

MODERNISING THE HUNGARIAN PUBLIC EMPLOYMENT SERVICE

PHARE Twinning programme
2002–2004



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PREFACE

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Twinning partners:

The National Employment Office/Hungary (NEO)

The Swedish Labour Market Board (AMS)

The Danish Labour Market Authority (AMS)

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In this leaflet the PHARE Twinning partners in the project „Modernising the Hungarian Public Employment Service” have the intention to present the main facts and findings of the project in a short overview for everybody interested and involved.

For more detailed information could be consulted the „Handbook” of the project, which is available in an English and a Hungarian version.

The Hungarian society and business life have been facing big changes and challenges in the years before the EU accession, and this is a development, which by all means is envisaged to continue.

It is therefore with great pleasure that the Hungarian PES is able to demonstrate that it is ready to meet the challenges in the years to come – by presenting its customers for a client oriented service concept, supported by modern IT-tools.

I would like to thank everybody contributing to the project results – and to the Handbook – for dedicated and committed work.



Károly Pirisi
Director General, National Employment Office

THE EU EMPLOYMENT STRATEGY AND HUNGARY

In accordance with the EU objectives stated in the Lisbon Protocol, the employment policy of the Member States must contribute to the achievement of overall objectives of the European employment strategy, namely:

- full employment,
- quality and productive work, and
- increased social cohesion and inclusion.

THE PES MISSION AND STRATEGICAL OBJECTIVES

The PES mission is to support an efficient operation of labour market in order to raise the level of employment

STRATEGIS OBJECTIVES

- **Increasing the PES market share of placement activities**
- **Increasing employability**
- **Decreasing of regional differences at the labour market**
- **Enable the PES to implement the European Employment Strategy in Hungary**
- **To increase the efficiency of PES to combat long-term unemployment**

The modernisation of the PES in each country must be fully in line with the objectives of increasing employment in Europe, as laid down in the Stockholm agreement, improvement of job quality, and the basic requirement of creating more and better jobs.

During their activities aiming at full employment, Member States must implement an employment policy with a comprehensive approach that combines the needs of the demand and supply sides, and helps the achievement of Lisbon and Stockholm objectives.

All these objectives reflect the intention of implementing a unified European employment policy with specific contents, and great integration power.

The new service concept for the Hungarian PES, developed in the framework of the PHARE project fits very well in the professional objectives outlined above, as its long-term objectives are also aimed at full employment.

The most important strategic objectives of the Hungarian PES can be summarised as follows:

1. To increase the market share of PES in relation to labour market activities, increase employment and develop services for employees, too;
2. To offer standard and high quality services to customers (unemployed, employees, employers, etc.);
3. To improve the efficiency of offered labour market tools, and increase the role of PES in the supply of such tools;
4. To develop and modernise the IT and information system of PES, and encourage the implementation of self-service information systems;
5. To increase cooperation between employment offices and multi-tier (regional, county and district) regional development institutions;
6. To contribute to the reduction of regional disparities in the labour market through the services of the institution;
7. To promote equal opportunities at the labour market;
8. To focus on groups in a disadvantaged situation in order to manage and prevent long-term unemployment;

OVERALL OBJECTIVE

To promote the operation of the PES in line with the Employment Guidelines of the European Union

SPECIFIC OBJECTIVES

- **To improve the efficiency of services to job-seekers and employers**
- **To develop a new service model and introduce it at 21 employment offices in the framework of a pilot project**

9. To develop the human resources of PES with regular internal training, and to prepare for new tasks originating from the accession to the European Union;
10. To improve the physical equipment of labour offices, establishing a modern office environment, in accordance with their service functions, and to improve the external communication of PES.

PROJECT FRAMEWORK

The project is implemented with the involvement of 21 selected employment offices (one office in each county + Budapest + National Employment Office).

The project consists of four major components:

- International technical assistance (Twinning)
- Information technology infrastructure development (Procurement tender I.)
- New office environment (Procurement tender II.)
- Software and training material development (Service tenders)

MAIN PROJECT OBJECTIVE

Improving the efficiency of the PES by:

- providing better service to all clients
- supporting the operation of the labour market
- helping regional development projects with detailed labour market information

All objectives would be fulfilled in compliance with the EU Employment Strategy Guidelines

In the framework of the Twinning component, the professional contents of the model are prepared in six technical teams consisting of international and Hungarian experts. The teams are responsible for the implementation of one specific task related to the development and introduction of the service model.

THE MAIN CONTENTS OF THE NEW SERVICE MODEL

The model aims to create easier opportunities for the supply and demand side at the labour market to enter stable work agreements or contracts. This implies an easier access for employers to report vacancies – by the means of modern IT-tools and at the same time a strengthening of the employment offices' contact to enterprises. For obtaining actual knowledge on local and regional labour market trends a quarterly survey – conducted mainly among SME's – will be carried out – resulting in an operational oriented quarterly labour market report.

