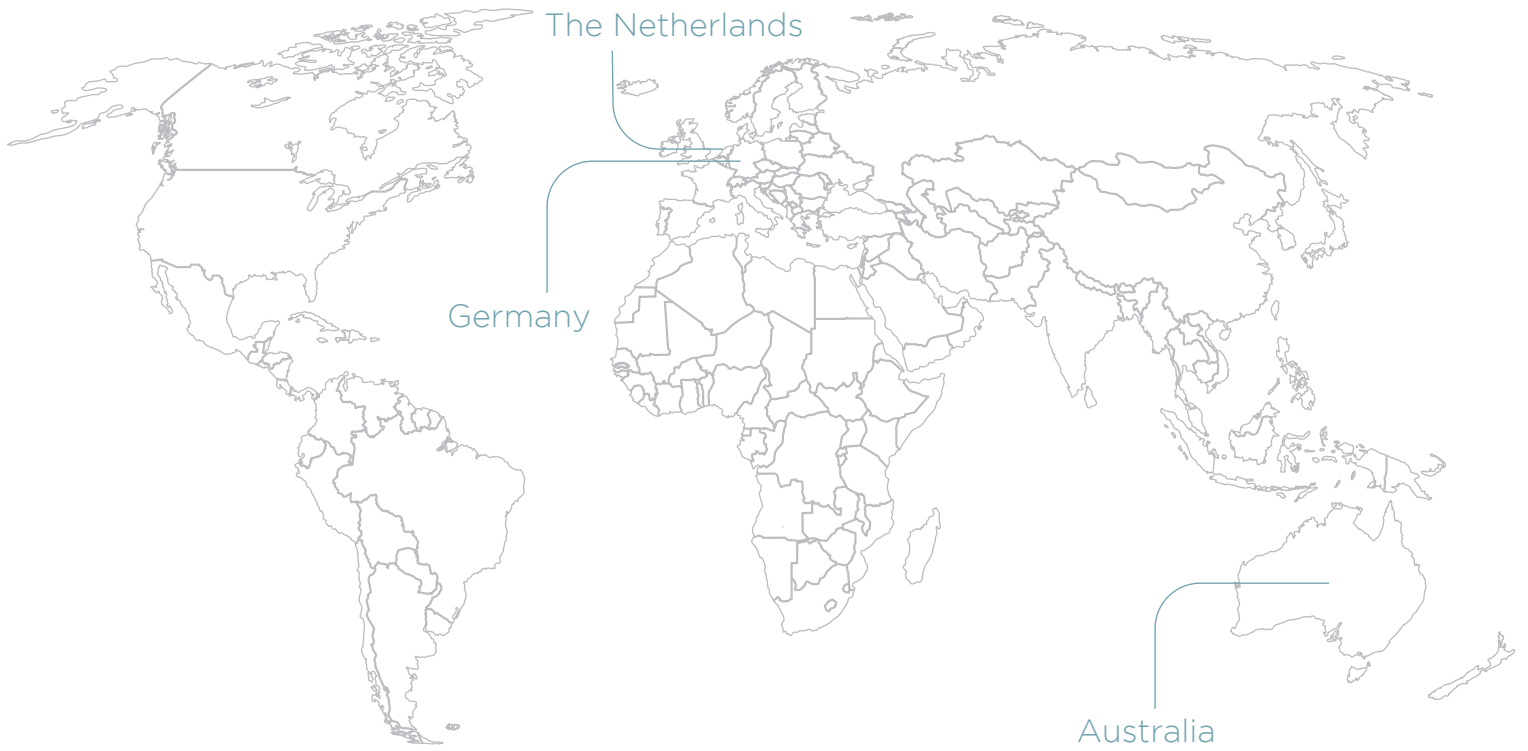


Different Approaches in Delivering Employment Services and Setting Private-Public Partnerships:

