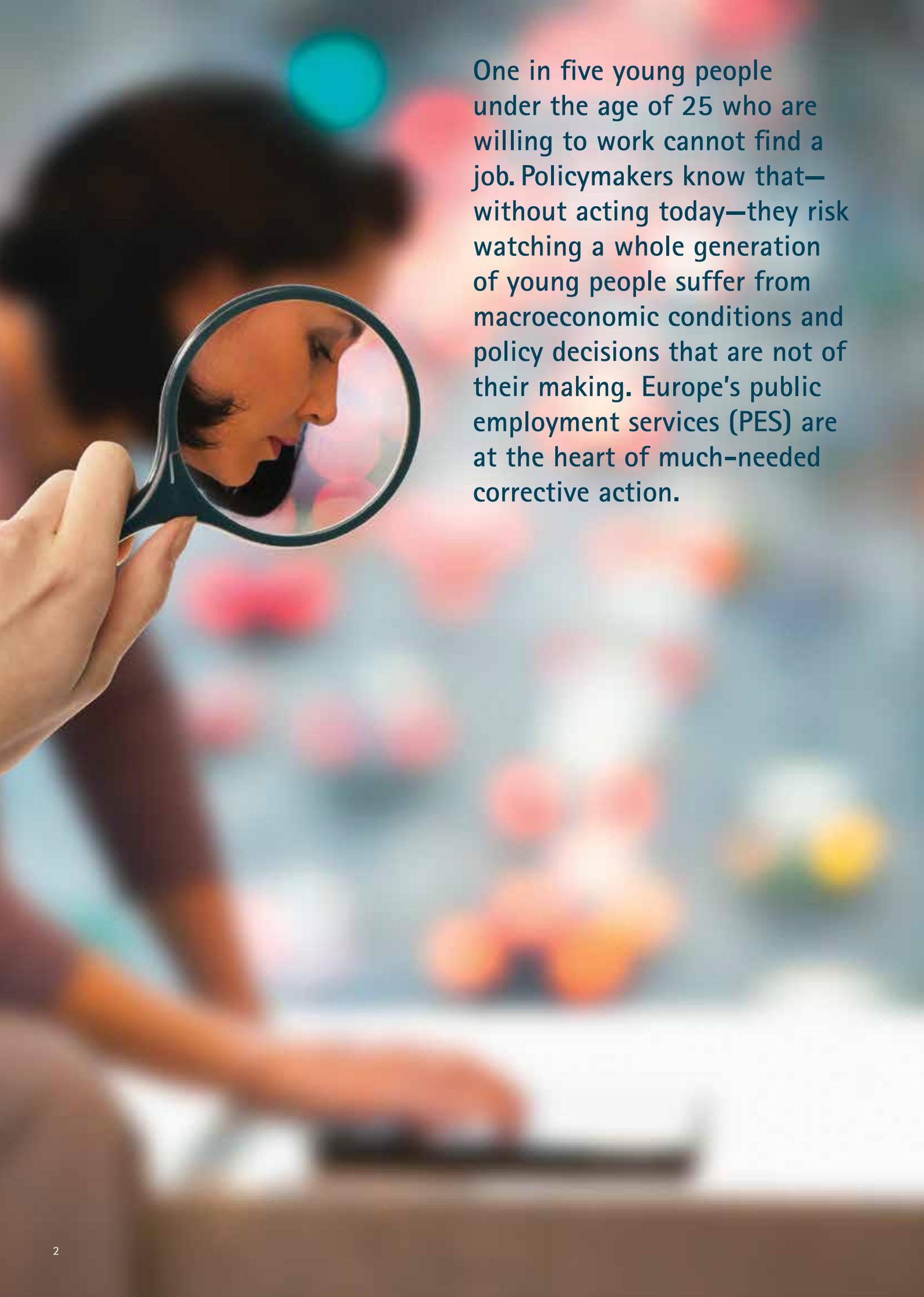




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Delivering Employment Services for the Future:

Rethinking the
Role of the Public
Employment Service

A young woman with dark hair is looking through a magnifying glass at a laptop screen. The background is blurred, showing other people in a public space. The text is overlaid on the right side of the image.

One in five young people under the age of 25 who are willing to work cannot find a job. Policymakers know that—without acting today—they risk watching a whole generation of young people suffer from macroeconomic conditions and policy decisions that are not of their making. Europe's public employment services (PES) are at the heart of much-needed corrective action.

The global financial crisis has given way to acute economic uncertainty and a prolonged crisis of jobs and growth in Europe. One in five young people under the age of 25 who are willing to work cannot find a job.¹ Policymakers know that—without acting today—they risk watching a whole generation of young people suffer from macroeconomic conditions and policy decisions that are not of their making. For governments, citizens and businesses, the cost of inaction is unthinkable.

Europe's public employment services (PES) are at the heart of much-needed corrective action. Yet their role is shifting in response to immediate labor market challenges and to profound long-term trends such as demographic change and rising skills needs that are reshaping Europe's political

economy. This briefing paper explores emerging shifts in the PES role, details how PES are transforming to address the changing labor market, and reveals essential PES capabilities to deliver employment services for the future.

