

# Employment Intermediation for Unskilled and Low-skilled Work Seekers

## Part 1: Overview of the Sector

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NB Ideas

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## Section 1: Background

Unemployment is one of the biggest challenges facing South Africa. Growth has been inadequate, the skills level requirement of new jobs is continually rising, current skills among the workforce are low and inadequate numbers of low end, unskilled jobs are being created. Finding mechanisms to address this challenge is a key to South Africa's economic success and the social cohesion of communities. This task demands a combination of macro and microeconomic strategies and falls outside the ambit of this project.

However, with over 500,000 unemployed people applying for placement in a job or for assistance with unemployment insurance through the Department of Labour, and tens of thousands more who are not eligible turning to private and non-governmental organisation (NGO) operators to assist them find work, there is an important role for employment intermediation services in South Africa. Most of those approaching the Department of Labour and the private and NGO operators reviewed in this report are unskilled or semi-skilled workers servicing the lower skills end of the labour market.

There is, in most countries, a mismatch between the demand for workers and the supply of job seekers. The causes of this vary from country to country and include: limited information and dissemination on job openings, mismatches between the skills of workers and the demand of employers, the increased mobility of labour, changes in the nature of work, a demand for more frequent upgrading of skills, poor job hunting skills by workers, labour market discrimination, and barriers to access, such as geographic location and the high costs of transport. This can contribute and exacerbate unemployment, as well as long term unemployment of certain groups of people, and/or underemployment.

With limited growth and a contraction in jobs in many of the elementary sectors, traditional policy makers in South Africa have focused their interventions on strategies that aim to strengthen businesses and entrepreneurs. It was hoped that doing so would bridge the divide between the first and second economy. Underlying weaknesses in this approach are the assumptions that everyone has the capacity to be entrepreneurial and that there are level playing fields in the market.

Employment intermediation efforts break from this mould and focus on linking the unemployed into the formal job market primarily as workers but also as trainees and business owners. It is one policy vehicle intended to improve the quality and efficiency of the match of work seekers (supply) and jobs (demand). The employment intermediation sector is a lucrative and competitive sector containing a diversity of operators. Historically, the instrument has been used extensively within the professional, skilled stratum of work seekers which is serviced largely by the private, for-profit agencies and by specific sectors, such as the mining and construction sectors, at the bottom end of the skills spectrum. Interestingly, the number of private operators at the bottom end of the market has increased while the number of NGO and church providers has decreased. Despite this, the market is not evenly serviced and large numbers of people do not have access to intermediation services.

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There are many benefits to employment intermediation. Firstly, the service provides increased accessibility to market information to the marginalised, thereby broadening the range of jobs opportunities for which they can apply. Secondly, it transforms nameless faces into people, each with their own story, aspirations and skills offering. This profiling assists in marketing the person and her skills in a similar manner as that offered by private employment agencies within the upper ends of the job market. Doing that helps to match work seekers with available opportunities. Thirdly, employment intermediation agencies offer some security to employers who can contact the agency in the knowledge that they have a track record of those work seekers; that increases the chance of a successful placement. Similarly, employees have a lower chance of job rejection, owing to the matching and job screening undertaken by the agency. Fourthly, employment intermediation also offers opportunities to integrate better training and placement services. The employment intermediary generally has a good knowledge of the labour demands in the market and of the skills base of work seekers. This enables them to target training and subsequent placement more effectively. Fifthly, employment intermediators assist in finding, and at times creating, new opportunities with their proactive lobbying of employers to identify job opportunities. Finally, some services, such as labour brokerage, provide additional services such as transport or aftercare support and mentoring.

Employment intermediation works well in situation of economic growth or where mismatches exist. In situations of economic decline or oversupply other strategies are needed.

## Section 2: Scope of this review

This project is funded by Trade and Industrial Policy Strategies (TIPS) and falls within a broader review of second economy strategies. It seeks to understand:

- The employment intermediation sector globally and in South Africa;
- The extent to which employment intermediation services can meet the needs of low skilled work seekers;
- The roles of different stakeholders in the service;
- The different models for providing such a service; and
- The potential benefits, constraints and lessons for different services and target markets.

The review is presented in three parts. Part one, this document, provides an overview of the context, practices and lessons collated through a combination of a local and international desktop study and various case studies that have been woven into the report.

Part two provides details of seven South African case studies, each detailing a specific example of employment intermediation. The first three case studies focus on services provided by the state, with two covering national government and one a local government initiative. The next two case studies focus on the private sector and the final two on NGOs offering employment intermediation services.

The two reports together form the basis for a set of recommendations on the possible role of employment intermediation services in South Africa's second economy strategy. That is detailed in part three.

This particular report begins with some background, offered in section one, on the context and employment intermediation services. The section outlines the scope of the assignment and the outline of the report. Section three provides a definition of employment intermediation and the range of services which could be offered. It is followed, in section four, with a description of the different institutional options for providing the service. Section five provides a brief overview of the South African context in respect of employment intermediation services. Section six reviews the experiences in the different service categories and concludes with key issues in each. Section seven discusses some of the key issues and lessons that emerge from global experience and the various case studies. The report concludes in section eight with a way forward.

The project hoped to comment on the extent to which employment intermediation services help to match supply and demand that lead to better outcomes, speed up the job search process, either extend or target access and to identify the less tangible benefits offered. It also hoped to provide some comment on the relative value of the service for people with different levels of skill and experience. Finally, we hoped to comment on what scale works best for such a service.

Sadly, the data collected by most organisations were inadequate to answer all the questions conclusively. Instead, anecdotal evidence had to be used to draw conclusions. It does appear that where the employment intermediation service

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works with both work seekers and employers, there is improved matching and shorter processes. What is less clear is the relative impact of the service for people with different skills and experience, and the extent to which the service increases the number of new work opportunities. The two NGOs definitely have some evidence of new work opportunities provided, but, for most, it is just an improved matching and placing service.



## Section 3: Defining employment intermediation

### 1. Definition

Employment intermediation refers to the act of mediating between seekers and providers of employment. It applies to services that enable workers to be hired directly, not indirectly, into firms.

It is important to differentiate employment intermediation services from those of outsourcing or labour brokers where firms contract a broker to employ the workers they need, thus, avoiding many labour regulations and benefits that apply to permanent workers. This is a growing trend in South Africa with negative implications for the legal rights of workers. The state has responded with talk of regulating the sector. In response, some brokers have, in some cases, shifted their role to one of intermediation and now simply source and transport workers, leaving the employment relationship up to the employer. This alerted us to the need to undertake the final case study, which is the review of a segment of the labour broker market, conducted towards the end of the project.

There are many different categories of intermediation services. Each includes a range of possible interventions which have specific targeted clients and related activities.

### 2. Categories of service

In this review, six categories of service were identified: job brokering, work experience facilitation, training, advice, benefit administration, and monitoring and evaluation. The table below provides an overview of the different categories of services.