The Cases of Australia, Germany, and The Netherlands



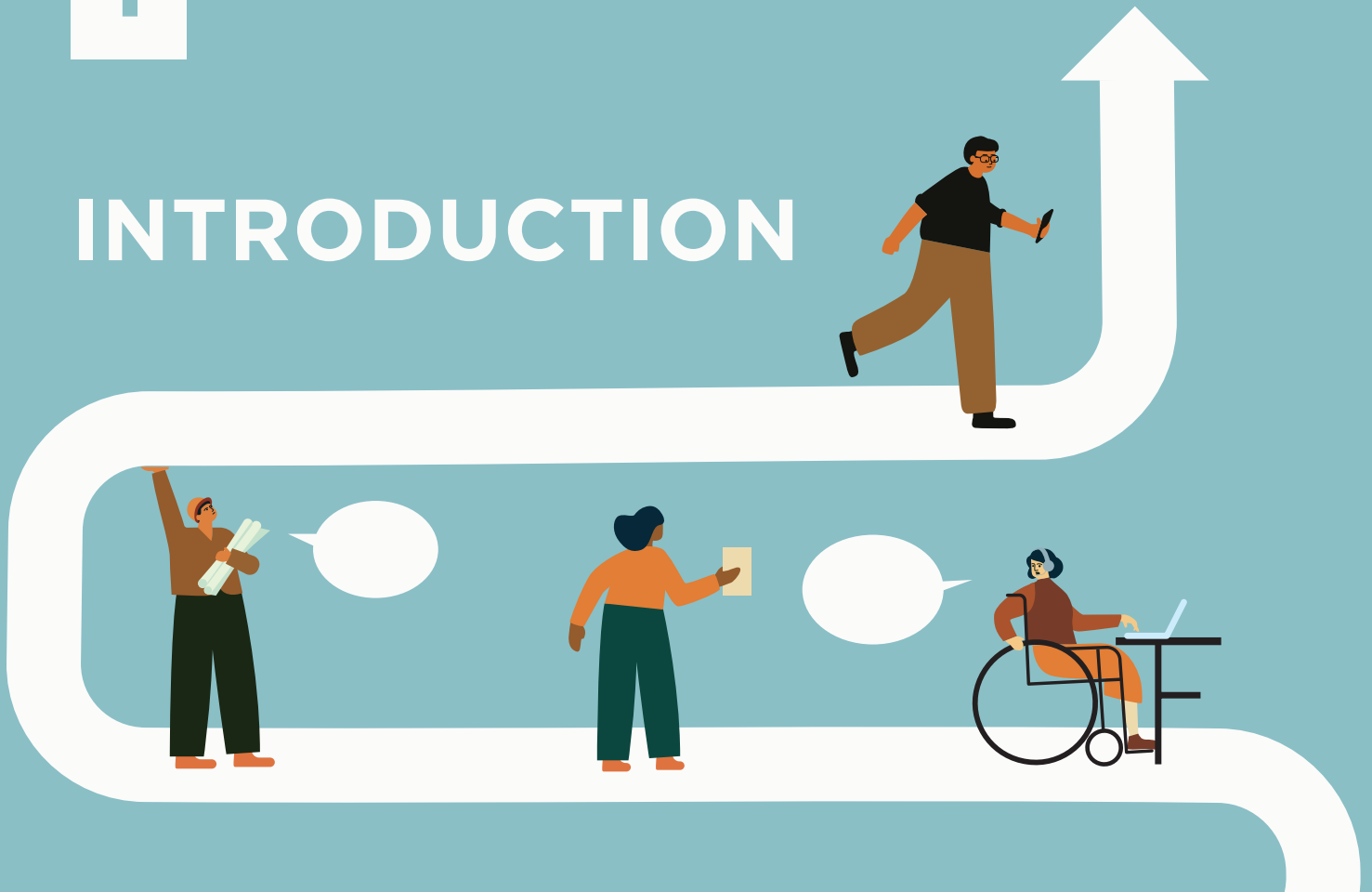
De Moraes Gael,
Gomez Tamayo Sofia,
Petrelli Andrea



The information presented in this report is accurate as of the date of writing, 2021/2022. Due to the dynamic nature of the subject matter, some details may have changed since then. Readers are advised to consider the temporal context and verify the latest information for the most up-to-date insights.

¹ The authors of this piece thank the following individuals for their expertise and assistance throughout all aspects of this study and for their help in finalizing the content: Johannes Koettl, World Bank Senior Economist and Task Team Leader; Mohammed Ihsan Ajwad, World Bank Senior Economist and Task Team Leader; Nayib Rivera, World Bank Social Protection and Jobs Economist; Nicola Duell, Senior Economist Consultant. The work reflected in this note also benefited greatly from the knowledge generated by the Reimbursable Advisory Services (RAS) program between the Kingdom of Saudi Arabia and the World Bank.

INTRODUCTION



Most OECD² countries include private providers in the provision of employment services and the delivery of active labor market programs (ALMPs). The role of private providers, however, varies greatly and there are different forms of public-private partnerships (PPPs). Generally, the provision of service by the public employment services (PES) can happen either mainly in-house or by outsourcing these services to private providers.

International experience shows that there are three major PES delivery models:

1) Quasi-markets - a model in which almost all employment services for job seekers are outsourced to private providers, such as in the case of Australia. In this model, an organized and supervised market is created by public institutions, where service

providers need approval to enter and compete for service delivery contracts. The rationale behind this kind of organization of delivery is to harvest the benefits of market competition, without losing sight of the public interest behind the provision of such services.³

2) In-house - a model in which delivery of employment services is mostly centralized and provided by the PES itself, such as in the case of Germany. The PES and municipalities deliver a wide range of counseling services to job seekers, employer services, and placement services, while specialized counseling services and certain ALMPs are provided by private employment services. Nevertheless, the job seeker remains a client of the PES, even though this does not result in the PES having a placement monopoly.

² Organisation for Economic Co-operation and Development.

³ Lewis, 2017.

In fact, despite the PES accrediting private employment service providers, it still maintains a strong role in providing employment services within its activation strategy for benefit recipients.

3) Mixed - a model with mixed public and private delivery of employment services. A good example of this model is the Netherlands, where the delivery of employment services is done by the Dutch PES (*Uitvoeringsinstituut voor Werknemersverzekeringen* - UWV) for unemployment benefit recipients and by municipalities for social assistance recipients. In addition, in the case of the Netherlands, social partners play a decisive role as they manage sector-specific training funds and social funds, while private employment service providers play a crucial role in delivering employment services.