The current paper serves as a preview to the key themes and topics on the European agenda and provides highlights of the observed trends, and presents thought-provoking questions for PES leaders, national policy makers and the European Commission to consider. The full paper, which follows the European Centre Roundtable, will include excerpts of interviews from PES across Europe, Accenture research, our global employment industry experts and academic colleagues.

Europe's employment and skills challenges

As noted, short- and long-term challenges are driving profound change in Europe's labor markets. Proactively managing their impact is fundamental to the sustainability of the continent's labor markets—and to the effectiveness of short-term crisis response. The risk of responding in the wrong way is substantial. As such, governments must respond with increasing focus—deploying resources and expertise against three core challenges (see Figure 1).

Figure 1: Three challenges facing public employment services²

Challenges	Long-term Impact of Demographic Change	Mismatch Between Geographical Supply and Demand of Jobs and Skills	Lack of Competitiveness and Lagging Labor Productivity
Implications	<ul style="list-style-type: none"> There is a need to create a productive and fluid labor force across the generations by reassessing the boundaries between education, employment and retirement. There is a need to promote lifelong learning through virtual and digital skills development programs. 	<ul style="list-style-type: none"> At a European level, despite weakness in the labor market, there is a dislocation of jobs and skills availability. The necessary enablers that allow labor and skills mobility across the continent, for instance, a recognition and adoption of qualifications, are not fully in place. There is a lack of anticipation of future skills and the link between education and employment. 	<ul style="list-style-type: none"> Europe needs to regain economic competitiveness in the global market. There is a lack of coordinated action at government and employer levels. There are significant opportunities to raise the human capital through innovation and new technologies.

¹ "Employment, Social Affairs & Inclusion," European Commission, accessed December 2012, <http://ec.europa.eu/social/main.jsp?catId=950&langId=en>

² The United States Department of Labor, Future Work Trends and Challenges for Work in the 21st Century <http://www.dol.gov/oasam/programs/history/herman/reports/futurework/conference/trends/trendsi.htm>

European Foundation for the Improvement of Living and working Conditions, Employment trends and policies for older workers in the recession <http://www.eurofound.europa.eu/pubdocs/2012/35/en/1/EF1235EN.pdf>

European Centre for the Development of Vocational Training, Skill mismatch, The role of the enterprise, 2012 http://www.cedefop.europa.eu/EN/Files/5521_en.pdf

Council of the European Union, Commission Staff Working Document, Employment and Social Developments in Europe 2012 <http://register.consilium.europa.eu/pdf/en/13/st05/st05571-ad09.en13.pdf>

OECD Stat Extracts, Labour productivity levels in the total economy, 2011 <http://stats.oecd.org/Index.aspx?DataSetCode=LEVEL>

The World Economic Forum, The Europe 2020 Competitiveness Report: Building a More Competitive Europe, 2012 http://www3.weforum.org/docs/CSI/2012/Europe2020_Competitiveness_Report_2012.pdf

DID YOU KNOW?

Long-term Impact of Demographic Change

- Employment rates for older workers remain very low in many member states. Only three out of 10 of those in the pre-retirement age cohort (60–64) in the EU27 are in employment.³ Between 1995 and 2030 the proportion of the labor force made up of 45- to 59-year-olds is projected to increase from 25.6 percent to 31.8 percent in the OECD as a whole.

Mismatch Between Geographical Supply and Demand of Jobs and Skills

- In Italy and Denmark, labor shortage measures are relatively low but unemployment rates remain high. Conversely, in Austria and Malta, unemployment is relatively low, and there are signs of potential labor shortages.⁴

Lack of Competitiveness and Lagging Labor Productivity

- According to the OCED data in 2011, EU workforce productivity levels still lag the US by more than 30 percent, hindering member states' capacity to shift towards truly differentiated, higher value-added activities and sustain economic competitiveness.

Rethinking the role of the public employment service

We have seen how a set of acute challenges for governments—demographic change, the dislocation of skills and jobs and lagging labor productivity—are forcing policy makers to rethink operational paradigms. The role of the PES will be vital in correcting these imbalances and creating more efficient labor markets. While the diverse socio-political context across member states may weigh in on the behaviors and roles for PES, the current economic strife have pulled policy makers together with a sense of common purpose—to (re)create thriving labor markets, sustainable livelihoods and a productive economy.

Accenture's research titled *Delivering Public Service for the Future: Navigating the Shifts*, shows how a combination of seismic changes in the operating environments of public service organizations—including continuously rising citizen expectations and a need for public service agencies to be much more cost-efficient—are forcing the world's governments to reassess the fundamentals of public service provision. In line with these findings, we envision future employment services to be driven by four key shifts—becoming more personalized, insight-driven, entrepreneurial and productive. The implications for the role of the PES in light of these shifts are myriad⁵ (see Figure 2).

