



RIKSREVISIONEN  
*The Swedish National Audit Office*

## RiR 2010:6 Summary

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The Swedish Public Employment Service's work to promote contacts with employers

# Summary

## **Reason for and purpose of the audit**

The overall objective of labour-market policy as decided by the Swedish Riksdag (parliament) and Government is to help create a well-functioning labour market. Matching job-seekers to jobs is a key issue both in the Government's Budget Bills for 2007–2010 and in the Riksdag's examination of those Bills. The Public Employment Service (PES) has been officially instructed by the Government that it should strive to enhance the functioning of the labour market, including by efficiently bringing together those who look for work and those who look for labour.

Good knowledge about both employers and job-seekers will make it easier to match available labour with vacant positions. In conjunction with the Budget Bill for 2007, the Riksdag and the Government stated that local employment offices should have better contacts and liaison with employers since this will give them knowledge about the needs of local business and could help enhance the functioning of the labour market.

The aim of the present audit by *Riksrevisionen* (the Swedish National Audit Office, SNAO) is to examine whether the actions taken at the central-government level have made the PES able to handle contacts with employers efficiently as part of its overall duties.

## **The PES's contacts with employers have developed positively**

The PES now engages in more detailed internal control of work to promote contacts with employers than it did in the early 2000s. Among other things, it is clearly expected of employment officers that they should have such contacts. The work carried out within the PES to promote employer contacts has developed positively in several respects. For example, the proportion of employment officers who have contacts with employers is larger today than it was in 2006. Further, more than half of the officials feel that they devote enough time to employer contacts; this also represents an increase on 2006. The SNAO's conclusion is that the PES's internal control has had a positive influence on work to promote employer contacts.

## **The Government does not exercise active direction over the PES's work to promote contacts with employers**

The Government exercises less direction in the field of contacts with employers now than it did during the 2002–2006 Riksdag. It is clear from the Government's instructions for the PES and its Budget Bills that the PES should strive to improve matching in the labour market. However, the actual performance of matching services and the role to be played in them by contacts with employers are not subject to Government direction. In the Government's opinion, employer contacts are a methodological issue to be decided by the PES itself. Against the background of the change in internal control at the PES and the positive development of its work to promote contacts with employers, the SNAO considers that the Government has conveyed the importance of such contacts and that the Government does not at present need to exercise detailed direction over the PES's work to promote them.

## **The Government does not request reporting on contacts with employers**

The PES's reporting to the Government addresses its work to promote employer contacts only to a limited extent. It is clear from that reporting that employer contacts are important for matching, but the description provided of the extent, focus and development of those contacts is not particularly detailed. The SNAO also notes that the Government has not – except in 2007 – imposed any specific requirement to report on contacts with employers. As a consequence, the Government obtains only general information about the role of employer contacts in matching.

The overall direction exercised by the Government through its instructions for the PES should be combined with transparent reporting. The present form of reporting by the PES gives the Government limited information about whether sufficient priority is given to employer contacts. This could become a problem given how important employer contacts are considered to be for high-quality matching services. The SNAO's conclusion is that the Government should consider requesting more specific reporting on the PES's work to promote contacts with employers and the influence exerted by those contacts on matching services.

## **The Government exercises direction over other aspects of the PES's duties**

The PES has extensive duties which involve the provision of services to both job-seekers and employers. Its work with job-seekers is often subject both to direction by the Government and to its own internal control. The Government does not exercise equally extensive direction over the PES's work to promote contacts with employers. Indeed, the general perception at the PES is that its work relating to employers is freer and not governed by any binding rules.

The SNAO concludes that the lack of explicit direction over the PES's work to promote employer contacts and the use of rules-based direction and control for other aspects of its duties together entail that the PES itself becomes responsible for ensuring that there is sufficient room for employer contacts in its operations. That responsibility will remain even if the PES's duties are expanded or job-seeker volumes increase drastically, as they have done in 2008–2009.