In short, in the *quasi-market* approach, private employment services are *substituting* public employment services; in the *mixed model*, private employment services are *substituting and complementing* public employment services (a complementary relationship exists in particular when the private providers bring in specific expertise, for example, in relation to disabilities and professional coaching for specific target groups); and in the in-house employment service delivery model, outsourcing to private providers has a *complementary role*.

The type of private employment service providers varies between countries. In Australia, large multiannual contracts are in place with, both large and small, nongovernmental organizations (NGOs) and private companies, who deliver the type of services that the PES would typically provide. The landscape is more diverse in the case of the Netherlands, where large private integration companies play an important role as do temporary work and recruitment agencies of all sizes, in addition to specialized employment service providers. In Germany, instead, a large number of smaller private employment service providers, recruitment agencies, and specialized service providers exist, alongside a large number of training providers devoted to ALMPs' implementation.

The historical institutional landscape and the role of municipalities as well as social partners also have a strong impact on the models developed in different countries. In the mixed and in-house employment service delivery models, a multitude of partnership approaches have been developed, including a wide range of public-private as well as public-public partnerships. The latter has been particularly important for improving joint or coordinated delivery of employment and social services through employment and social caseworkers for groups of job seekers who face the highest placement barriers.

PPPs have been classified by Davern⁴ into the following:

- Agile partnership - “for producing quick solutions to time-limited and specific problems as they emerge,” as it might happen for a specific crisis;
- Sub-contracted partnership arrangements;
- Co-constructed partnerships that enable partners to share power, responsibility, and expertise; and
- Supportive partnerships that are “catalysts for the growth and success of participants and provide space for members to grow, succeed, and generate innovative ideas.”

The main challenge for all three delivery models is to make sure employment services are delivered in an effective and efficient way by fulfilling public objectives. There is one common key objective in all three models: to reduce benefit dependency and bring job seekers with severe and/or multiple employment barriers into work. However, underlying goals and priorities differ somewhat between countries, especially on the role that job quality should play in bringing people into work. Regardless of the specific objectives any government could set, all three models require high governance capacities of the public actors and, when private providers are involved, the challenge is to create a quasi-market. For the creation of such markets, the governments need to find ways to induce private actors to achieve public objectives by means of appropriate incentives.

4 Davern 2020.

Lessons from various OECD countries show that success factors for the different types of PPP formats depend on a wide array of elements. These include a common understanding of the labor market challenges, profound understanding of the difficulties for both public and private employment service providers, mutual trust, and appreciation about pooling resources and sharing information and knowledge.

In the following sections, three country examples are presented. The cases studies will show how these three delivery models are present in mature PES across the world: Australia, Germany, and the Netherlands. For each case study, a brief overview of the PES system as well as the outsourcing mechanism and the governance of the PES is provided. This is followed by the discussion and conclusion sections where the key features of these three PES models are summarized, along with key success factors, challenges, and best practices that could potentially be applied in low- and middle-income countries (L/MICs).



CASE STUDIES



2.1 The quasi-markets model: the case of Australia

PES context

Currently, Australia's employment services provision is fully outsourced, and it does not have what is commonly perceived as a public employment agency. The country once had fully public employment services, created in 1945, called Commonwealth Employment Service (CES). In 1998, the system was reformed and under the name of 'Job Network', public and private providers could compete in a tendering process for service delivery contracts.⁵ The system continued to be reformed and enhanced between cycles of contracts that would last between 3 and 5 years. The current system is

called Workforce Australia and replaces the model that ran from 2015 to 2022 (Jobactive).⁶ During Jobactive, only private, both for-profit and not-for-profit, providers competed for contracts.

Although services are privately provided, the strategy and oversight are public responsibilities in the Jobactive model. The department responsible for employment policies and job strategies is the Department of Education, Skills and Employment (DESE).⁷ The department oversees the tendering process but also designs policy to improve job seeker engagement, expand working opportunities, and strengthen the job service provision network. The intake, registration, and assessment of job seeker applicants is also publicly managed. This is done by Centrelink, a government body which is part of the Department of Human Services.⁸

⁵ Sinclair 2017.

⁶ Due to changes in the new system being very recent and still under implementation - this note focuses on the system that was active until 2022.

⁷ DESE 2019.

⁸ DESE 2020.

Through Centrelink, registrants are assessed, streamed, and referred to certain types of employment services, according to their needs.

To do so, Centrelink used, as of 2022, a statistical profiling tool called Job Seeker Classification Index (JSCI), which draws information mainly from a questionnaire applied to job seekers.⁹ The questionnaire consists of 49 questions considering 18 different factors, including demographic, geographic, socioeconomic, psychological, educational and working background.¹⁰ According to outcomes, job seekers are assigned to three different streams: A, B, or C, based on their assessed barriers in joining or rejoining the labor market (A being the most job ready and C being the least job ready). Job seekers with identified multiple and complex nonvocational barriers, such as disabilities, are referred to a supplementary assessment called Employment Services Assessment (ESAt).¹¹ Upon assignment to a stream, job seekers are asked to choose from a list of available service providers according to the allotted stream.