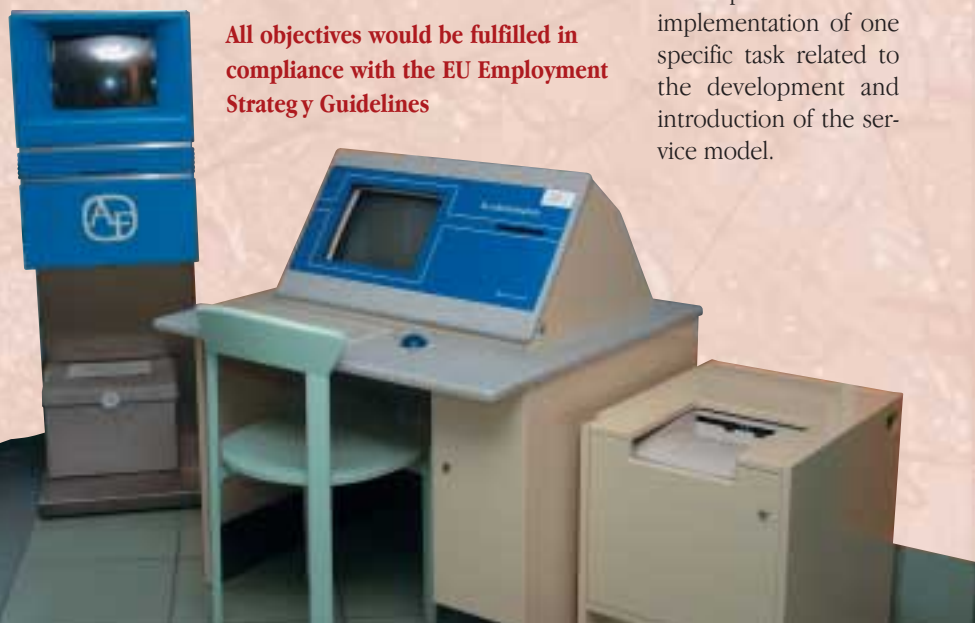
The model highlights in its methodological approach that a lot of citizens can find their own solutions for labour market challenges. This means that the unemployed citizens are treated like customers – with individual needs and demands – not as clients. This means that customers (like unemployed and persons already employed (but searching for a new job)) ready for finding their own individual solutions would be targeted to self service instruments – providing information

on actual, vacant jobs, training courses and other kinds of labour market information. Customers with a need for individual case management – or counseling – will be provided these kinds of services. For those customers an individual action plan (co-operation agreement) would be entered.

Thus the Public Employment Service would be able to strengthen its efforts for addressing the services to areas with the biggest needs: bottleneck areas and citizens threatened by long-term unemployment.

THE MAIN CONTENTS OF THE NEW SERVICE MODEL

1. Job seekers should not be treated as passive clients, but active, dynamic customers cooperating with the employment offices.
2. Regular contact should be increased between employers and PES.
3. Increasing the PES market share. The labour market knowledge of the PES has to be utilized more target oriented and extended in order to obtain more placements.



THE PHILOSOPHY BEHIND THE NEW SERVICE MODEL

The self-service model is based on the following philosophy:

- Work relations must be created through a highly developed information system in order to establish more effective and stable work relations (reduction of costs for enterprises and society).
- People are capable of looking for solutions for demand and supply themselves. The PES supports them in finding the best individual solutions. The starting point is that many people are capable of assuming responsibility to solve their own problems and life. It is not necessary for people capable of helping themselves to use the resources and administration of the state.
- The PES could then provide sources for active measure support for those who face the risk of long-term unemployment. This also means that the PES is able to devote resources for combating bottleneck problems in general (structural unemployment).



Thus the new service model is in line with the European Employment Strategy, the current Hungarian legislative environment, labour market conditions, and technical and economic conditions. In other words, the new service model is not a copy of the existing models in some other Member States, but it tries to change Hungarian PES services according to the actual requirements and the Hungarian conditions.

THE JOB SEEKERS

Kiosks – vacancy database – CV database – PES portal – individual data entry

Job seekers who are capable of looking for a job on their own are offered the use of self-service devices. Each office offers its customers kiosks running touch screen applications and desktop computers with interactive communication functions and a seat. Some larger offices will have installed outdoor kiosks, which will be available for customers for 24 hours a day.

Job seekers can have access to the national database of vacant jobs through the kiosks and the Internet. This database contains all actual vacancies reported to PES.

Job seekers would also in the future be able to enter their curriculum vitae into the CV database through these kiosks. The potential employers will be authorised to conduct direct searches in this database. It is recommended that the supply of a CV should not be mandatory and that CV's should be displayed on the Internet after assessment.