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Table 1: List of employment intermediation services

Category	Service	Target	Activities
<b>1. Database</b>	Database of work seekers	Work seekers Employers	<ul style="list-style-type: none"> <li>• Develop database of work seekers</li> <li>• Develop profile of each person for inclusion on the database</li> <li>• Advertise the database</li> </ul>
	Job database	Work seekers	<ul style="list-style-type: none"> <li>• Register job vacancies and compile a database</li> <li>• Advertise vacancies</li> <li>• Job search assistance access points</li> </ul>
<b>2. Job brokering</b>	Job brokerage	Employers	<ul style="list-style-type: none"> <li>• Assistance with preparing CVs and applications</li> <li>• Advertising, marketing and networking to develop database of employers requiring placement services</li> <li>• Assessment interviews</li> <li>• Matching work seekers with vacancies and/or recruitment for targeted positions</li> <li>• Candidate screening for jobs</li> <li>• Reference checks</li> <li>• Skills testing or referral to skills testing</li> <li>• Interview training</li> <li>• Job counselling before placement</li> </ul>
		Job seekers	
<b>3. Work experience facilitation</b>	Work experience services	Work seekers	<ul style="list-style-type: none"> <li>• Identify work placements that provide work seekers with work place experience (on a voluntary, stipend or paid basis)</li> <li>• Advocate for the creation of work placements</li> <li>• Provide readiness training and employer support for work placements</li> </ul>
	Administering labour market or employment programmes	Work seekers and the state	<ul style="list-style-type: none"> <li>• Administer employment or labour marketing programmes on behalf of the state</li> <li>• Policy input into programmes</li> <li>• Referral of work seekers to programmes</li> </ul>
	Training	Work seekers	<ul style="list-style-type: none"> <li>• Identify work seekers training needs</li> <li>• Database of training requests collected to inform providers of needs</li> <li>• Referral to training providers</li> <li>• Database of training providers</li> <li>• Assessment of training potential</li> <li>• Development of acquisition of training courses to be provided in-house (soft and hard skills)</li> <li>• Learnership programme recruitment and administration</li> </ul>

Category	Service	Target	Activities
<b>4. Training</b>	Business start up referral	Potential entrepreneurs	<ul style="list-style-type: none"> <li>• Coaching self employment SWOT</li> <li>• Referral to business advice services</li> <li>• Provision of business advice services</li> </ul>
	Labour advice office	Employers and employees	<ul style="list-style-type: none"> <li>• Labour relations information</li> <li>• Pro-forma contract guidelines</li> <li>• Wage rate guidelines</li> <li>• Assistance with registration for unemployment insurance, etc.</li> <li>• Advice on the labour law</li> <li>• Referral to legal services</li> <li>• Distribution of CCMA forms</li> </ul>
<b>5. Advice</b>			
<b>6. Benefit administration</b>	Employee benefit services	Employers and employees	<ul style="list-style-type: none"> <li>• Administration of employee benefit schemes (e.g. unemployment insurance)</li> </ul>
	Monitoring and evaluation	Employers, government, affected communities	<ul style="list-style-type: none"> <li>• Track data on the service for example number of job seekers and placements and scale of income leveraged into the community</li> <li>• Track employer satisfaction</li> <li>• Track employees (e.g. duration of employment, time taken to find next job, impact on household) and satisfaction with the service</li> <li>• Collection and analysis of data on employment trends</li> </ul>
<b>7. Monitoring and evaluation</b>			

Source: Adapted from Mazza (2003)

These categories of service are discussed in more detail in section six of this report.

### 3. Target audiences' varying needs

There are many possible targeted beneficiaries and clients for employment intermediation interventions. Generally, the private sector targets the high end of the market, leaving the lower skills end to the public sector or the NGOs. However, in South Africa, there are interesting examples of the private sector stepping in to source labour and mediate between work seekers and employers. The establishment of TEBA and the burgeoning labour broker market are examples of private sector interventions.

Five categories of beneficiaries exist, each with different needs, as is outlined in Table 2, and it is this market that this project focuses on.

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Table 2: Beneficiaries and their needs

Type of client	Services needed
Never worked – unskilled	Job brokering Job placement counselling Work related life skills Work experience facilitation Training
Long term unemployed – unskilled	Job brokering Job readiness and placement counselling Work experience facilitation Work related life skills Training
Recent job loss	Job brokering
Medium term risk of job loss	Skills assessment Training plan
Recent school/college leavers	Job brokering Work experience facilitation Job placement counselling

## Section 4: Review of international institutional models

### 1. Four institutional models

The challenge with employment intermediation is how to cluster and manage the provision of the different components of the service in ways that maximise efficiency and impact. In this section, we have reviewed international experience of public sector employment services and their partnerships with non-government providers.

Four different institutional models emerge, ranging from a monopoly run directly by a government department through to dedicated public sector agencies, partnerships and outsourced services. These are discussed in detail in this section of the report.

#### 1.1. State-run public employment service

Historically, in industrialised countries, the state has held the monopoly on providing employment intermediation services, particularly at the lower end of the market where the service does not pay for itself.

In developing countries, there is also a dominance of the public sector generally administered by the national Department of Labour. Because of limited resources, the service tends to be small and focused on the lower stratum of work seekers. Key challenges with exclusively state-run systems have been local access and inefficiencies in terms of cost and placement.

Ten to 20 years ago, almost every country's service was modelled in this way, yet current trends are towards some form of outsourcing or partnership arrangement.

#### 1.2. State agency

In line with more generalised public sector reform strategies, employment intermediation services have been restructured with a range of models emerging. For example, Austria and England have set up public sector entities while Australia has outsourced supply in a competitive bidding process. All these moves have been motivated by the same pressures: a need to improve efficiencies, performance and reach.

The advantage of a state agency is that it ring-fences the service and budget, allows for dedicated management, and offers a certain amount of flexibility and autonomy.

**Box 1: Austria's PES (AMS)**

**Background**

Austria has a population of over 8.1 million people, and an estimated unemployment rate of 4.7% (2006 figures). Like most European countries, employment intermediation has been dominated by the state. In 1994, the Austrian public employment service (or PES) was restructured and a public entity was established, called AMS, to provide the service.

With the establishment of AMS, the service was expanded into a comprehensive employment intermediation service, rather than a mere employment office. Representatives of employers and labour organisations, along with government, are involved in AMS. It is a modern service provider with a strong corporate image and is technologically adept. Staff members are trained to be service-oriented and a performance management system is in place.

**Services**

The national office focuses on policy and monitoring while the branch offices are structured to be one-stop-shop centres. Services are organised into three zones in order to increase efficiency and minimise the waiting time and number of visits job seekers have to make to the AMS centres as outlined below.

Zone	Information	Characteristics
Information zone	Career information centres (BIZ)	Anonymous Self-service
Services zone	Placement Claims and benefits	No appointment needed Regular checks Appointment control
Counselling zone	Intensive guidance and assistance	Contacts by appointment only Arrangement of appointments

**Job seekers**

The AMS targets different types of job seekers, namely:

- Unemployed job seekers;
- Employed job seekers;
- Young people looking for apprenticeships; and
- School-leavers facing a career choice.

Job seekers can access a host of services, either online or face-to-face.

Online services and support tools include an eJob-Room for online job searches, a Career Information System, which has an up-to-date list of professions, including the necessary qualifications listed on the website, and a Job Application Coach providing advice on how to write job applications.

Office based services available at branch offices include:

- Touch screen computers;
- Self-service system, offering vacancies and other information;
- Guidelines on how to prepare for job interviews;
- Career information centres that provide detailed information on various professions, employment opportunities, labour market information, training and education. This information is available online, in brochure form and, in some instances, via a video

library. The centres also administer occupational interest tests while personal computers are available to search for open apprenticeships and jobs in Austria and Europe;

- Information by telephone for job seekers;
- Information for groups; and
- Assistance plan, including identification of the goal and the necessary steps to take.

Those services in highest demand are the registration of work seekers, support for job searches and job coaching for special needs groups. In 2005, 96% of work seekers were happy with the service.

#### **Employers**

The AMS also works with employers/enterprises to exchange information about labour demand and supply, canvas and fill vacancies, prevent unemployment, arrange benefits and provide qualification, training and support.