Outsourcing model

Private providers come in at the stage of service provision, after the streaming of job seekers. They are largely responsible for offering training, counseling, assisting on CV building, and preparing candidates for jobs and placing them.¹² Their focus in the Australian model, however, is to place job seekers into sustainable jobs, meaning that the best outcomes are jobs that are not only quickly supplied but that job seekers can retain for as long as possible. The more barriers a job seeker is predicted to face, the greater will be the assistance that he or she will likely need. Therefore, more services and more intensive interventions will need to be provided to those job seekers.

Service providers have to first be admitted and certified to participate in the Australian job services, providing services through awarded contracts. Contracts are awarded in

tendering processes that occur every 5 years. This process is highly centralized under, and monitored by, the DESE. Providers are free to compete for contracts and once contracts are awarded, they can compete among themselves for service provision, within the structure built by the government for that purpose. This structure comprises two main governance mechanisms (the Stars Rating system and the Quality Assurance Framework - QAF) to ensure that despite competition, services are provided at high quality standards.¹³ This is the basis of the current quasi-market in Australia.

The payments made by the Australian government to employment service providers are mainly outcome based.

Outcome fees consider the following criteria: (a) stream allocated to job seekers; (b) length of employment placement; and (c) geographic location. They are designed to reflect the difficulty of placement for the job seeker but also to reward the duration that this person has remained employed. For example, job placement of job seekers assigned to stream C and located outside of urban centers will be better rewarded than those of stream A job seekers located in urban centers. Likewise, job placements that last 26 weeks will be better rewarded than those lasting 4 weeks.¹⁴

Governance and monitoring of the system

The performance of service providers is assessed by the Star Ratings system. The system rates providers from 1 to 5 stars, according to performance, considering two key performance indicators: efficiency and effectiveness in placing participants in sustainable work. Calculations are made quarterly based on the same results used for payments—meaning quantity and length of placements—and adjusted to geographical location, streams assigned, local labor market context, and case load. The stars are then attributed to service providers by bandwidths, according to the national average.

⁹ Desiere, Langenbucher, and Struyven 2019.

¹⁰ Duell and Vetter 2020.

¹¹ OECD 2017.

¹² DESE 2020.

¹³ DESE 2020.

¹⁴ The complete payment methodology can be found in DESE (2014).

For example, 5 stars will only be awarded to those providers who are 30 percent or above the national average; likewise, 4 stars will be awarded to those between 29 and 15 percent above the national average; 3 stars will be given to those 14 percent above and below the national average; and so forth. This means that the system automatically compares providers against themselves.¹⁵

Lack of performance or compliance may lead providers to lose their right to compete for contracts or have their cases reassigned. For example, scores below 2 stars are considered as underperformance and may lead to providers losing their right to re-tender.¹⁶ If lack of compliance or poor standards are identified through other control mechanisms, such as the QAF Surveillance Audit, then providers may also see their business readily reallocated to better-performing providers.¹⁷ Despite the fact that DESE works regularly with providers to address quality shortcomings,¹⁸ the market has shrunk from 300 suppliers to less than 50 in 20 years due to the loss of the right to re-tender as a result of poor performance.¹⁹

Evaluation is a strong component of Australia's quasi-market. Besides the rolling evaluations and audits that happen year-long, the department in charge of Jobactive (as well as the previous departments responsible for the previous versions of the quasi-market) holds constant evaluations of the system as a whole. The most recent one is 'Evaluation of Jobactive: Interim Report', published in 2020. The report summarizes the main reforms undertaken between the Jobs Service Australia (JSA - the predecessor of Jobactive) and Jobactive and evaluates the strengths and shortcomings of the new program compared to the previous one. Those evaluation reports are then used to inform future reforms of the system.



2.2 The in-house model: the case of Germany

PES context

The PES provision in Germany is based on the type of unemployment benefit that people of working age claim. There are two types of agencies following different sets of laws and providing services for different target groups, but together they make up the core PES delivery. Both agencies act independently but respond to the Federal Ministry of Labor and Social Affairs, which defines the ALMPs available and the general policy framework in the country.

The first agency, the *Bundesagentur für Arbeit* (BA), is responsible for providing services for claimants of the unemployment insurance benefit (UB I). The BA is the largest employment service provider in the country, and it acts as a self-governing public body, with a head office, 10 regional directorates, and 156 local employment agencies with 600 branch offices. The main activities under the BA responsibilities include labor market information and publication of labor market statistics, management of UB I, administration of other related benefits, counseling and guidance to job seekers, employer services, implementation of ALMPs, and job matching.²⁰

The second type of agency is the Jobcenters, which are the responsibility of the municipalities and the BA. Jobcenters provide services for beneficiaries of the means-tested minimum income benefit (UB II), which is available to those who are not longer entitled to UB I and to low-income employed individuals. The municipalities can decide to jointly run their Jobcenters under the lead of the local BA or to run their Jobcenters themselves and cooperate with the BA only when required. From the 408 Jobcenters across the country, 303 are under the BA's lead. A crucial difference when the BA is

