Labor Intermediation Services (LIS) and Access to New Technologies

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Content

1. Overview and Conceptual Framework
2. Lessons from OECD
3. LIS in developing countries
4. Country cases
What do we mean by Labor Intermediation Services (LIS)?

- LIS are activities undertaken to improve the **speed and quality of the match** between available jobs, jobseekers, markets, and social/training programs.

- LIS “intermediate” or “match” labor supply and demand (**& labor supply and social assistance**).

**LIS ARE NOT “TEMP” AGENCIES !!**
Conceptual Framework

LABOR DEMAND
- LM segmentation: Public/private, Formal/informal, Urban/rural
- Skill requirements: Quality of jobs, Economic/sectoral diversification (agriculture, manufacturing, service)

LABOR SUPPLY
- Demographic trends, migration, household labor force participation strategies
- ECD, basic education, higher education TVET

Structural UE
- Skill mismatch
- Reservation wage

Lack of labor demand
- Systemic
- Shock-induced

L.I.S.

Macroeconomic climate
Investment climate
Education
Labor institutions & regulations
Social protection

Who are the clients of LIS?

Unemployed

Enterprises & service providers

Underemployed

Informal Workers
What are the benefits of LIS?

- Reduce short-term unemployment
- Ease labor mobility
- Reduce information asymmetries
- Facilitate access to markets

To increase productivity
## Labor Intermediation Services

### CORE SERVICES

<table>
<thead>
<tr>
<th>SERVICE CATEGORY</th>
<th>TARGET CLIENTS</th>
<th>TYPES OF SERVICES</th>
</tr>
</thead>
</table>
| Job search Services   | Job seekers          | • 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 | Employers, Seekers | • National database of job vacancies  
                         • Job placement (domestically or abroad)  
                         • Vacancy in/take (firms)  
                         • Candidate screening (for firms)  
                         • Outplacement  
                         • Recruitment for select positions (firms) |
| Job readiness training | Job seekers, Training providers, Employers | • Assessments of training reeds/requirements  
                         • Referral to private and public training providers  
                         • Training directly by LIS (limited) |
# Labor Intermediation Services

## ADDITIONAL SERVICES

<table>
<thead>
<tr>
<th>SERVICE CATEGORY</th>
<th>TARGET CLIENTS</th>
<th>TYPES OF SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialized services to employers</td>
<td>Employers</td>
<td>• Human resources assessments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Legal advice on employment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Screening and testing of job applicants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Private sector promoters/liaisons</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Staff training guidance</td>
</tr>
<tr>
<td>Labor Market Information</td>
<td>Government</td>
<td>• Provide data and analysis on labor market trends</td>
</tr>
<tr>
<td></td>
<td>• job seekers</td>
<td>• Provide information about free-lancing opportunities</td>
</tr>
<tr>
<td></td>
<td>• Employers</td>
<td>• Provide information about market prices</td>
</tr>
<tr>
<td></td>
<td>• Informal workers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Training institutions</td>
<td></td>
</tr>
<tr>
<td>Referrals to other social services</td>
<td>Job seekers</td>
<td>• Administration of UI benefits or referral to UI</td>
</tr>
<tr>
<td></td>
<td>• Workers</td>
<td>• Referral or coordination with social services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Referral to self-employment programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Referral to training services</td>
</tr>
</tbody>
</table>
Institutional Arrangements for the Provision of LIS

- Public Monopoly
  - Tunisia (2013)
  - Portugal (1989)
  - Syria (2010)
  - Finland (1994)
  - Austria (1904)

- National PEA with private competition
  - Egypt
  - Panama
  - Colombia
  - France
  - Brazil
  - Many OECD
  - Colombia

- Public-Private Partnerships
  - Morocco
  - Turkey
  - Lebanon
  - Peru
  - Chile

- Autonomous service with tri-partite actors
  - Germany
  - Netherlands
  - Half of all OECD countries

- Competition-based network with public funds
  - Australia
  - UK
Expenditures on LIS

As % of GDP

Source: Eurostat
Year 2010
Expenditures on LIS

Expenditures on LIS as % of total expenditures on LMPs

Source: Eurostat
Year 2010
Expenditures on LIS

Expenditure on LIS per job-seeker in 2010
(In US$ constant PPP)

Source: Eurostat
Year 2010
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4. Country cases
Lessons Learned from OECD

- Profiling
- Performance Monitoring
- Performance Contracts
- Activation and Referrals
PROFILING

• Profiling is a system for identifying the characteristics of job seekers and tailoring available labor market programs to job seekers’ needs.