Labour market information

Using these kiosks, job seekers can view actual information on jobs and training opportunities, other PES services, and updated information concerning the conditions of the local labour market.



For those intending to change their jobs, the most important source of information is the database of vacancies, as well as interesting and important local, regional and national labour market information.

FOR EMPLOYERS

Reporting vacant jobs – employers' database – PES portal

Employers will be able to report their vacancies more simply. This involves a reduction of mandatory information supplied in relation to vacancies and a possibility for recycling basic information about the employer and about labour demand. The reporting options have been extended as in addition to the currently used personal contacts, phone calls, postal communication and fax messages, such reports can now be made through the Internet too.

When reporting a vacancy, the employer may choose whether to publish the vacancy on the Internet, or to request also an inter-mediation service from PES.

When a vacancy is reported, it appears on the Internet and in the inter-mediation system, too – preferably on the same day.

Reported vacancies are moderated before publishing them on the Internet. Moderation in local offices is the best solution.



Strengthening daily relations

In general, PES can strengthen its regular contact with employers in several ways: visits in companies (main priority), cooperation agreements, more frequent telephone calls and supplementary electronic relations.

Reports on employers' quarterly labour market plans and service requirements

In future, PES will illustrate the quarterly labour market plan and service requirements of employers with the quarterly labour market reports, and presentation of requirements of major employers with frequent workforce requirements. The quarterly survey aims at detecting the employers' short term (3 month) and long-term (12 month) need for labour. Employers are selected mainly from small and medium-sized enterprises. This survey cannot substitute the present short-term labour market projection, which is very important for a large number of cooperation partners. However, there is need for establishing an active, fast and effective information channel that provides information on the local and regional demand and supply. Furthermore the PES has to identify the employers' assessment of the PES services through regularly conducted surveys. Two quarterly surveys have been conducted within the project period.

Search in the CV database – inter-mediation services

Using this device, employers can have access to the CV's included in the national database.

In other words, PES provides databases for the demand and supply sides, with the help of which job inter-mediation can be conducted without using the resources of PES staff. On the other hand, PES must also be prepared for providing personal services as required.

Labour market information

As part of the developed labour market information system, employers can have online access to labour market information concerning local and regional conditions, such as for example, results of the latest quarterly workforce report.

FOR PES EMPLOYEES

STATUS OF THE PROJECT PILOT OFFICES

Profiling

In order to utilise its human resources in the most effective way, PES will introduce an individual method for identifying chances of unemployed customers in the labour market.

This method is called profiling and consists of three elements:

1. Overview of the customers previous attachment to the labour market
2. Results from a statistical probability model
3. Assessment of results in a personal conversation

The ultimate objective is that all unemployed customers should enter into a cooperation agreement with PES. This agreement sets out the objectives and tools that will take the customer back into the labour market.

In the pilot phase, a cooperation agreement can be applied for customers who – as a point of departure – is not able to utilize the self-service devices, but have a need for another support from PES.



The proposed form of the cooperation agreement and evaluation form is described in details in the methodology part of the handbook. However, it is essential to stress that the cooperation agreement template supports the already existing forms of cooperation agreements (agreements with young people at the beginning of their career, with those receiving intensive job search support and with individuals eligible for job search incentive benefit).

21 pilot offices have been selected for piloting of the new service model. The local managers and the staff (approximately 400 persons) have been trained and introduced to the contents of the new service model.

Reconstruction of the pilot offices is about to be finalised, and thus the 21 pilot offices would serve as a model for other PES offices in Hungary – facilitated in their modernization by ESF funds supporting the objectives of the Human Resource Development programme of Hungary.

The new offices will receive their customers in nicely renovated surroundings – equipped with modern furniture, workstations for all staff members and KIOSKS (self service instruments) in open information areas.



The physical surroundings – and the new image – are supporting the most important objective: to provide the citizens of Hungary with service in labour market questions in order to raise the stable employability – and to decrease unemployment and the negative consequences of unemployment. At the same time the PES in Hungary would develop to be the most important co-operation partner for employers.



HANDBOOK IMPLEMENTATION

For all stakeholders a handbook of the new service model is now available. The handbook comprises a total overview of the new service model – from the relation to the European Employment Strategy Guidelines, over the philosophy behind the new service model, to methodological guidelines for project implementation at the offices.



The new service model is implemented at the pilot offices in two phases: from February to September 2004 the offices would introduce the strengthened contact to employers – and in the newly created information areas the introduction of self-service has started.

From September 2004 to June 2005 the model would be supported in a full scale by new hardware and software.

COMPONENTS OF THE PROJECT

1. Development and introduction of a new service model
2. Development of the Labour Market Information system
3. New office environment
4. Training
5. Structure of the PES modernised
6. Computerised information system
7. Project administration

Project Financing

EU-PHARE contribution: 1.9 million EURO
Hungarian co-financing: 3.0 million EURO