15 DESE 2015.

16 Sinclair 2017.

17 For the full description of the Jobactive Performance Framework, see DESE (2015).

18 DESE 2015.

19 Sinclair 2017.

20 Alaref et al. 2018; Jacobi and Kluve 2007; Klueger 2015.

involved in the Jobcenters is that it does not act as a self-administering body; instead, it directly responds to the Federal Ministry of Labor and Social Affairs for legal and policy issues.²¹

The service provision under the Jobcenters is the result of one of the major employment reforms in Germany, also known as the Hartz reform, introduced in 2005. This reform created a common structure for delivering employment services and activation requirements for means-tested minimum income recipients, and it merged the unemployment and social assistance programs into a single benefit. Before the reform, each municipality delivered employment services and ALMPs according to its own priorities, with often little to no cooperation with the BA. Now even the opt-out municipalities, which lead their own service provision, need to cooperate with the BA and are subject to national financial and audit controls.²²

Services provided by both agencies are mostly similar. All Jobcenters and BA local units register clients; provide benefits; and offer counseling, job placements, and referrals to ALMPs. However, because of the different eligibility criteria and target groups, there is some variation in the service offering, as well as differences in the monitoring strategies. Additionally, Jobcenters are obligated to link their employment support to other social services that may benefit their clients. These additional services can include debt counseling, psychiatric help, and childcare services.²³

Outsourcing model

In Germany, most of the services are provided directly by the PES agencies; however, some programs are outsourced to external providers. Outsourcing is often used as a complementary option for the reintegration of the unemployed. The most commonly outsourced programs include training—specifically soft skill courses, vocational training preparation courses, and school-based training courses—, rehabilitation programs for those with disabilities, special

counseling for those with specific needs, and in some cases placement services.

The PES offers outsourcing primarily through vouchers, which are widely used for training and other activation services. For training, the caseworker usually issues a voucher after assessing the job seeker's need for a training course. The training must be in line with the recommendations made by the PES counselor, which include the type of training, the duration, and the cost, and the voucher must be redeemed at approved training centers only. The PES staff is not allowed to give any advice on the choice of provider; each job seeker can search for a provider in a database made available by the PES. Other voucher systems are available for additional activation programs, which the PES does not offer, or for external placement services. The latter is mostly used for specialized employment services and as a complement to the BA placement services.²⁴

PES agencies can also outsource their services through tendering and bidding procedures.

This type of outsourcing process is managed by five buying centers, which are linked to the regional directorates of the BA. The providers who choose to bid for tenders have to meet the quality standards set by the PES. External providers must comply with the PES requirements for the service delivery; otherwise, they face fines. For example, they risk losing their license if 70 percent of the participants do not find work or stay unemployed for six months after receiving their services. In both outsourcing methods, however, the unemployed remain a PES client, allowing for follow-up and monitoring.

External service providers can be either public or private organizations offering labor market integration services, private employment service providers, or employers offering appropriate ALMPs. The provider must obtain a license issued by the BA. Most of the outsourcing is given to for-profit providers while favoring small and short-term contracts based on job outcome performance to enable

21 Alaref et al. 2018; Jacobi and Kluve 2007; Klueger 2015.

22 Alaref et al., 2018; European Commission 2014; Finn 2016; World Bank 2018.

23 Alaref et al. 2018.

24 Alaref et al. 2018; BA 2021.

market competition and avoid monopolies. Depending on the target groups and their specific employment barriers, NGOs and not-for-profit organizations can also play a role in the implementation of ALMPs.²⁵

Governance and monitoring of the system

The BA's governance structure is defined by a Board of Governors at the federal level and Local Governance Committees in the local employment agencies and branches. In the joint Jobcenters, the BA works together with the municipality and under the Ministry of Labor and Social Affairs' guidance to define its targets and ALMP offering. On the other hand, opt-out municipalities have greater freedom in their service provision and monitoring decisions despite being subject to national financial and audit controls. Nonetheless, the opt-out Jobcenters and all other PES units under the BA's lead pursue similar goals and provide similar services, with the opt-out centers having a stronger focus on human capital development through employability-enhancing programs.

The PES continuously evaluates its own service delivery and uses various tools to ensure that its service offering is appropriate. The PES sets quantitative and qualitative targets and conducts monthly reports, regular performance talks at all management levels, and various customer satisfaction surveys. Additionally, the BA constantly assesses the effects of its policies and measures, especially the efficiency and effectiveness of the resource allocation. These results are then used as a base for highlighting effective approaches and developing further strategies and targets. Such assessments can be conducted by the BA's evaluating agency or commissioned to an external institute. In addition to the evaluation strategy, the agency has a benchmarking and classification system in place to be able to assess the performance of employment agencies and jointly managed Jobcenters. The classification method considers regional differences as well as other relevant factors.²⁶



2.3 The mixed model: the case of The Netherlands

PES context

The Employee Insurance Agency (UWV) is an autonomous administrative organization charged by the Ministry of Social Affairs and Employment (Ministerie van Sociale Zaken en Werkgelegenheid) with implementing employee insurances and providing benefits.²⁷ UWV's objectives are to ensure adequate administration and payment of both unemployment and disability benefits and to support integration of job seekers in the labor market. In other words, UWV's task is to help people progress through employment and, when work is not available, the UWV ensures that they have a stable source of income. The *UWV-Werkbedrijf* is a division of the UWV, which oversees the organization of ALMPs.