• Is necessary because resources for providing reemployment assistance to the unemployed workers are limited.

• Statistical methods are generally used / preferred.

<table>
<thead>
<tr>
<th>Client Description</th>
<th>Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobless but Job Ready</td>
<td>Placement services only</td>
</tr>
<tr>
<td>Jobless at risk for medium term unemployment or underemployment</td>
<td>Placement, plus counseling, and short-term training.</td>
</tr>
<tr>
<td>Jobless with high risk for longer term unemployment of underemployment</td>
<td>Individualized training plans, social assistance (individualized follow-up)</td>
</tr>
</tbody>
</table>
United States
Worker Profiling and Reemployment Services (WPRS)

- U.S. was the first country to use targeting on a program-wide basis. Targeting models were introduced in 1994.
- WPRS program now operates in all states.
- Most states use statistical profiling models and logistic regressions estimation.
- Models cannot use recipient characteristics related to equal opportunity provisions (e.g., gender, ethnicity, race, disability status, and age).
# Variables Used Most in Profiling Models

<table>
<thead>
<tr>
<th></th>
<th>Montana</th>
<th>Wisconsin</th>
<th>Pennsylvania</th>
<th>Hawaii</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure with Prior Employer</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Education</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>County of Residence</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Industry</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Occupation</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Amount of UI/social Benefits</td>
<td></td>
<td></td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Number of Prior Employers</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How Does Profiling Work?

- The statistical profiling mechanism places all profiled workers in an array according to their likelihood of exhausting their UI benefits.
- Probability of exhausting benefits falls between 0-1.
- States refer to service/intervention according to the score.
Example: Selecting top 10%

<table>
<thead>
<tr>
<th>profile score</th>
<th># clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.98</td>
<td>3</td>
</tr>
<tr>
<td>0.95</td>
<td>2</td>
</tr>
<tr>
<td>0.92</td>
<td>5</td>
</tr>
<tr>
<td>0.89</td>
<td>6</td>
</tr>
<tr>
<td>0.86</td>
<td>2</td>
</tr>
<tr>
<td>0.85</td>
<td>5</td>
</tr>
<tr>
<td>0.82</td>
<td>5</td>
</tr>
<tr>
<td>0.79</td>
<td>2</td>
</tr>
<tr>
<td>0.69</td>
<td>3</td>
</tr>
<tr>
<td>0.66</td>
<td>5</td>
</tr>
<tr>
<td>0.65</td>
<td>5</td>
</tr>
<tr>
<td>0.62</td>
<td>6</td>
</tr>
<tr>
<td>0.59</td>
<td>5</td>
</tr>
<tr>
<td>0.58</td>
<td>4</td>
</tr>
<tr>
<td>0.57</td>
<td>4</td>
</tr>
<tr>
<td>0.45</td>
<td>7</td>
</tr>
<tr>
<td>0.41</td>
<td>8</td>
</tr>
<tr>
<td>0.39</td>
<td>3</td>
</tr>
<tr>
<td>0.35</td>
<td>4</td>
</tr>
<tr>
<td>0.31</td>
<td>5</td>
</tr>
<tr>
<td>0.27</td>
<td>5</td>
</tr>
<tr>
<td>0.23</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

In this case, 10% of clients have a profiling score (probability of exhausting benefits) of .92 or higher.
How Does Profiling Work?

- Depending on availability of funds, state agencies refer a specified number of claimants to reemployment services each week.
- Reemployment services are divided into six categories:

  1. Orientation (.1-.2)  
  2. Assessment (.2-.4)  
  3. Counseling (.4-.5)  
  4. Placement services (.5-.6)  
  5. Job search workshop (.6-.7)  
  6. Referral to training (.7-1)
Performance monitoring involves tracking inputs, activities, outputs, and results. Focus on results-based monitoring is emphasized. Key areas include:

- **Inputs**:
  - E-Platforms
  - Staff
  - Budget

- **Activities**:
  - Training
  - Intermediation
  - Counseling

- **Outputs**:
  - Training plan completed
  - Vacancy filled
  - People referred