In filling vacancies, the AMS offers employers a host of service including eJob-Room access, access to a Europe wide network (EURES), job fairs, identifying qualifications and strategies to fill the respective vacancy, company visits with personal contact between AMS staff and the enterprise at the business location, guidance on possible subsidies, advisory services re planned dismissal of staff and functions related to the employment of foreigners.

The service in highest demand is training of prospective employees linked to placement services. It was found that 90% of users are happy with the service.

The AMS service placed 91% of its job seekers in 2005 and 82% of those receiving training were placed and over three quarters of work seekers were placed within a six month period.

*Source: Wagner-Pinter, et al (2007)*

### **1.3. Partnership model**

Rising unemployment, special needs of specific target groups, severe constraints on government budgets and the opportunities to create new models have generated a market for private service providers. This has given rise to another model that is used by some state departments and public sector entities, namely, the partnership model. In this model, private sector providers are drawn into the service either through networks or more formalised agreements.

There are two broad categories of partnerships: networks, that do not involve the expenditure of any funds in exchange for services, and direct partnerships, which involve some level of formality and, generally, also the allocation of resources.

France operates a network approach where the public sector disseminates information to private agencies and the two sectors exchange information pertaining to the local labour market. Information sharing expands the pool of job seekers and vacancies increasing the chances of a successful match, which is the aim of the service. There are many examples of more formalised models. In the Netherlands, the state works in partnership with private agencies and community organisations while in England, Jobcentre Plus, the state agency for employment intermediation, has developed a range of innovative partnerships with the private sector to improve employment prospects for work seekers. Both these examples involve some form of resource allocation to facilitate the partnership. Networking

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and relations with partners can be initiated in a range of institutional settings and do not require massive restructuring of institutions.

**Box 2: Jobcentre Plus**

Jobcentre Plus is an executive agency of the Department for Work and Pension, created in April 2002. Its role is to support people of working age from welfare into work, and to help employers to fill their vacancies. It has over 1,500 offices and is one of the largest employment intermediations services in Europe.

It aims to increase labour supply through job intermediation services, work towards parity in accessing jobs, and ensure those eligible for benefits receive them while at the same time fulfilling their responsibilities to look for new employment. The service is available electronically or face-to-face and is one of the largest and most successful employment intermediation services. This has been achieved through a range of innovative partnerships, some national and others regional or local.

Jobcentre Plus services are accessible at 1,000 places, ranging from libraries to local authority offices. On average, there are more than 40,000 vacancies on the Jobcentre Plus website at any time. Each month, the Jobcentre Plus website receives four million job search requests, making it the number one recruitment website in the United Kingdom (UK). Each week, 17,000 people find a job through Jobcentre Plus. 25% are internet-based placements. The remainder involves a placement officer and face-to-face contact.

In an effort to improve work placement rates for the most vulnerable, Jobcentre Plus has developed a partnership with the private sector, called Local Employment Partnership, where employers pledge jobs for long term unemployed people and those at a disadvantage in the jobs market. These include single parents, long term unemployed job seekers, and people who have disabilities or health conditions.

Employers are asked to make a deal with government and to offer people opportunities to get back into the work place and progress through, for example, interviews, mentoring, on-the-job training or work trials. In return, Jobcentre Plus will ensure that the employer is given the chance to recruit people they might not have considered, who are eager to work with minimum hassle, risk and cost. In addition, they provide support to help employers give them the job-related skills they need. By participating in the programme, employers not only demonstrate to their local community that they have faith in the local workforce, and that want to provide job opportunities for local people, but are also given an opportunity to recruit a more diversified workforce.

One of the many firms who have signed up for the service is Pak Supermarket. It has agreed to offer people 'Work Trials', so job seekers who may be unsure about whether the job is suitable have an opportunity to try the job out before making a decision. At the same time, the employer has a chance to interview people on the job and make up its mind about whether to make a job offer. Other partners, like ENABLE, are proud to be involved with Local Employment Partnerships, both as an organisation that supports people with learning disabilities to get work, and as an employer. As the executive director explains: "We are committed to the principle of employment as the best route to better lives." The experience is not just a positive one for the employer, it also benefits job seekers as one work seeker commented: "I'm really happy in my job, when you are out of work for a while your comfort zone really shrinks and it can be daunting to think about going back to work. The staff at ENABLE Scotland made me feel really relaxed and they encouraged me to be honest about why I've not been working. I suppose they must have thought I was the right person for the job, which has given me a real confidence boost. It's a great place to work."

Between 2008 to 2010, Jobcentre Plus aims to help 250,000 jobless people into work through its Local Employment Programme.

Source: [www.jobcentreplus.gov.uk](http://www.jobcentreplus.gov.uk)



For private providers, the reasons for cooperating include the recognition of their role and the chance to expand their service. Where private providers have been brought in, the primary benefits have been a reduction in the costs of the service and increased innovation and diversity of delivery models. However, it is a more difficult environment to manage, requiring a greater reliance on performance management measure and an open line of communication.

In some countries, community organisations and NGOs have stepped in to address community needs in employment intermediation in the face of inefficient or under-capacitated public sector systems. This is true, to some extent, of the South African situation where the Department of Labour has been unable to address adequately the need, consequently, NGOs have stepped in to fill the gap by providing interesting models of employment intermediation and opportunities for partnerships. There are many different ways the state can respond to this. The example of Peru offers an interesting networked model.

#### Box 3: Peru's CIL

Peru has a population of nearly 30m, an unemployment rate of 7.2%, wide spread underemployment, a growth rate of 8% and a small annual public employment service budget. Peru does not have unemployment insurance.

Peru's public employment service has been plagued with problems common to a number of developing countries: high costs, long registration waits, inflexibility and a poor image. In 1996, the MTPS (Ministry of Employment and Social Development) set out to improve the employment services by decentralising it and making it more flexible. The Ministry has been able to improve outputs significantly, increase placements, and boost the participation of employers through the modernisation of the public service and the development of the Peruvian Network of Centres of Intermediation and Labour Information (CIL-ProEmpleo), a national network of public, private, and non-profit providers. The network facilitates information sharing and capacity building in order to reach more people on a wider geographic basis with a better quality service.

The Peruvian Network of Centres of Intermediation and Labour Information (CIL) expanded in phases. Firstly, it incorporated training centres and institutions (including technological institutions and occupational centres). Shortly thereafter, it expanded to private agencies, other public institutions and non-governmental providers. This expansion included institutions promoting local employment, such as municipalities and churches and development organisations.

The system is more than a network of intermediation providers co-existing. It includes mechanisms of joint promotion, regulation, and incentives to guarantee quality standards. The centres, public and private, talk the same language and use the same software and occupational classifications to assess workers' skills and match workers to vacancies. They provide job search assistance and occupational orientation. In addition, labour market data on both demand and supply can be jointly analysed from the centres and provided as feedback to local training institutions.

The result of these innovations has been significantly to increase placements, job seekers registered, and vacancies listed. From 1998-2000, the number of placements of the combination of public and private centres increased 27.5% and efficiency in terms of the percentage of job seekers placed and vacancies filled also increased. By 2005, the network was placing 30% of work seekers, advising and assisting another 28% by sourcing training or self-employment support, and, finally, filling over 60% of the vacancies successfully. While the public sector offices still register the larger number of job seekers and jobs, the role of the network continues to increase exponentially.

The system is now focused on the development of a more integrated information system and extranet network operating via the Internet and the development of a labour market

observatory for analysis of labour market trends. The special purpose of establishing an observatory is also to plan training systems and employment services better and to provide the operators of job services with information to orient the job seekers.

The implementation of the CIL-PROEpleo network is an interesting public, private and non private partnership. It could serve as a model for other developing countries to assist with developing the capacity of public and private employment service providers.