These shifts in the public service landscape can unlock high performance and impact for PES. Yet to scale these fragments of innovation and qualitatively shift toward the employment and skills services of the future, more insight—and action—is needed. This includes a substantive exploration of opportunities for collaboration, joint action among the PES network and an examination of the ways that the European Commission can foster transnational infrastructures and coordination among different labor market actors.

³ "Employment, Social Affairs & Inclusion," European Commission, accessed December 2012, <http://ec.europa.eu/social/main.jsp?catId=950&langId=en>

⁴ http://ec.europa.eu/europe2020/pdf/themes/19_skills_gaps_and_labour_mobility.pdf

⁵ Accenture. "Delivering Public Service for the Future - Navigating the Shifts," Steve Rohleder and Brian Moran, November 2012. See <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Delivering-Public-Service-for-the-Future-112812.pdf>

Figure 2: Responding to structural shifts: The new face of Europe's Public Employment Services



What's next? Core questions for Europe's labor market actors

The future of Europe's labor market—and the role of the PES—will evolve through deliberation, debate and a networked approach to the challenges faced by the member states, as well as active support from the EU institutions. Moving forward, Europe's key labor market actors must ask some fundamental questions. These issues are the foundation of the debate that the European Centre for Government Transformation can facilitate as a partner in the shared vision for the European Employment strategy and the New Skills for New Jobs initiative.¹³ (see Figure 3).

Figure 3: The role of Europe's labor market actors

 <p>PES managers</p>	 <p>PES networks</p>	 <p>National policymakers</p>	 <p>The European Commission</p>
<p>PES managers are on the front line of Europe's jobs crisis, with responsibility for using the range of available tools (especially active labor market policies) to make a tangible difference in skilling, job matching and (re)employment in their countries.</p> <ul style="list-style-type: none"> • How can PES play an active role in shaping and orchestrating future labor markets? • How do PES spread the risks and rewards of activating job seekers among other actors in the labor market? • How can PES better manage available labor market information—and what skills and resources do they need to need to play an effective role in the future? 	<p>Strong networks and relationships among PES can facilitate mutual learning, peer support and the exchange of research, insight and leading practices.</p> <ul style="list-style-type: none"> • What mechanisms and tools can facilitate closer links, more effective learning and partnerships among agencies? • How can stronger networks among PES, research and higher education institutions and employers be created and sustained across national boundaries? 	<p>National policymakers set the macro environment and the operating context for the PES, including frameworks for performance, outcomes and accountability.</p> <ul style="list-style-type: none"> • What key policy reforms are needed to empower and enable PES to play a more active role in creating effective labor markets? • What mechanisms (e.g., performance management) can help drive better outcomes for citizens and businesses over the long term? 	<p>The Commission plays a key role in creating the infrastructures, processes and information systems that can enable better national coordination and better relationships among the European PES network.</p> <ul style="list-style-type: none"> • What further steps can the European Commission take to improve jobs mobility, employability and sustainability of European labor markets? • How can the EU promote further sharing of knowledge, leading practices and innovations across PES clusters that share similar goals and market conditions?

¹³ "Education and Training: Agenda for New Skills and Jobs," European Commission, accessed December 2012, http://ec.europa.eu/education/focus/focus2043_en.htm

Concluding remarks: Different points of departure but a new, shared reality for the future

Europe has long aspired to be a flexible, open and vibrant regional labor market. It has focused on this—especially under the Europe 2020 Strategy and 'New Skills for New Jobs' initiative—through programs to ease mobility, facilitate better skills-to-job matching across borders and develop future human capital.^{14, 15} This overarching ethos must adapt to a diversity of national contexts, ranging from the liberal-market approach of the United Kingdom, to the inclusive, social democratic approach of the Nordic states. Yet across this diversity, there is a spectrum of common activity for PES. This activity ranges from narrow scope functionality, focusing on traditional brokerage and job-matching between individuals and employers, to broader scope actions in which PES embrace shared responsibility for job-activation and income support using a range of active and passive labor market policy tools. Agnostic of the pathway that different PES choose to adopt, the following portfolio of measures will characterize their transformation:

- A **market intelligence** competency to anticipate current and forecast future labor market demand, translating this insight into effective and early intervention across different levels of the organization (national, regional and local offices).
- A **digital strategy** that supports the business objectives, including effective channel-management, use of social media and mobility tools to cater to the future needs of job seekers and employers.
- A **partnership orientation** with emphasis on including other labor market actors such as employers, training providers and research organizations in the value chain of employment service delivery.
- A **knowledge-management** culture where the workforce of the PES are motivated to learn new tools and techniques, and share knowledge and leading practices both within the organization and across the PES network.
- A **high-performance** commitment promoting a culture of continuous improvement and deriving the best use of their assets and people.

Europe's PES are getting geared to deliver the employment services for the future, and creating pathways to sustainable work and prosperity in a world of change.

¹⁴ "Europe 2020," European Commission, accessed December 2012, http://ec.europa.eu/europe2020/index_en.htm

¹⁵ "New Skills for New Jobs," European Commission, accessed December 2012, <http://ec.europa.eu/social/main.jsp?catId=568>

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