- **Results**:
  - Human capital increases
  - The person finds a job
  - Employment quality
  - User satisfaction
  - Unemployment decreases
  - Productivity increases
  - The standard of living rises
Performance Monitoring System

Data Collection is Fundamental

- Vacancies filled with active involvement of the PEA.
- User satisfaction.
- Performance indicators 3, 6, 12 months after program completion:
  - **Job Placement Rate**: The share of beneficiaries who complete training in quarter \( t \) who are employed in quarter \( t+1 \).
  - **Job Retention Rate**: The share of beneficiaries who complete training in quarter \( t \) who are employed in both quarter \( t+2 \) and \( t+3 \).
  - **Average Earnings**: Average earnings in quarters \( t+2 \) and \( t+3 \) for those employed in quarter \( t \) and who retained employment in these quarters.
  - **Adequacy Rate**: The share of individuals who complete training in quarter \( t \) who are employed in quarter \( t+1 \) in an occupation compatible with the training provided.
  - **Underemployment Rate**: The share of individuals who complete training in quarter \( t \) who are employed in quarter \( t+1 \) in a work that requires a lower education profile.
Performance Monitoring System

Components necessary to develop a PMS:

- Data on Earnings (SSI)
  - Generally collected for tax purposes. Data generally collected quarterly by a public entity from firms. All firms are obliged to report.

- Data on Services (Service Providers)
  - Data on training services. Collected at registration and by training service providers during training. Data describes the beneficiary, the training program, and placement outcome.

- Data on Outcomes (Administrative data and survey)
  - Survey of post-training outcomes used to measure the performance of service providers as well as to evaluate the impact of the training programs. Surveys may include the entire universe of trainees or a representative sample.
Country Case-Studies
(Performance Indicators Collected)

USA
Workforce Reinvestment Act

• For Adults
  – Placement rates
  – Retention rates
  – Earnings

• For Youth
  – Insertion rates
  – Share of beneficiaries who go back to school
  – Share who obtained a diploma
  – Evolution in cognitive skills

Turkey
ISKUR

• Beneficiaries
  – Placement rates
  – Retention rates
  – Average earnings
  – Share of vacancies filled (out of existing vacancies)

• Programs and Providers
  – Program entry
  – Program exit
  – Placement rates
  – Budget allocation vs. actual expenditures
  – Per-capita training cost
  – Insertion costs
  – Average earnings
Performance Contracts

• Contract design with LIS providers can include payments by objectives (i.e. X% job insertion rate).

• Many countries have successfully introduced contracting systems where payments to private providers of LIS are dependent on insertion, placement duration, and relevance.
Country-cases

- **Germany**: placement vouchers entitle job seeker to use a private agency. If the voucher leads to employment, the agency receives a pre-determined percentage of the payment at insertion and the remaining percentage six months after placement (Schneider 2008).

- **UK (Jobs Centre Plus)**: provides payments to contractors depending on: (i) job outcome (off-flow from unemployment assistance into employment) and (ii) sustainability of jobs (customer still being employed after 13/26 weeks).

- **Australia**: Service providers are offered incentives through payment for placing jobseekers in work. Payments for the more difficult to place are higher than those for short-term unemployed clients.
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Developing countries have different contexts

- Regulation bottlenecks still exist
- Public Employment Agencies have limited financing and institutional capacity
- Information about LMs is scarce
- Coordination with the private sector is limited
- Informal employment is prevalent
- Migration is frequent

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of registered job seekers, 1000’</th>
<th>Total number of PEA staff</th>
<th>Number of PEA staff in contact with jobseekers and employers</th>
<th>Staff caseload***</th>
<th>Ratio of front-line counselors to Total PEA staff (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>895.1</td>
<td>1600</td>
<td>1550</td>
<td>577</td>
<td>97</td>
</tr>
<tr>
<td>Jordan</td>
<td>28.0</td>
<td>133</td>
<td>63</td>
<td>444</td>
<td>47</td>
</tr>
<tr>
<td>Lebanon</td>
<td>12.2*</td>
<td>32</td>
<td>10</td>
<td>1222</td>
<td>31</td>
</tr>
<tr>
<td>Morocco</td>
<td>517.0</td>
<td>547</td>
<td>343</td>
<td>1507</td>
<td>63</td>
</tr>
<tr>
<td>Syria</td>
<td>1703.8**</td>
<td>397</td>
<td>120</td>
<td>14199</td>
<td>30</td>
</tr>
<tr>
<td>Tunisia</td>
<td>280</td>
<td>1200</td>
<td>850</td>
<td>329</td>
<td>71</td>
</tr>
</tbody>
</table>
## Policy Orientations for Developing Countries