### **When time is short, other duties crowd out contacts with employers**

Despite the positive development, almost half of employment officers and about one-fourth of heads of local employment offices feel that the time devoted to contacts with employers is not sufficient to enable their office to help fulfil the PES's duties. The SNAO notes that the main reason given is difficulty setting aside time for contacts with employers. Other duties which are subject to more explicit rules tend to crowd out opportunities for employer contacts when time is short. According to top management of the PES, it is the duty of heads of local employment offices to ensure that their offices are able to devote enough time to contacts with employers. The strategies used by some offices to ensure that there is time for employer contacts are felt to work to a varying degree. However, the lack of balance in the direction and control exercised over the various aspects of the PES's duties entails a risk that employer contacts will be crowded out. The SNAO therefore considers that top management of the PES should make this task easier for its local-level entities. One possible way of doing so is to disseminate experiences from various local strategies.

### **Scope to develop monitoring and evaluation**

The audit has shown that the PES monitors work to promote employer contacts in various ways, for example by means of a scorecard. In an earlier performance-audit report (RiR 2010:1), however, the SNAO suggested ways of developing the employer-related measures included in that scorecard.

It is not known what would be the most efficient extent for employer contacts. However, impact studies of reinforced matching efforts – where, among other things, employment officers are given more time for contacts with employers – have pointed to a positive effect for those targeted by the measures. The 'Service Concept', a PES development project encouraging an approach where all employment officers have contacts with both job-seekers and employers, was not preceded by any studies to assess how this approach would work in the PES's organisation. The SNAO considers that the employer-oriented approach encouraged by the Service Concept should be carefully followed up and, if possible, evaluated. The findings from such follow-up should be used to determine whether there is a need to review the approach in general or at the local level. They could also provide a basis for determining how local employment offices can organise their operations in an appropriate way to make sure that there is scope for employer contacts.

## **Documentation and employment officers' skills as regards employer contacts should be reviewed**

SNAO finds that there are shortcomings in the documentation of contacts with employers. Possible causes include a lack of time and practice on the part of employment officers as well as the documentation system, which is felt to be complicated. This leads to several consequences. For example, employer contacts may be inefficient if documentation does not provide support. The services offered to employers may also deteriorate. The SNAO's conclusion is that the PES should take immediate action to clarify procedures for documenting contacts with employers and to facilitate employment officers' documentation of such contacts.

According to the Service Concept project, all employment officers should have contacts with employers in line with their work duties. This requires those officers to have relevant skills for such contacts. It emerges from the audit that 95 per cent of heads of local employment offices consider that at least some of their officers should improve their skills. They see a need both for greater sector-specific knowledge and for opportunities to share experiences. The SNAO concludes that the PES should investigate the need to further reinforce the training offered to employment officers. The extent and focus of such training should be adapted to suit the varying needs of employment officers with different work duties.

## **One in three employers uses the PES, but in different ways**

The PES is the largest formal recruitment channel, used by one-third of recruiting employers. It is more common for large employers to use the PES, while small employers in large cities are the group that makes the least use of it. However, large employers use the PES above all for advertising, while smaller employers more often use the other services offered by the PES. The extent to which employers use the PES also depends on what they are looking for: the PES is less often used for the recruitment of managerial staff and university graduates.

## **The PES can develop its service offering to employers**

The SNAO's audit has identified a number of reasons why employers may choose *not* to use the PES when they are going to recruit. For example, employers may believe that the PES is unable to help them and that they would have too many applicants or applicants of the wrong type. The SNAO therefore considers that the PES can develop certain aspects of its relationship with the employer community, for example by analysing employers' needs.

A previous SNAO performance audit (RiR 2006:22) found that the general Swedish population had little confidence in the PES. However, this audit shows that employers usually have neither high nor low confidence in the PES. Employers having been in contact with, or made use of, the PES have somewhat more confidence in it than other employers. The SNAO concludes from this that the PES may influence employers' confidence in it through its contacts with them.

## **Recommendations**

The SNAO recommends that the Government should consider doing the following:

- Request more specific reporting on the PES's work to promote contacts with employers, in order to show how this work influences labour-market matching.

The SNAO recommends that the PES should do the following:

- Make it easier for local employment offices to find time for contacts with employers, for example by disseminating experience from various local approaches;
- Develop the monitoring and evaluation of the work to promote contacts with employers, for example in relation to the Service Concept approach;
- Consider reviewing the extent and orientation of training for employment officers in relation to contacts with employers, for example as regards sector-specific knowledge and opportunities to share experiences;
- Take action to improve the documentation of contacts with employers;
- Analyse how the services offered by the PES to employers may be developed.