Source: ILO (2003(2)) and Mazza (2003)

#### 1.4. Outsourced model

A more radical approach involves restructuring the public service completely by opening up the market and allowing the state to compete, alongside private agencies, in an outsourced model.

One such example is a model in Australia where the state pays private agencies and community organisations to place job seekers based on performance (World Bank, 2003). In this model, the public sector remains responsible for the overall budgets, funding, policy setting and evaluation. A feature of this approach is that it demands overall management from a public institution that is somewhat independent of the entities competing for the services (Barbier et al, 2003).

#### Box 4: Australia

##### Australia opens up the employment intermediation market

In the mid to late 1990s, Australia radically changed the way it delivered labour market assistance, most notably by creating a competitive market for publicly funded employment services, known as the Job Network. Over 300 private, community and government organisations are part of the network and are paid a fee for placing clients, with extra fees for placing the long term unemployed. The key motivation was greater cost efficiency and more value for money. In addition, contracting out was seen as a quick and effective way to transform entrenched, archaic and deficient management and work practices and to allow staff to specialise in clients' needs.

Membership of the Job Network comprises private, for-profit as well as non-profit employment agencies and the public employment service (PES) replacement – Employment National. Members compete by tendering for the delivery of labour market services. The payment of benefits and screening of job seekers is done by a government operated agency called Centrelink.

Job Network is unique in that the PES competes on an equal basis with other private service providers. A review conducted in 2003 by the Australian Productivity Commission found that the advantages of the new system were that an outcome orientation, competition and choice produced some of the benefits associated with private markets for services. Advantages include focus, flexibility, innovation, lower costs, performance driven entry and exit from the market and provides a choice for consumers. There were also several challenges to applying a purchaser-provider model to employment services, including dangers of inequity, focus on short-term outcomes at the expense of the medium to long term goal, possible loss of economies of scale and reduced co-operation. Despite these challenges, the review concluded that the advantages outweighed the disadvantages. The costs of the service have been targeting of funds, reduced costs, exit of poor providers and increased choice for work seekers.

Source: ILO (2003) and Webster et al (2001)

## **2. Institutional lessons**

As the variety of intermediation models demonstrates, there is no blue print or right way to deliver the service. In different situations, different institutional arrangements are possible and desirable. What is also clear is that without some public sector intervention and support services at the bottom end of the skills spectrum, and for the most vulnerable and disadvantaged work seekers, there will be scant opportunity as the service costs money to provide and the market only pays at the higher ends.

Success depends on the strength and performance of public sector and private institutions, available financing, relationships between social actors, political legitimacy of providers and the perceptions of targeted beneficiaries and available systems.

Regardless of the institutional arrangement adopted, what becomes clear from international experience is the value of drawing in private and community actors, networking with such services, and centralising certain functions such as a database of work seekers and job opportunities and monitoring statistics.

## Section 5: Review of South African institutional arrangements

In South Africa, a partnership model has developed. Unlike many of the international examples discussed in section four, the primary partnerships in South Africa are between government departments and also between government and state agencies.

The primary department is the Department of Labour which is responsible for registering workers, unemployment insurance, training of the unemployed and underemployed, and regulation of the market. Case study one provides a more detailed case study of the Department of Labour system. It is supported by:

- The Sector Education and Training Authorities that operate in terms of the National Skills Development Act and which collect and disburse skills levies, develop skills plans, register training providers to deliver this plan and promote and manage learnerships;
- The Department of Public Works that is responsible for the national expanded public works programme which provides work place opportunities and training to the unemployed, at rates below the market rates, in the course of delivering government services;
- The Presidency which has initiated a range of programmes under the second economy strategy review, such as the “Right to Work” programme;
- Umsobomvu Youth Fund whose mission is to facilitate the creation of jobs and skills development for South Africa’s young people. Its services include a portal for young people who are looking for information about employment, careers, education, training, community development and health issues;
- The Department of Social Development which provides a range of social welfare benefits to the poor and also funds programmes that reduce the number of people living in poverty, including NGO intermediation services; and
- The Department of Trade and Industry which has various programmes to support self employment and small businesses.

The Department of Labour is in the processes of implementing a major overhaul of its systems and services through the new Employment Services System. This will enable work seekers and employers to capture information online, provide a matching service and information to non-government players. As part of the new system, it will become mandatory for all employers to register vacancies with the Department of Labour.

In addition, the Department of Public Works has been reviewing its exit strategies and identifying additional programmes to facilitate access of participants into the job market. Details of some of these initiatives are captured in case study two. Most of these have a strong skills training component.

Despite the breadth of services available, South Africa has not done well maximising the matching of work seekers with available opportunities or of with

increasing opportunities to enhance employability. This gap has given rise to a range of other initiatives.

Still driven by the public sector, municipalities are stepping in to address the needs of locally unemployed people. An interesting example of this is the Ekurhuleni Job Placement Programme, a partnership between the local labour office, the municipality and Lewisham municipality in England. It aims at improving employment prospects in the Benoni area. The programme registers work seekers' curriculum vitae on a database, registers employers' employment opportunities, and provides life skills training, such as job hunting and interview skills, brokers and matches jobs and work seekers to address the skills shortages and vacancies of local employers. In addition, it has an employer engagement programme designed to identify and address the factors restricting employment, and provides post-employment support to both the new employees and employer, to ensure job retention. The full details of this example are captured in case study three.

There has been a proliferation of private, for-profit agencies. These are regulated either under the Skills Development Act which requires any person providing employment services for gain be registered with the Department Labour. The Services SETA is responsible for skills development in the labour recruitment and provision sector. They have 3,329 members registered with them to date. The Services SETA Labour Recruitment Chamber focuses on both Permanent Employment Agencies as well as the Temporary Employment Sector. The industry has grown significantly over the past six years.

Falling outside of the definition of the current Act, labour brokers are regulated under the Labour Relations Act which sets out the terms for employment if they are labour brokers. Soon, both will be regulated under the amended Skills Development Act and labour brokers will be required to register.

Classically, a labour broker is a business entity that provides other businesses with workers who will perform work. The client pays the broker, who then pays the workers and, thus, is also responsible for ensuring that all the legal requirements of employment are met. The attraction of labour brokers to employers is reduced administrative and legal responsibilities for labour, particularly short term labour, and efficiency because all of the labour needs are met from a single source. Case study five provides a snapshot of parts of the industry. In this, we have broadened the definition to include those services that involve a triangular set of interdependent relationships between the ultimate employer and the broker, the ultimate employer and the labourer, and between the broker and the labourer. In each business transaction, these relationships may differ, as is explored below. We have included in our definition any triangular set of relationship which results in the employment of largely unskilled workers and in which the relevant parties would themselves describe the transaction as involving a labour broker.

The role of labour brokers is marred by controversy. We do not attempt to unpack these issues. Instead, we focus on those elements of the service which resonate with other employment intermediation services and needs to extract the lessons there from. It in no way attempts to be a comprehensive study. Instead, it aims to provide a quick review of the different approaches in order to extract lessons for employment intermediation services.

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Another private sector model is one adopted by the mines which set up TEBA Limited to recruit and manage their labour provision. TEBA has since expanded its services to include a range of other services to work seekers, employees and their families. Case study three provides an overview of TEBA.

Not-for-profit organisations have also picked up on the gap in the market with social entrepreneurs setting up not-for-profit agencies to provide employment intermediation services for the unskilled. Two such organisations are Work Now, a geographically focused service, and Men on the Side of the Road, a service focusing on a particular target group within the unemployed. Work Now provides a focused job placement service for the bottom end of the skills band, using its networks to encourage local employment and creation of jobs, even if they are short term, and bridges into the world of work for the unemployed in Hout Bay, Cape Town. Men on the Side of the Road works with work seekers who wait on the side of the road by linking them to employers and by providing training opportunities. In addition it supports business starts by giving ideas, training and access to tools. These two models are detailed in case studies six and seven.

