The Public Employment Service – the "Catalyst" for Connecting Employers and the Unemployed in the Labour Market

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Abstract

The objective of this paper is to show the role of the Public Employment Service (PES) regarding the connection between employers and the unemployed on the labour market. In this respect, PES is the government institution that, through its activities, provides employers and the unemployed with the necessary information and undertakes concrete actions to bring the two actors of the labour market closer together. For this purpose, several researches were carried out regarding the activity of the PES in different situations, including during periods of crisis. In this paper, we analyse the level of cooperation between NEA and employers in the Republic of Moldova. In the given case, a questionnaire was developed to assess the aspects related to the cooperation between NEA and employers. The sample included 350 employers from different fields of activity that operate in both urban and rural areas. The obtained results show that the level of cooperation between NEA and organizations depends on their size, location and field of activity.

Key words: workforce, unemployed, public employment service, employers, labour market.

J.E.L. classification: J21; J48; M51

1. Introduction

The Public Employment Service (PES) is the government institution that ensures the connection between employers and unemployed, offering the latter a faster integration into the labour market. Also, PES has an essential role on the labour market functionality at national and regional level. PES should assist in matching the jobseeker with employers, thereby helping to reduce the unemployment rate (Behncke, 2007). PES plays a key role in ensuring that employers and the workforce have access to up-to-date information on the labour market, including information on future skills needs (Andersen et al., 2009).

Over time, the PES's role, as well as the extent of its involvement in the labour market, has varied considerably from one country to another (Dockery & Stromback, 2001). The authors argue that the main reason for the continued existence of public employment services was to promote equity in the labour market, ensuring that the most disadvantaged or the most difficult to integrate into the labour market have access to a guaranteed level of assistance to increase employability. In most countries, the public employment service, through its branches, informs the unemployed about available jobs. The services provided by PES are usually free for both employers and the unemployed (Fougère et al., 2009).

Taking into account the economic and social role that PESs have on the labour market, they have attracted the attention not only of researchers, but also of decision-makers in government institutions. In the most cases, decision makers consider improving the efficiency of PESs, expressed by reducing the high level of structural or non-cyclical unemployment (Sheldon, 2003). At the EU level, European public employment services, including their employees, face major challenges in terms of providing efficient and quality services (Bimrose et al., 2014).

Even though social networks have a determining role in terms of individual labour market outcomes (Castilla et al., 2013; Oesch & von Ow, 2017), the public employment service can be a substitute for jobseekers and which are weakly connected to social networks (Liechti, 2019). In the
In order to increase the efficiency of the public employment service, many countries have initiated the process of its decentralization (Mergele & Weber, 2020). The authors argue that local decision-makers might favour certain active labour market policies or monitoring strategies, even if these policies are less effective in facilitating re-employment by providing certain fiscal gains. Employees of the Public Employment Service, including their professionalism and experience, have an important role in ensuring its effectiveness. That is why some authors have analysed the effectiveness of PES specialists according to: different performance indicators (Koning, 2008), the job placement rate of the unemployed (Burgess et al., 2004), the level of unemployment (Vassiliev et al., 2006). It should be noted that not only employees can influence the effectiveness of the PES, but also internal managerial practices can do this. In this context, Nunn & Morgan (2020) conducted a study on how internal PES management practices influence the delivery of services on the labour market, the beneficiaries of which can be both the unemployed and employers. Analysing the effectiveness of PESs at the local level could help decision-makers regarding the redesign of labour offices (Baños et al. 2019).

At the same time, Suárez et al. (2014) analysed the effects of the public employment service on the labour market in transition. The concern of Broschinski & Assmann (2020), was to determine the relevance of public employment services on the labour market integration of young people with low qualifications, and Ludwig-Mayerhofer et al. (2013) analysed the interaction between PES specialists and unemployed clients, highlighting that the latter receive differential treatment.

For public employment services, the Covid-19 pandemic crisis was a big challenge, because the services provided to clients were carried out remotely. Thus, Schmidt & Mitze (2023) investigated the effect of public employment services on labour placement during the crisis.

Considering that employers are the main actors on the labour market, in this paper we propose to analyse the cooperation between them and the PES of the Republic of Moldova. In this context, we formulated the following research question: “What is the level of cooperation between employers and the Public Employment Service of the Republic of Moldova?”