<table>
<thead>
<tr>
<th>Promote Results Based PPPs</th>
<th>Develop Profiling and P.M. systems</th>
<th>Promote system integration</th>
<th>Provide services to informal / migrant workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Liberalize and ease regulation bottlenecks for the provision of private intermediation services (e.g. Tunisia)</td>
<td>• Develop profiling systems (easy to do an inexpensive)</td>
<td>• Promote one-stops shops for social services, unified registry, program consolidation</td>
<td>• Provide information about job opportunities for informal workers</td>
</tr>
<tr>
<td>• Sub-contract with private providers using performance based contracts (based on placement rates) for provision of training and intermediation services</td>
<td>• Adopt PMS systems to monitor performance</td>
<td>• Use LIS as strategies for referring beneficiaries to other training and social programs to</td>
<td>• Provide information about markers</td>
</tr>
<tr>
<td>• Use ICTs / vouchers to foster intermediation.</td>
<td>• Develop periodic socials audits and user satisfaction surveys;</td>
<td>• Consider giving performance based bonuses to staff</td>
<td>• Consider developing programs for migrants (particularly relevant in MENA and LAC)</td>
</tr>
</tbody>
</table>
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SAMASOURCE (INDIA, KENYA)

• Samasource’s proprietary technology platform, the SamaHub, breaks down digital work from large companies into small tasks, or microwork, that can be completed by women and youth with basic English skills and a few weeks of training at our partner centers.

• Samasource works with in-country partners to recruit women and youth formerly earning below a local living wage, as determined by the Fair Wage Guide. These recruits receive 2-4 weeks of computer-based training on the SamaHub, including English and soft skills.

• Workers stay in our program for an average of 8-12 months, after which they move on to more advanced employment within their ICT center, another employer, or return to school.

To date, Samasource has connected over 3,000 people to $2 million in living wages across 9 countries.

88% beneficiaries report the ability to find a better 90% report same or better happiness
BABAJOB (INDIA)

- Babajob.com is a web and mobile start-up dedicated to bringing better job opportunities to the workers in the informal sector (cooks, maids, security guards, office helpers, etc.) by appropriately connecting the right employers and job seekers via the web, mobile apps, SMS, the mobile web and voice services.

- **1+ million open positions listed** from **70,000 registered employers**, including many of the largest low-end employers such as Coffee Day, Yum Brands (Pizza Hut, KFC), Dustbusters (25,000 housekeeping staff).

- **500,000+ job seekers registered to date**: **60,000 active / 30,000 new job seekers** in Sept 2012.

  Hired job seekers earn on average 20.1% more + reduce their commute times by 14 minutes per day.

  1.5 million job alert SMSs and 2.5 million mobile and web page views per month.
Souktel (Palestinian Territories)

- Created in 2006, Souktel promotes the use of mobile phone to link people with jobs, thus reducing information asymmetries and frictional unemployment in selected communities.
- In the Palestinian Territories, Souktel serves 10,000 job-seekers and 200 employers daily.

  84% of the beneficiaries experienced a reduction in job-search time from 12 weeks to less than 1 week

  64% report higher monthly incomes as a result of jobs sourced through the service.

  Employers who use Souktel's services reported a 50% or greater reduction in hiring costs and time
INFITAH (MORROCO)

- Infitah was launched in 2008 with a focus on international intermediation, seasonal labor provision, and circular migration. Program financing was $4.3 million from January 2008 to February 2010. The majority of beneficiaries were female workers who performed farm labor (such as strawberry picking) in Spain and France.
- Workers have to be between 18 and 40 years of age and in very good physical condition. They must be from rural areas and have young children (up to 14 years old) whom they must leave at home as a guarantee that they will return to Morocco after the employment period is over. Almost all (95 percent) of the women who participated in the program finished their contracts and returned.

In 2009, 85 percent of female beneficiaries felt more self-assured after participating in the program.

70 percent reported that their income improved.


Thank YOU