## Section 6: The services

### 1. Six service categories

In this section, we discuss briefly the six service categories, using international and local examples to demonstrate the range of possibilities that are available. Each sub-section concludes with a summary of the critical issues to be considered when providing the cluster of interventions within the service category.

#### 1.1. Database

This service includes compiling databases of both work seekers and available jobs, and then matching the work seekers and available opportunities. Databases and related online recruitment services are a growing worldwide phenomenon within the employment intermediation sector.

The electronic revolution has facilitated this and is fundamentally changing the way job intermediation services are provided globally. In many developed countries this service has moved away from the costly face to face interactions and is being replaced with self service facilities, internet or computer based systems and kiosks. Job seekers and employers increasingly contact each other through these self service systems without intervention of placement officers. Countries such as Australia, Canada and the United States have moved public employment services online by providing a self service job matching service through the Internet. In Poland, a similar model is being followed with the introduction of self service kiosks in labour offices. In Brazil, the concept is being rolled out using mobile vans (World Bank, 2003)

In South Africa, there has been a significant growth in the number of online services. Interestingly, most online recruitment services do not see themselves as employment agencies. They argue that they do not engage in actual recruitment, assessment and selection, but only provide the tools and channels for work seekers and employers to make contact (HSRC, 2001). Also, few of these players service the bottom end of the skills spectrum.

The use of information technology has worked well in countries where computer and Internet usage is high. Yet, in countries where computer and Internet usage is not high, and or where literacy levels are low, a more personalised service is still needed.

In South Africa, the experience with databases and the Internet has been poor within the selected target group. Umsobomvu has created a jobs portal that lists jobs, work related information, training courses, bursaries, learnerships and information on career counselling and resources. While relatively large numbers of work seekers have registered on the database (with 8,288 CVs being submitted), few have been referred on (2,518), still fewer have been placed (91) (Second economy review, 2008). The Department of Labour's Western Cape office has had a similar experience with a recorded placement rate of 3.7%.

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The Community Employment Initiative, the predecessor to Work Now, registered some 8,000 people but then struggled to link them to employment opportunities at the bottom end of the market because:

- People's contact details frequently change making them un-contactable;
- Most employers are looking for some kind of screening from the service both to verify the skills base and for security considerations; and
- Jobs are often not advertised at the bottom end of the market due to the high volumes of applicants, and are rather filled through word of mouth.

This does not mean that there is no role for computerised, Internet-based databases. Databases are very important in the execution of the job brokering service. However, as a stand alone service, they have limited value at this end of the market.

TEBA has two existing computer based systems for registering work seekers and also for capturing the tracking the details of employees. Both are used in the job brokering process and there are plans to upgrade the system to offer an e-recruitment shop. Both NGOs interviewed, namely, Work Now and Men on the Side of the Road (MSR), plan to set up Internet-based databases of both work seekers' CVs and available opportunities. These will include the full history of the work seeker, reference checks and comments from other employers. The Department of Labour is also planning a massive investment in a computerised database. Given the experience to date, reliance on technology-based solutions and databases must be cautioned. It is the personalised services that have the most success both in identifying work opportunities and in matching work seekers with these.

Compilation of databases is not a simple task. The situation of work seekers changes frequently, contact details change, people find work and new people lose jobs. The database of work seekers needs to be active with frequent contact and updating. Employers' job needs also change rapidly. To be effective, the service needs a wide range of listings to meet different categories of work seekers.

## 1.2. Job brokering

Closely linked to the database service is the job brokering service that facilitates the link between work seekers and opportunities. Traditional job brokering involves listing and advertising vacancies and matching these with work seekers' profiles. The service must incorporate the following: a list of available opportunities or a network through which placements can be made, a list of job seekers, capacity to shortlist suitable candidates with the requirements of the job in order to provide employers with a short list of options, proper reference checks and follow up. Most importantly, if the service is to secure repeat usage, it needs to be skilled at placing the right people in the right jobs.

The experience of those interviewed is that job brokering can play an important role in assisting with closing the gap between supply and demand. It has the ability to change faceless names into humans, each with their own story and skills offering. The service can promote and market an individual and their skills, similar to the service provided at the top end of the skills spectrum. This combined with



the track record gives employers a sense of security in placing the person. It also results in better matching and lower rejection rates.

A range of secondary functions have been developed by intermediation services over time in order to improve the quality and efficiency of the service. These include the additional categories of service such as training or work experience placement services and innovative job brokering value add services. One example of a value added service is the British transport assistance programme Work Wise.

#### Box 5: Work Wise

Recently, Centro-WMPTA, the West Midlands public transport developer and promoter, was awarded one of the first places at the Guardian Public Services Awards for its highly acclaimed and innovative transport assistance scheme to the unemployed and new entrants into the job market.

Centro-WMPTA is the largest public transport body outside London. Together with Jobcentre Plus (Britain's employment intermediation service), employment charities and the relevant local government authorities, Centro-WMPTA has been rolling out the Work Wise scheme across the West Midlands since 2003.

Work Wise is set up to address employment barriers created by lack of access to, and affordability of, transport for the long term unemployed. The Work Wise scheme offers job seekers tailored journey plans and public transport information, free day tickets for interviews, and travel passes for up to three months after starting a new job. This addresses cash flow needs of workers just re-entering the job market.

Work Wise officers, who provide the passes, also work closely with Jobcentre Plus and other similar local organisations to offer the service to their customers.

The scheme has been responsible for helping over 4,200 people back into work, and by promoting sustainable transport with over 90% of customers still using public transport 12 months after finding employment. According to studies in Walsall, 69% of people who have received a pass come from the most economically deprived areas. Research has also shown that 77% of Work Wise users are still in their new jobs after three months.

*Source: Centro-WMPTA website*

In summary, job brokering works best when there is skilled capacity to assess work seekers skills and the demands of a vacancy, when the placement agency has a broad network and is able to open up new opportunities or streams of job and when system are in place that allow the service to grow without loosing its personalised information bank.

Job intermediation is most successful for those recently out of work, at risk of job losses, and among recent school or college leavers. Experience shows that long term unemployment is a complex and entrenched problem requiring a multiplicity of strategies, of which employment intermediation is just one. This has been the experience of Men on the Side of the Road that engages with many people that have no work, infrequent work and piece work. Work Now, which has a more limited range of services than Men on the Side of the Road, has found that with tight management it is possible to build up a work record, starting with one day's work and slowly expanding this. This type of solution is management intensive and demands lots of face-to-face time from the agency. It also does not result in an immediate long term job. Therefore, for the long term unemployed global experience suggests that the provision of counselling and support, combined with some kind of social welfare assistance, are needed in addition to job inter-

mediation services. The innovations of the Jobcentre Plus, which provides work trials and mentoring and the use of training – as has been done in Hungary – offer useful models for future programmes.

While designed around this objective, some services in South Africa offer a similar service. For example, labour brokers in the mining sector are used to provide short term staff, on a trial basis. At the end of the three months contract, the mine will recruit a portion of the team that has performed on a full time basis. This is an increasing demand, especially for mines that want to employ more local workers, many of whom have little understanding of the sector prior to working in it. Consequently, the drop out rate and mismatches increased.

### 1.3. Work experience facilitation

Globally, there has been a growing focus in employment intermediation programmes on placements of work seekers to gain work experience, not simply placements with a view to long term employment. This can include community service programmes, internships and the administration of labour market programmes, including public works programmes. This service is particularly important for first time work seekers who are not able to get into the job market and for the long term unemployed in need of a bridge back into the employment market.