2. Literature review

2.1. "PES - employers" connection

The mission of the PES is to collaborate with all categories of organizations, both in the public and private sectors, regardless of their size (small, medium or large). Relationships between public employment services and small businesses through assistance programs have been in the centre of attention of researchers and practitioners because they have had a positive effect on the reintegration of the unemployed into work (Martin & Grubb, 2001; Card, Kluve & Weber, 2009; Rodriguez-Planas, 2010). In this context, Boone & Van Ours (2004) developed a search model to examine how PES can change the search effort of the unemployed in the presence of active labour market policies.

Theoretically, the PES could have an important role at the local level regarding the collection of additional information about employers and employees (Larsen & Vesan, 2011). The authors argue that employers and employees are looking not only for information, but especially for reliable information. Thus, employers have difficulty anticipating how will be the new employee: would he work hard, would he cause trouble, or would he quit the job soon. Only the jobseeker can know this, but he has a clear incentive to present themselves as reliable and productive.

Many employers do not have a positive perception of PES, which causes some reluctance to cooperate with it. Usually, employers do not have much confidence in PES because they have the obligation to help both inexperienced and unskilled unemployed (Larsen & Vesan, 2011). The reluctance to cooperate with PES is also supported by the skilled workforce. Jobseekers know that
PESs are often considered a last resort for recruitment and will suspect them of having many bad jobs in their databases (Larsen & Vesan, 2011).

Employers play a dual role in public employment services, as they can be perceived as both clients and potential co-producers of enabling policies (van der Aa and van Berkel, 2014). As clients, they are volunteers because filling vacancies can also be provided by other recruitment channels (Larsen & Vesan, 2012). As co-producers, their decisions create occupational opportunities for people included in activation programs: both directly, if they are involved in the design and implementation of such programs; as well as indirectly, if they trust the PES as an intermediary in the labour market (Bonet et al., 2013). Even though employers have an essential role in the labour market, Ingold & Stuart (2015) point out that research on activation policies has neglected the relevance of employer engagement. Thus, several authors argue that research on activation policies has been oriented, most of the time, towards job seekers and service providers (Gore, 2005; van Berkel & van der Aa, 2012; Ingold, 2018; Raspanti & Saruis, 2022).

According to Larsen & Vesan (2012), there are four disadvantages that determine employers to alienate themselves from the public employment service:

- PES requires that all jobseekers should be helped, regardless of their attractiveness on the labour market;
- PES supports the unemployed by offering unemployment benefits, while employers consider them less valuable because the job loss could be due to poor performance;
- The negative attitude of jobseekers with valuable skills towards PES, causing them to look for other employment strategies;
- Both employers and highly skilled jobseekers want to rely on networks that provide reliable information on the qualifications required.

Taking into account the mentioned, PES must undertake concrete actions for better cooperation with employers. Ingold (2018) highlights three strategies that PES uses in cooperation with employers. The first strategy is based on the B2B sales approach where job seekers are seen as "products" for employers, while employers are seen as "customers". The second strategy consists in the fact that PES tries to influence the recruitment processes of the employer by interpreting their needs and evaluating candidates for vacancies. The third strategy involves building a long-term relationship with employers, through informal and emphatic interactions.

2.2. PES in the Republic of Moldova

The public employment service functions as an independent government agency to implement active labour market policies (Kuddo, 2012). In the Republic of Moldova, the National Agency for Employment (NEA) is the government institution subordinate to the Ministry of Labour and Social Protection that is responsible for implementing policies on the labour market, including ensuring a relationship between employers and the unemployed.

The relationship between employers and the unemployed on the labour market can be influenced by how NEA performs certain tasks:

- implement employment measures;
- apply mechanisms to support employers operating on a reduced schedule;
- monitor and forecast changes on the national labour market, etc.;
- cooperates with employers on two dimensions: identifying vacant jobs and implementing measures to promote employment.

In recent years, NEA's activity is influenced by several changes taking place in the Republic of Moldova. First of all, the activity of NEA in the Republic of Moldova is caused by the negative demographic trends, coming from the aging of the population and the international migration of the labour force. Second, technological change is another challenge for NEA. Technologies advance faster compared to the level of professional education of the workforce, which causes a gap of professional skills in the labour market, and in the given case, the NEA must act to reduce it, by organizing professional training programs.
3. Research methodology

Starting from the research problem formulated in the first section of the paper, we tried to evaluate the cooperation level between NEA and domestic employers. For this, a questionnaire was developed. Employers from the Republic of Moldova were the respondents. The questionnaire was addressed to heads of organizations, in the case of small and micro-enterprises, as well as human resource managers, in the case of large and medium-sized enterprises. The information gathering procedure took place online, following the sending of a letter with the access link for completing the questionnaire. The sample comprised 350 organizations.