The UWV is not directly monitored and controlled by the ministry in its task of executing policies, but policy is developed at the ministry level. The UWV Governing Board has a high degree of freedom solely on issues related to policy implementation. Despite the independence of the UWV, policy planning happens at the ministerial level and the specific directions to UWV operations given by SZW are prescribed by law.

Municipalities are responsible for the provision of a safety net for social assistance claimants. Municipalities are also in charge of providing ALMPs and the ALMP strategy, performance measures, and targets are set by municipal councils. They oversee the operations and approve the annual planning. Despite SZW determining the annual budget, municipalities remain independent structures of local government that are able to define and implement their own strategies. It goes without saying that municipal councils' decisions are bound to legislation concerning these policy areas.²⁸

25 Alaref et al. 2018; Finn 2016.

26 Alaref et al. 2018; Finn 2016; Klueger 2015.

27 <https://www.uwv.nl/overuwv/english/about-us-executive-board-organization/detail/about-us/our-promise>.

28 European Commission 2014.

In addition to its relationship with municipalities, the UWV has strong cooperation with private employment agencies. These agencies act as labor market intermediaries and contracted providers for the PES. The formal collaboration with private agencies led to the creation of Flex-Servicepoints, which are set up to support job seekers at the operational level. Job seekers can reach out to Flex-Servicepoints to obtain the appropriate list of private providers. These partnerships aim at creating a framework and adequate procedures for using temporary agency work as an effective channel to help clients of the UWV make the transition from unemployment to stable re-employment and to use the recruitment services of private employment agencies.²⁹

Outsourcing model

In the Netherlands, cooperation between the PES and private providers commenced in the 1980s and private agencies are now embedded in the service delivery system where they act both as labor market intermediaries and as contracted providers. Private agencies routinely publish their vacancies on the UWV internet portal where job seekers may be automatically matched, and agencies can search for suitable candidates.

In 2019, the UWV and the *Algemene Bond Uitzendondernemingen* (ABU - largest trade association of Dutch private employment agencies) signed a renewed joint venture agreement that both extends and updates the cooperation and commitments between both parties. This agreement aimed at increasing the cooperation between private employment agencies and UWV through increased interoperability of the information sources for unemployed individuals. Finally, the 2019 agreement pushed for increased sharing of both labor market information and expertise on employers-job seekers mediation.³⁰

Before 2015, the Dutch outsourcing system was based on the classification of job seekers into two main groups: Stream A, job-ready

users, and Stream B, those who have more difficulty in finding a job. The reimbursement of private providers has undergone modifications and corrections over time to increase efficiency: initially every activity provided to the unemployed was remunerated (no cure, less pay), but now the model has moved to an employment result remuneration system (no cure, no pay). In the cases of no cure, no pay of the Stream A job-ready individuals, the providers received a minimum contribution for the placement during six months, after which there is no payment. In this case, smaller providers are exposed to the risk of cash-flow problems and the provision of services without being reimbursed. This has led to an increase in providers' fees to cover the risks, which the Dutch administration has sought to limit by offering an up-front reimbursement of 20 percent even in no cure, no pay contracts, providing for repayment in the event of nonplacement.³¹

This management method, on the one hand, has accelerated relocation and, on the other hand, has impoverished the range of services offered by the providers and has determined the disappearance of training content. The first casualties of this management style are the small providers, who have disappeared from the market, and the few remaining large providers have flattened their service offerings to the detriment of competition. In this context, private agencies have become increasingly crucial in the Dutch labor market over the past decade.

Since 2015, the UWV switched to an operation model primarily through the digital platform, limiting in-person service delivery to only 35 locations nationwide. Service delivery occurs online through enrollment in the platform and each applicant has an account to access online services. The user is assisted in accessing the services by an e-coach who also monitors the effective activation of the user in utilizing the available public services. The digitization of public services has naturally influenced the function of private providers who, in addition to

²⁹ European Commission 2019.

³⁰ ILO 2021.

³¹ ANPAL 2019.

cooperating in the implementation of the digital platform of employment services, provide operational support for all the services that the public service no longer offers. In fact, in the first three months of unemployment, users must register and participate in the orientation and job search initiatives offered by private providers in support of the online services of the UWV. These are orientation activities, job placement, or meetings with the formula of speed dating,³² in which the newly unemployed can meet companies and intermediary agencies or temporary employment agencies that offer work.³³

UWV services are increasingly online, calling on job seekers' responsibility to actively work on their own integration. Online services are available to all job seekers through the *werk.nl* website. On this website, the Work Profiler tool assumes a critical role in assessing the distance of the job seeker from the labor market. The Work Profiler is an online tool that estimates job seekers' chances of returning to work within a year based on hard and soft predictive factors of the probability of resuming work. Some factors have a negative relationship between the score and the probability of resumption of work. For instance, for the metric 'Proficiency in Dutch', the higher a job seeker scores on this factor (for example, more difficulty communicating in Dutch), the lower are her/his chances of finding work.