In South Africa, learnerships have been a strong government focus in recent years. They are intended to combine training and work place experience. Learnerships are funded through the Sector Education and Training Authorities (SETAs), Expanded Public Works Programme (EPWP) and Umsobomvu Youth Fund (UYF). The key challenges have been: the relatively weak performance of the SETAs in generating and rolling out learnerships, the high drop-out rates during the course of a learnership, the absence of guaranteed long-term employment at the end of the learnership, and the high cost per person of the programme.

Often, employment intermediation agencies are well placed to assist in the rollout of the learnership programmes. They, generally, have a good knowledge of the local labour market, are aware of job seekers' needs and can, therefore, identify people who could most benefit from such a service, have an established network of private sector clients and are aware of what categories of workers are in demand, have an established infrastructure and are linked in with training providers. This places them in an ideal situation to administer work place experience or labour market programmes, refer participants to such programmes, and make policy inputs into the design and redesign of programmes.

In South Africa, some NGOs, such as Work Now, have stepped into this role and won the contract to administer and manage the Coast Clean programme in Hout Bay. This has provided them with a useful instrument to introduce people to the world of formal work. In the case of MSR, they have not been able to tap into the expanded public works programme (EPWP) to date but see huge advantages of linking their members to such programmes.

Work place experience requires managing work seekers' and employers' expectations in order to be successful. It also demands a range of partnerships

and collaborative relationships, excellent skills in assessing candidates' ability to take up the opportunities, and innovative approaches to expanding the opportunities.

Work place experience is a key stepping stone for both the long term unemployed and those who have never worked before, such as the recent school of college leavers. The lack of work place experience makes these people less attractive to hire. Placement programmes can take a number of forms, for example, subsidised placements (such as those provided through Jobcentre Plus), public works programmes, community service programmes, apprenticeships, internships or volunteer job shadowing programmes. In the case of the very poor, short term income while gaining experience is a key incentive to people remaining on the programme for its duration. The downside is that participants may be more interested in the course stipend than in the actual course content.

#### 1.4. Training

Training is an important resource that can improve the chances of someone finding a job in a changing job market characterised by increasing demands for high skills levels. When recruiting, agencies are in a good position to ask work seekers about their training needs. This is included as a question in both the Department of Labour's application forms and that used by NGO systems such as Work Now and Men on the Side of the Road. Compiling a database of training needs is, therefore, easily executed.

Knowledge of job vacancies and demands is needed to ensure that training is targeted to meet actual demand. The experience of Umsobomvu, TEBA and the reviewed NGOs is that their engagement in the market enables them to stay abreast of the changing needs of employers. Yet, this knowledge is often not used to inform the training programmes.

In addition, despite the acknowledged link between training and employment intermediation in many countries, there is still a lack of a practical and effective link between training and intermediation services in most instances.

#### Box 6: Training provision by public sector employment services

Increasingly, employment services are linking work seekers with training but not directly providing the training. For example:

- In Finland, training courses and the places on them are purchased by the public employment services;
- In Austria, Germany and Norway, training needs are met by the market;
- In Sweden, the service purchases a large number of training courses designed for specific target groups; and
- In Poland, work seekers are linked to training programmes through a networked approach.

Source: World Bank (2003)

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In many countries, the actual delivery of training programmes is not seen as a core function of the employment intermediation services. In a review of such services, globally undertaken by the International Labour Organisation (ILO), it is recommended that intermediation services do not make training a key function but rather limit their role to the identification of training needs, the recruitment of candidates for training programmes, referrals and support for the placement of trainees in employment at the end of the training.

In South Africa, training is an essential part of the public works programmes and a core service funded by the Department of Labour and Umsobomvu.

Experience in the NGO sector has been varied. All spoke of the advantages of formalising links with the SETAs and Department of Labour as part of the service. In the absence of these formal links some, like Men on the Side of the Road include training as a core part of the strategy to address long term unemployment. This was also the motivation behind the roll out of the Hungary training programme.

**Box 7: Hungarian training programme**

In Hungary the labour market has experienced a 'downward displacement' effect with respect to the education level of workers. Of 100 higher education graduates 83 are in work and of 100 people with secondary degrees 66 are in employment, of 100 people with low or no education only 28 have jobs in Hungary. Recognising this challenge the state already had a subsidy in place to assist people with reduced work capacities to obtain qualifications, learn languages, and acquire basic education. However, this has not been adequate to arrest the problem. In 2006 government took a bold step and launched a massive training programme called "Take one step ahead." The programme was designed to provide skilled labour matched to demand. It targets 10 thousand trainees between 2006 and 2008. Training is provided free of charge and one month's minimum wage is paid to trainees if they complete the programme and receive a qualification. It was not possible to source data on the success of the programme to date.

*Source: Mr Gabor Csizmár (2006)*

From reviewing the global and national experience, it is clear that training is a stepping stone to employment in many instances. Two types of training need to be provided. The first is job related life skills. Both Men on the Side of the Road and Work Now management identified English language, communications and conflict management skills as the critical skills areas for work seekers to master. This invariably needs to be managed by the placement agency and tailor designed for different groups of work seekers. The second category of training is hard skills training in a particular skill. In general, this can be outsourced to providers with the employment intermediation agency simply identifying the need and screening participants for training providers. Training needs to be linked directly to market demand and must be practical.

Training is particularly important for workers at risk of medium term job loss, those who have never worked and who have no skills, or low skilled workers needing to upgrade their skills in order to advance in the job market.

### 1.5. Advice

Provision of labour relations advice is a need among both employers and employees. In some of the state-run services, the provision of advice around structuring new contracts, terminating contracts, changing working conditions and training are provided and used rather extensively. In the case of the state departments of labour, there is a dual role of adjudicator/arbitrator and support.

Outside of the Department of Labour, a tension arises from the intermediation service playing the roles of both broker and negotiations adviser. MSR, in its initial phase, provided a lot of advice to members, assisted them in dealing with unfair labour practices and tried to mediate with employers. However, over time, this service has been terminated. Outside of referral to information on the law and regulatory requirements, the experience of most providers has been to shy away from this service because it is perceived as compromising their role as “facilitator”, “mediator” or “broker”. Generally, it is employers and aggrieved workers who look for advice.

### 1.6. Benefit administration

Many public sector employment services are responsible for administering the unemployment benefit scheme, including benefit determination, payment and job-search verification and compensation funds. There are obvious advantages to linking benefit payments to a broader service. Unemployment insurance that is effectively linked to actual job search processes means it is used as intended – to cushion income loss temporarily while seeking new work, retraining and then seeking new work. Jobcentre Plus has very effectively applied this model.

Links to other benefit payments, such as to welfare payments, also offer advantages. Effective employment intermediation can reduce the demands on the social welfare system.

However, there are some concerns. Those who prefer to keep the two separate believe that a link gives the intermediation service too dominant a social service function. Experience suggests it is not essential to link the two because different situations demand different arrangements. The benefit administration service is almost never contracted out to service providers.

Interestingly, outside of the standard state-related benefits, some employers have also identified the need for other benefits as part of the process of attracting work seekers, and this includes, for example, housing for agricultural or mining workers.

TEBA Limited offers an interesting example of a private sector response to the provision of benefits. TEBA has developed an excellent migrant support system through its post employment services, social and financial services that are all offered in addition to its recruitment services. The post employment services include death reports, insurance investigations for both the Compensation and Provident Funds, medically incapacitated transport and tracing of beneficiaries who have not claimed benefits or shares. The social services include employer/employee family communication, assistance with funerals and home-based care. The financial services include deferred pay for foreign workers, cash

transfers and remittance management for employees, as well as withdrawal facilities linked to TEBA Bank.