4. Results and discussions

The results show that of the 350 responding organizations (employers), 53.2% cooperate with NEA, while 46.8% gave a negative response. An objective proposed in this paper was to evaluate the level of cooperation between NEA and employers according to certain criteria. First, we analysed the cooperation level of organizations with the NEA according to their size (Figure 1).

The results prove that large organizations have better collaboration with the NEA, unlike the other organizations. About 3/5 of large organizations collaborate with the NEA on various dimensions. Out of 83 large enterprises participating in the survey, 60.2% have a collaboration with the NEA. Similarly, we see greater collaboration in the case of medium-sized enterprises. Out of 105 medium-sized enterprises participating in the survey, 58.1% have a cooperation with the NEA. At the same time, we observe a lower connection between small and micro-enterprises with the NEA. Out of 100 small enterprises that participated in the research, only 46% gave an affirmative answer regarding the collaboration with the NEA. Respectively, in the case of micro-enterprises, cooperation is even less with the NEA. Out of 82 micro-enterprises included in the research, only 43.5% mentioned that they collaborate with the NEA.

The second criterion for determining the level of cooperation between NEA and the responding organizations was their field of activity. In this sense, the responding organizations were included in 11 fields of activity. (Figure 2).
According to Figure 2, we find that organizations cooperate differently with the NEA, depending on their field of activity. The best collaboration with the NEA is observed in the case of industrial enterprises. Out of the total of 76 industrial enterprises participating in the survey, 4/5 of them collaborate with the NEA. In the next position are the construction companies. Of the 16 responding companies, more than 2/3 have a collaboration with the NEA. On the third position are agricultural enterprises. Out of 42 agricultural enterprises participating in the survey, 52.4% collaborate with the NEA. Commercial enterprises represent the largest share that participated in the survey. At the same time, we find that they cooperate less with the NEA. Out of 78 organizations participating in the survey, only 46.2% cooperate with the NEA. In the case of organizations from other fields of activity, the level of cooperation with the NEA is less than 50%.

The residence was the third criterion by which the level of cooperation between NEA and employers was analysed (Figure 3). 265 employers from the urban environment and 85 - from the rural environment were included in the research.

As can be seen from Figure 3, organizations from the rural area have a better collaboration with the NEA, unlike those from the urban environment. Out of 85 rural organizations that participated in the survey, 57.6% have a collaboration with the NEA. At the same time, the collaboration of urban organizations with the NEA is lower, being around 50%.
The cooperation level of employers with the NEA also depends on the efficiency of their activities. Therefore, we asked the employers participating in the survey to evaluate certain aspects related to the NEA activity (Table 1). The survey participants evaluated 7 aspects related to NEA's activity, on a scale from "1" to "5".

<table>
<thead>
<tr>
<th>Aspects included in the research</th>
<th>Average score</th>
<th>Total organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The professional profile of the workforce registered with the NEA matches to the organizational requirements.</td>
<td>3.6</td>
<td>184</td>
</tr>
<tr>
<td>NEA provides support in the process of recruiting people from the unemployed.</td>
<td>3.6</td>
<td>184</td>
</tr>
<tr>
<td>The services offered by the NEA are of high quality.</td>
<td>3.8</td>
<td>184</td>
</tr>
<tr>
<td>Regular information about the evolution of labor demand and supply.</td>
<td>3.5</td>
<td>184</td>
</tr>
<tr>
<td>Permanent information about the organization of job fairs.</td>
<td>3.7</td>
<td>184</td>
</tr>
<tr>
<td>NEA's WEB page provides information we need on employment.</td>
<td>3.8</td>
<td>184</td>
</tr>
<tr>
<td>NEA staff demonstrates professionalism in providing us with solutions to the workforce issues we face.</td>
<td>3.9</td>
<td>184</td>
</tr>
</tbody>
</table>

Source: Developed by the author

Overall, the assessments given by the responding organizations regarding the NEA's activity are high. At the same time, we can see that some aspects are appreciated higher than others (Table 1). The highest appreciation was given to NEA specialists. The average score was 3.9 points. Also, both the quality of the services offered by NEA and their WEB page were evaluated at a high level, both being appreciated with 3.8 points. The lowest assessment related to NEA's activity refers to the information regarding the evolution of labour demand and supply (3.5 points).