The Work Profiler classifies job seekers into four different profiles based on their relative distance to the labor market and risk of becoming long-term unemployed. Clients in the first category, that is ≥ 75 percent chance of returning to work within a year, are deemed capable of finding a job on their own soon and do not require job search assistance or special help. Job seekers in the other three categories receive additional services ranging from relatively simple interventions such as job search assistance to referrals for more long-term employability enhancement programs. The most common intervention for clients in the second category, those with 50–75 percent

chance of work within a year, is often placement in a subsidized job or training program. More complex cases are job seekers who are considered very distant from the labor market and they are referred to more specialized job counseling and placement services with external providers. Hence, statistical profiling also plays an important role in regard to outsourcing.

Governance and monitoring of the system

The Inspection for Work and Income, which is a special and independent body, is in charge of evaluating the performance of the agency.

The evaluation assesses the legality, efficiency, and effectiveness of operations. It also looks at how the UWV and municipalities are operating as complementary bodies and whether they are establishing an effective network. In addition, performance of the *UWV-Werkbedrijf* is assessed in relation to benefit off-flows and satisfaction levels among job seekers and employers.

The UWV uses an intranet system and internet portals to share information on management (weekly performance measurement) and on the labor market (developments in the volume and composition of registered clients and vacancies). The UWV has in place different measures to assess effectiveness of services for job seekers, including the operation of randomized controlled trials for which job seekers receive extra service, an assessment method using pilots to consider the effect of new methods, and the ex post econometric data analysis used for matching or time analysis.

³² The Job Speed Date is a quick, informal meeting with the goal of introducing companies to aspiring workers.

³³ ANPAL 2019.

DISCUSSION



The cases presented correspond to well-established systems in high-income countries and which are well known for the quality of their employment services. There are several favorable points but also shortcomings that can be raised for the three systems. Acknowledging that there are several countries, especially L/MICs, who are still trying to build their own employment services and often considering the different paths to follow, it is useful to discuss those.

The Australian quasi-market

Good practices: The Australian PES is often praised for its efficiency in the delivery of services and the system innovations it presents. Its statistical profiling tool, JSCI, helps reduce the human capacity needed to assess and

stream job seekers into different treatment categories, as is the case, for example, of the German PES. The involvement of the private sector is also argued to bring innovative approaches, services, and solutions to job seekers.³⁴ The fact that employment services are outsourced also creates an entire new market, with the development of new companies and the employment this generates. In addition to this last point, it potentially reduces the burden of the government in managing and funding all these services in-house. The Australian system also counts with a strong and critical evaluation system that is used for constant improvements.

Shortcomings: A quasi-market, like the one that currently exists in Australia, needs a constant effort to strike the right balance between public intervention and private freedom. For example,

34 Sinclair 2017.

on one side, excessive bureaucracy imposes heavy burdens on private providers and hinders the efficiency of the private sector. On the other side, the lack of control and supervision could lead to misspending of public money and degradation of the quality of services. Additionally, since part of the benefits from this model comes from concurrence among private providers, there is often a lack of cooperation among providers, which is needed to deliver public policies, such as the ones for the labor market. For example, Australian employment services still face considerable challenges in meeting the demands of the most vulnerable groups.

The German in-house model

Good practices: The German PES is well developed and covers a wide range of services for various target groups. Its services are often highlighted as innovative and good practices in the literature, due to their comprehensive and detailed approach in supporting vulnerable groups. The system is based on strong cooperation with external providers for services such as training as well as close coordination in service delivery between the BA and the municipalities. Lastly, the PES has a strong monitoring system for its own processes but also to supervise providers to ensure an appropriate service delivery for its clients.

Shortcomings: The German PES system is quite complex and requires considerable capacity. It relies on a large budget and staff, which might not be feasible in most LICs and MICs. The broad range of programs and the high involvement of caseworkers in the processes enable the PES to provide support for its clients but requires significant capacity and coordination efforts. Moreover, there is a broad degree of variation in the services available depending on the regions, since municipalities can decide to what extent they cooperate with the BA. Claimants will receive different service standards depending on their location, posing a challenge to the standardization in provision across the country.

The Dutch mixed model

Good practices: The Dutch system integrated multiple processes into a single beneficiary interface for all target groups (in-person at the UWV one-stop locations and digital through the website). All applications for any income support program in the country (disability, unemployment benefits, and social assistance) go through the PES. The online infrastructure serves all the institutions along the delivery chain.

Shortcomings: Despite the great features mentioned above, integration and coordination of services is not homogenous across the country but varies depending on the municipality capacity. Moreover, the integration of those hard-to-place individuals in the job market is mostly outsourced to private public employment agencies. This is a critical point since it makes private providers' role pivotal in integrating hard-to-place job seekers in the labor force.



CONCLUSION



The main challenge for all three models is to ensure employment services are delivered in an effective and efficient way, by fulfilling public objectives. There is one common key objective in all three models: reducing benefit dependency and also bringing job seekers with severe and/or multiple employment barriers into work. Objectives differ somewhat between countries on the role that job quality should play in bringing people into work.