## **2. Monitoring and evaluation**

Monitoring the performance of employment intermediation services across all providers is important for a comprehensive analysis of the market and its trends. It also directs the application of management tools and the future design of programmes.

If all the services are public sector driven or funded, a single monitoring system is possible.

In situations where NGOs run the services, and receive non-state donor funding for it, the monitoring becomes more challenging and is dependent on the good will of the stakeholders.

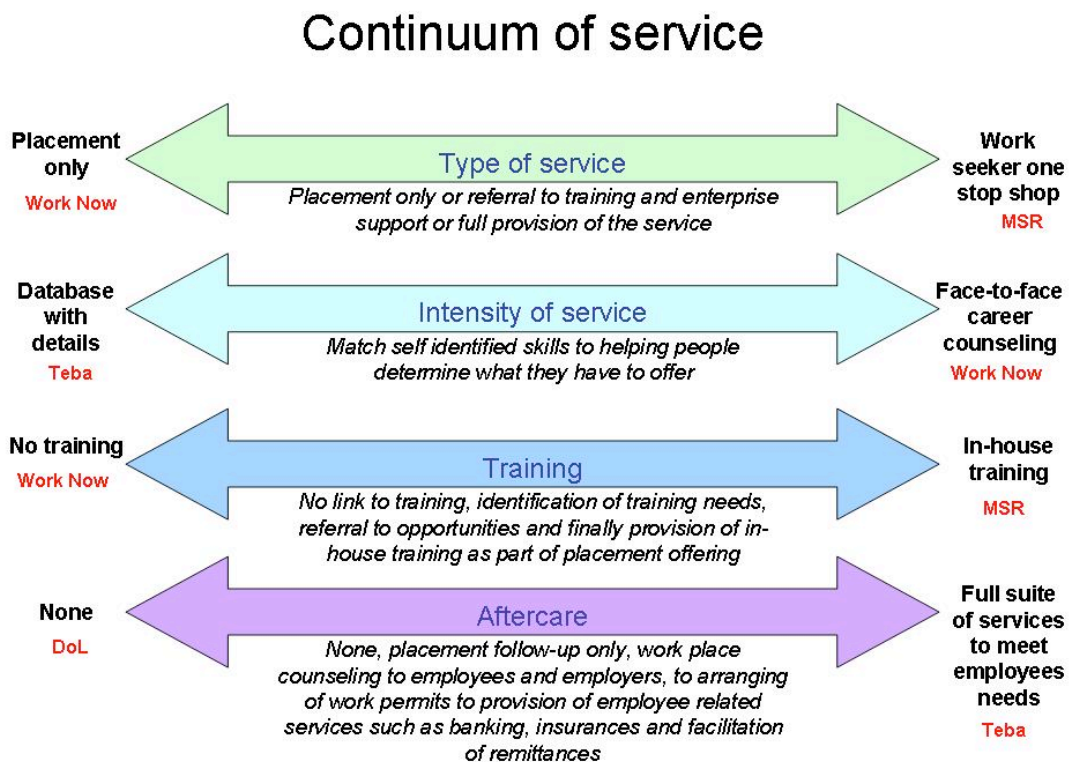
## Section 7: Discussion

In this section, we discuss briefly some of the issues and lessons that emerged from the international desktop review and the six case studies of South African intermediation and on which the recommendations which follow are made.

### 1. Key issues

A number of issues were raised in the research and it was evident that there is no right way to proceed; rather, there are advantages and disadvantages to each option. The most important of these are highlighted below as points that require consideration. Within each issue, there is a continuum of service, as reflected in Figure 1, that could be offered and the challenge is to identify the correct level of service.

Figure 1: Continuum of service



There is a real tension between focusing on job intermediation and providing one-stop-shops that meet the varied needs of work seekers. In the initial stages, focus seems to allow for better systems and cost effectiveness while breadth enables providers to experiment with and refine the right package of services that best meet the needs of different target groups. However, over time, agencies tend to expand the service because of the failure of partnership arrangements to deliver.



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The link between employment intermediation and entrepreneur assistance programmes is an interesting one. In contexts such as South Africa, where inadequate employment opportunities exist to absorb all the unemployed, clearly employment intermediation must include some focus on creating new opportunities. However, the skills and systems needed to support entrepreneurs are very different to those needed to facilitate employment or support work seekers to equip themselves for employment.

The second issue relates to the intensity of the service. Where face-to-face services exist, these seem to offer a better capturing of work seekers' details and skills and a better matching of these with employers' needs. However, it also costs more. Many of the services are planning to reduce the face-to-face time. Work Now has cut back its interviews, TEBA is planning to invest more in an electronic service, and the Department of Labour is investing in an electronic system that will reduce the time demands on employment service placement officers.

Training is an important resource that can better equip people to secure employment. As with entrepreneurship support, training in specific hard skills requires a different skills base and set of systems to those needed for job brokering. For this reason, employment intermediation services often act as either a referral point for training providers or to fund places on courses. But they do not directly provide the training themselves. However, there are also advantages to providing training directly in that it can be used as part of the job readiness process and can enable quality control.

The question of aftercare is another continuum. In some sectors and industries the demands for aftercare and benefits are huge, while in others it is more limited. All the services include in their design a follow-up of the placement. All do not do this, and that consistently weakens the dataset. Most services do not focus on providing post employment benefits. Yet, as the TEBA Ltd case study shows, this can really improve the offering to the worker and increase the attractiveness of the industry.

Outside of these primary continuums, there are debates around the level of advice and the extent to which immigrants can or cannot access the service.

On the one hand, employment intermediation agencies are well placed to provide advice on the law and protect the rights of workers. On the other, they need to remain friendly to all and enemy to none in order to successfully maximise job opportunities. Balancing these oftentimes competing needs can be tricky.

Finally, determining what services can and cannot be accessed by immigrants is important. Employment intermediation services that facilitate work opportunities for immigrants and which ease the movement of labour created within the law can facilitate a more attractive working environment for different kinds of businesses. At the same time, facilitation of legal immigrant pools of labour can undermine the wages of workers.



## 2. Lessons

There are several good arguments for the provision of the range of services. Employment intermediation provides information which assists with transparency and labour market efficiency. Improved matching allows for lower costs and quicker placements. This has public and private benefits. On the one hand, it reduces costs of unemployment support and, on the other, it reduces outputs losses, reduces staff time in personnel functions. The service can also facilitate equity in access by targeting disadvantaged work seekers and assisting people to identify and package their skills and experience in order to link this to available opportunities.

Each category of service has different benefits. Work placements allow people to increase their experience and, through this, their employability. Training equips people with the right skills for the market and increases their chances of finding work. Advice enables the providers to understand the issues in the market and ensures compliance and protects the interests of workers. Benefit administration, as part of an employment intermediation service, minimises the time people need to access the benefit. Finally, monitoring and evaluation systems enable a better understanding of the market and facilitate management improvements.

In South Africa, the state essentially provides employment intermediation services through the Department of Labour's Labour Centres and related agencies. Sadly, these services have not had the desired effect and have a poor placement record. The key weaknesses in the existing state system are:

- Limited human resource capacity within the centres (i.e. the span of work and number of staff servicing this);
- Limited networks between staff servicing these centres and businesses – both formal and even more importantly informal (i.e. inadequate levels of skilled staff);
- Reliance on technology to solve the problems instead of face-to-face contacts;
- Lack of passion and commitment of many of the staff; and
- A lack of innovation.