The cooperation between employers and the NEA can take place on several dimensions. In some situations, national legislation obliges organizations from the Republic of Moldova to cooperate with the NEA. Employers must notify the NEA about the persons to be dismissed and they have to declare vacancies in the organization. In our research, we aimed to identify the ways in which organizations cooperate with the NEA. Thus, several answer options were offered, each responding organization had the option to provide a multiple answer to this question. The results are shown in Figure 4.

| Presentation of vacancies in the NEA Information System | 25.5 |
| Requesting information on the profile of the unemployed registered with the NEA | 20.7 |
| Requesting help to fill vacancies | 64.1 |
| Participation in job fairs organized by NEA | 33.2 |
| Providing Information about employees to be dismissed. | 17.9 |
| Declaration of vacancies with NEA | 89.7 |

Source: Developed by the author

The results of the research show us that out of all the organizations that cooperate with the NEA, 89.7% do so by informing it about vacancies. Even though the legislation stipulates the obligation of organizations to inform the NEA about the layoffs that are to take place, only 17.9% assume this responsibility. Almost a quarter of the responding organizations cooperate with the NEA by
presenting vacancies in the information system managed by this government institution. Also, almost 2/3 of the responding organizations that cooperate with the NEA request help to cover vacancies, which demonstrates the credibility of this government institution. This is also an advantage for the respective organizations because they manage to save some financial resources, in case of requesting the services of private recruitment agencies. In the case of 1/3 of the responding organizations, cooperation with the NEA consists in their participation in job fairs.

Another concern in our research was to identify the reasons why organizations do not cooperate with NEA. In this sense, 5 items were formulated in the questionnaire, with the responding organizations having the possibility of providing multiple answers (Figure 5).

*Figure no. 5. Reasons why organizations do not cooperate with NEA, %*

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>I didn't need the services provided by NEA</td>
<td>71%</td>
</tr>
<tr>
<td>The workforce registered with the NEA does not meet the organization's requirements</td>
<td>11.1%</td>
</tr>
<tr>
<td>Persons registered with the NEA are unqualified</td>
<td>3.1%</td>
</tr>
<tr>
<td>Lack of qualification of the workforce registered with the NEA</td>
<td>4.9%</td>
</tr>
<tr>
<td>We collaborate with private recruitment agencies</td>
<td>5.6%</td>
</tr>
<tr>
<td>Others</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

*Source: Developed by the author*

As can be seen from Figure 5, the main reason why 71.0% of the responding organizations do not cooperate with the NEA is that they did not need the services provided by this government institution. At the same time, some organizations invoked as a reason the fact that the workforce registered with the NEA is unskilled (4.9%), and in the case of 11.1% - the workforce does not meet the organization's requirements. That is why 5.6% of the responding organizations that do not collaborate with the NEA prefer to request, if necessary, the services of private recruitment agencies.

5. Conclusions

The Public Employment Service has an essential role for the effective administration of active policies on the labour market, thus contributing to the unemployment decreasing. At the same time, the effectiveness of the PES is determined by how it manages to make the connection between employers and the unemployed, by involving them in various active measures carried out on the labour market.

The results of the research showed us that NEA from the Republic of Moldova cooperates more with large organizations, which is reasonable because there is a variety of trades and professions within them. At the same time, it should be mentioned that they represent a tiny share in the total number of organizations in the Republic of Moldova. This is why it is necessary for the NEA to make efforts to increase the cooperation level with small businesses, which are characterized by greater flexibility and adaptability in the labour market. The large share of industrial enterprises that cooperate with the NEA can also be explained by the fact that they are part of large enterprises. There is also less collaboration with commercial enterprises. These are mostly small enterprises and micro-enterprises that have less cooperation with the NEA.

Research has shown that rural organizations cooperate more with the NEA, compared to urban ones. This can be explained by the fact that in rural areas there is a limited spectrum of trades and professions, which makes employers request the NEA services to identify the right people, as a solution to cover vacancies. At the same time, urban organizations, having other alternatives (private recruitment agencies, educational institutions) for attracting people to the organization, are
less likely to request the help provided by NEA. Also, knowing the profile of the people who register with the NEA (unqualified or lower qualified people), many employers avoid requesting the services offered by it.

In addition, it should be mentioned that the employers that do not collaborate with the NEA are not aware of the active measures implemented on the labour market, respectively they cannot be the beneficiaries of the financial resources offered by this government institution, in exchange for the employment of the unemployed from disadvantaged groups.

6. Acknowledgement

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7. References