All three models require high governance capacities of the public actors. The common challenge when outsourcing services is to create the quasi-market by setting the right incentives for private actors to achieve public objectives. This calls for strong monitoring and governance mechanisms. With regard to activating job seekers with severe and multiple employment barriers, strong coordination is necessary between the

multiple actors responsible for the delivery of employment services. Regular exchanges and cooperation between the PES and private providers is an important approach for the PES to understand what works and to monitor satisfactory implementation of the employment services.

Equally, performance management plays a strong role for in-house employment service provision. In addition, high skill level of staff, skills development, and sustainable human resource management with the objective of building and developing in-house knowledge are key factors of success. Training quality is achieved through not just official quality assurance systems but also informal internal assistance. Training contents should not only encompass the knowledge of processes within the PES and knowledge about new services and the ALMP but also 'soft' skills.

There is no ‘one-model fits all’ answer when it comes to PPPs in employment service delivery.

Lessons from various OECD countries show that success factors for the different types of PPP formats depend on several country-specific aspects. Those include a common understanding of the labor market challenges, profound understanding of the labor market challenges for both public and private employment service providers, mutual trust, and understanding about pooling resources and sharing information and knowledge.

References

- Alaref, J., Y. Ghorpade, J. Koettl, P. Leite, N. Rivera, and A. Posarac. 2018. *Global Knowledge Report: Integrated Social Protection and Employment Services: Lessons Learned from the Netherlands and Germany*. World Bank.
- ANPAL. 2019. *L'attuazione delle politiche attive del lavoro attraverso il contracting-out*.
- BA (Bundesagentur für Arbeit). 2021. *Aktivierung und berufliche Eingliederung*. <https://con.arbeitsagentur.de/prod/coachingundaktivierung/suche?mz=SA%2001&uk=Bundesweit&pg=1>.
- Davern, E. 2020. “European Network of Public Employment Services: PES Partnership Management.” Publications Office. <https://data.europa.eu/doi/10.2767/085739>.
- DESE (Department of Employment, Skills and Family Business). 2014. “Request for Tender for Employment Services 2015-2020.” <https://www.dese.gov.au/employment-services-purchasing-information/resources/request-tender-employment-services-2015-2020>.
- DESE. 2015. “Performance Framework Guideline.” <https://www.dewr.gov.au/time-work-employment-service/resources/time-work-employment-services-performance-framework-guideline>
- DESE. 2019. Annual Report 2018-19. <https://www.dese.gov.au/about-us/resources/department-employment-skills-small-and-family-business-annual-report-2018-19>.
- DESE. 2020. Evaluation of Jobactive: Interim Report. <https://www.dese.gov.au/jobactive/resources/evaluation-jobactive-interim-report>.
- Desiere, S., K. Langenbucher, and L. Struyven. 2019. “Statistical Profiling in Public Employment Services: An International Comparison.” OECD Social, Employment and Migration Working Papers 224, OECD Publishing, Paris. <https://doi.org/10.1787/b5e5f16e-en>.
- Duell, N., and T. Vetter. 2020. “The Employment and Social Situation in Germany.” European Parliament.
- European Commission. 2014. “PES Business Models Study - Country Fiche.” Netherlands, June 2014.
- European Commission. 2019. “PES Capacity Questionnaire. Country Factsheet - The Netherlands.” European Network of Public Employment Services, October 2019.
- Finn, D. 2016. “The Organisation and Regulation of the Public Employment Service and of Private Employment and Temporary Work Agencies.” The National Learning and Work Institute.
- ILO (International Labour Organization). 2021. “Netherlands Ratification: Direct Request (CEACR) - adopted 2020, Published 109th ILC Session (2021).” https://www.ilo.org/dyn/normlex/en/f?p=NORM-LEXPUB:13100:0::NO::P13100_COMMENT_ID:4059752.
- Jacobi and Kluge 2007. “Before and after the Hartz reforms: The performance of active labour market policy in Germany”. Institut für Arbeitsmarkt- und Berufsforschung (IAB), Nürnberg.
- Klueger, M. 2015. “Germany: Main Features and Challenges. Public Employment Services in Europe.” ILO Notes.

Lewis, Paul. 2017. "Quasi-Markets: An Overview and Analysis." https://www.researchgate.net/publication/319481372_Quasi-markets_An_Overview_and_Analysis.

OECD. 2017. "Connecting People with Jobs: Key Issues for Raising Labour Market Participation in Australia." *Connecting People with Jobs*, OECD Publishing, Paris. <https://doi.org/10.1787/9789264269637-en>.

Sinclair, S. 2017. "The Australian Employment Services System" In *Managing Workforce Potential: A 20/20 Vision on the Future of Employment Services*, edited by Branosky et al. 2017, 11–125. The Netherlands: The WCC Group. https://www.wcc-group.com/wp-content/uploads/2020/09/Managing-Workforce-Potential_a-20_20-vision-on-the-future-of-Employment-Services_FINAL_09232020.pdf.