NGOs and the private sector organisations that have stepped in to fill the gap have had greater success for the following reasons:

- Passion, commitment and drive of staff;
- Networks with employers which enable them to identify and capitalise on new opportunities before they reach the market;
- High level skills of those doing the recruitment, enabling them to informally provide mentorship and coaching services;
- Innovative solutions are possible given the localised scale of most of these operations; and
- By and large, good monitoring systems which enable management action to improve the service.

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Regardless of the provider, there are no downsides to employment intermediation. There are, however, specific challenges that impact on the usefulness and impact of specific services. For example, employment intermediation has limited impact in situations where the economy and job market are contracting, unless the focus is on assisting people to identify and create new work opportunities. Where there are large skills mismatches, employment intermediation only works if linked to a skills development and training plan that builds marketable skills among the unemployed. In addition, the cost effectiveness of the service varies enormously.

Networks and people are at the centre of employment intermediation services. Networks between agencies and the unemployed, networks with employers, networks with other service providers and networks with other support agencies are key examples. Networks require people and cooperation.

Good systems are critical. Successful employment intermediation requires efficient and effective management of good datasets and follow-up and tracking mechanisms. Allocating significant resources into information technology is often seen as the panacea for ineffective systems. While appropriate technologies can enhance the efficacy and application of systems, it cannot replace the need to design proper information management systems and networks.

Targeted marketing and promotion campaigns can increase the number of work opportunities being offered, increase the use of the service and encourage innovative partnerships.

In addition, the best success stories in employment intermediation all include some form of adaptation to the local context and the personalisation of services through, for example, capturing data on employer comments that bring databases alive and encourage employer pledges.

Where an enabling environment has been created for non-government providers, the capacity of the intermediation sector is enhanced and the number of service providers grows accordingly.

## Section 8: Concluding remarks

Employment intermediation services are most successful in a growing economy where there is a demand for jobs, short term unemployment, weak connections between training and employment services, and high levels of discrimination. It is just one instrument within a larger system of employment, training and social welfare. In South Africa, the structural reasons for unemployment are deep and our growth rates are threatened by major infrastructure constraints. However, employment intermediation services remain necessary as an instrument that can facilitate proactively the linkages between job seekers and available jobs, promote skills development and engage employers in maximising their employment creation potential. A South African employment intermediation model needs to be developed to engage with the reality of the economic environment and the needs of job seekers.

Firstly, based on the experience in other countries, and that of agencies interviewed in South Africa, a network and partnership approach makes sense for South Africa. Government has not addressed unemployment successfully. Private agencies and NGOs have demonstrated an ability to fill the gaps in the market efficiently and effectively. Harnessing this energy and innovation is the key to broadening the base of the service and maximising benefits for work seekers. This is in line with global trends where the state no longer has the monopoly on the provision of the service in most countries. Currently, funding has been one of the biggest constraints for non-government providers and some flow of secure funds, with a medium term budget commitment, is needed if these services are to be up-scaled and systems strengthened.

Secondly, the most innovative and effective services globally are those that have managed to address all work seekers' needs with a one-stop-shop service. This requires better coordination between the Department of Labour, EPWP, SETAs, local municipalities and private providers. One government official interviewed suggested that a clustered approach, where each of the services operates under one roof in local areas, would facilitate such cooperation. Another provider proposed a memorandum of agreement between stakeholders. Regardless of the model, increased collaboration between government actors and between government and non-government actors will benefit work seekers.

Thirdly, the introduction of relationship managers to work with private, non-profit providers and assist them with improving their service, accessing government funds and programmes, benefiting from national services, marketing the service and at the same time capturing the data from these providers, is proposed to facilitate the collaboration. Good systems and regular, accurate information collection and analysis are fundamental to the effective management and monitoring of the service. It is proposed that standard indicators be developed and all providers monitor their services using these agreed indicators. In this way, government will be able to compare the costs of their services with those of private providers and identify trends, inefficiencies, and areas where demand is greatest.

Fourthly, an interesting innovation adopted in Australia and England is the introduction of subsidies/grants that provide incentives for the placement of the long term unemployed or the placement of work seekers into permanent jobs. One of the challenges with the existing government programmes, such as the EPWP, is

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the short term nature of the work and the failure to migrate this into longer term opportunities. Men on the Side of the Road has also identified long term placements for its members as a real challenge, noting that it costs a lot more because, generally, some training intervention is also required.

Fifthly, in addition to the cooperation around delivery, joint training of staff, regular reviews and consultations with a view to improving the service and initiation of joint projects all help to improve the quality of the service.

Finally, exchanges and partnerships between providers in South Africa and between South African and international agents is a useful mechanisms for sharing lessons, training and generating ideas.

**Next steps**

Based on the findings of this review, it is clear that South Africa's second economy strategy will benefit from the addition of more diverse forms of employment intermediation services.

The next step is to design interventions based on the lessons learnt from the review and the case studies. These are detailed in a separate document in Part Three.

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## Annexure 1: Interviews

Interviewee's names	Interviewee's position / role
<b>Department of Labour</b>	
Mr Thobile Lamati	Provincial Executive Manager, Department of Labour, Western Cape
Mr Marten Leukes	Manager: Employment and Skills Development Services, Department of Labour, Western Cape
Mr Mervyn Silber	Managing Director, Industries Education and Training Institute
Mr Len Penfold	Marketing and Operations, Industries Education and Training Institute
Ms Venessa Cupido	Manager: Labour Market Information Statistics and Planning, Department of Labour, Western Cape
Ms Laurita de Jesus	Assistant Manager, Administration: Employment Services, Department of Labour, Western Cape
Ms Priscilla Davids	Regional Manager. Services SETA
Mr Ngubo Lubuwana	Cape Town Labour Centre Regional Manager
<b>EPWP</b>	
Mr Gribble s	Western Cape Dept of Transport and Public Work
Ms S Laattoe	Western Cape Dept of Transport and Public Works
Two service providers who requested not to be named	
<b>Ekurhuleni JPP</b>	
Ms Phindile Mnisi	Benoni Local Labour Centre
A representative from Vericon	
<b>TEBA</b>	
Kevin Cotterell	Head of Mine Services, TEBA Head Office
Anneri Pieterse	Chief Communications Officer, TEBA Head Office
Tando Nthlapo	TEBA Head Office
Ernest Mntungwa	Regional Coordinator Eastern Cape
Jeanne van Staalduin and Etienne Cloete	Phokeng Office North West
Bushy Going	Carltonville Office North West
Hennie Mulder	Human Resources Supervisor, Goldfields
Anton Barnard	Anton Barnard Labour Services
Steven Bosch	HR Manager AngloGold Ashanti

Interviewee's names	Interviewee's position / role
<b>Labour brokers</b>	
Various labour brokers who all spoke on condition of anonymity	
<b>Men on the Side of the Road</b>	
Peter Kratz	Director
Mrs Hawson	Employer
Mr Welgemoed	Employer
Mr Vuyisile Mofu	Field worker
Mr Anthony Marshall-Smith	Board chair
Sipfele Sontundu	Employed member
Xolani Mnyakana	New member
George Mosebetsi	Self employed member
Zakelele Mogumbe	New member
<b>Work Now</b>	
Eunice Sutaste	Work seeker
Erin Boonzaaier	Work seeker
Thandokazi Dumoyi	Work seeker
Berenice Lucas	Department of Social Development
Ronald Bownes	Work Now
Tania Bownes	Work Now
Jeremy Rich	Work Now
Michelle Ndatyulwa	Work seeker
Lyndiwe Ndatyulwa	Work seeker
Timothy Kamanya	Work seeker
Trevor Loyilani	Work seeker
Lydia Hassett	Engel and Volker, employer
Chanique Viljoen	Steers, employer