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“Fast Tracking Jobs: Advances and Next Steps for
Labor Intermediation Services in Latin America and the Caribbean”

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Fast Tracking Jobs: Advances and Next Steps for Labor Intermediation Services in Latin America and the Caribbean

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Fast Tracking Jobs: Advances and Next Steps for Labor Intermediation Services in Latin America and the Caribbean

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Executive Summary

Better and more effective labor market policies are critical to addressing Latin America and the Caribbean's two principal economic challenges – low productivity and poverty. Today, informal low- paid work, high rates of job rotation, and high unemployment, particularly for youth are all too common in Latin American and Caribbean job markets. Better quality jobs with better skilled workers would mean, however, that labor markets work more efficiently and more equitably. Helping workers find better jobs more quickly is the purpose of labor intermediation services (LIS), often called employment services, and they have a consistent and cost-effect record in the developed countries. This technical note looks at the development and advances of these services in Latin America and the Caribbean and proposes where they might advance to improve their productivity and poverty impacts and applicability to developing countries.

Labor intermediation services comprise both: (i) the core functions of a job listing/exchange (a *bolsa de trabajo* in Spanish), job search counseling and placement; and, (2) more advanced functions such as administration of training or social programs and specialized services for employers. A number of Latin American and Caribbean economies have begun investing in such services and are working to link them to other social benefits and services, creating new models for developing countries.

This technical note analyzes the evolution of Latin American and Caribbean systems in three stages: early development of basic services (Stage One) and advancing coverage, efficiency and services (Stage Two). It proposes a direction for the future (a hypothetical Stage Three), demonstrating how some advanced Stage Two countries (Brazil, Mexico, and Chile, for example) are beginning to take steps in this direction. A set of operational priorities and monitoring and evaluation indicators is developed for each stage.

The advanced countries of the Organization for Economic Development Cooperation (OECD) continue to experiment with their employment/intermediation services decades after the services were established, and so, it is argued, should Latin American and Caribbean countries. Experimentation and innovation permit ever-closer linkages with the changing workforce needs of private sector. It can help transform intermediation services into more useful tools for human capital development through coordination and expansion of services (with social services and education). The final section suggests five lines of new activity for policy experimentation in Latin American and the Caribbean: expanding intermediation markets; making institutional

“leaps” by using case management and single window management; supporting disadvantaged populations; more systematic evaluation and performance indicators; and, targeting growth sectors.

With some important exceptions, the principal evidence and evaluation of labor intermediation services comes from OECD experience. While one must be careful not to over generalize, this evidence indicates that employment/intermediation services can be relatively effective in getting workers into jobs more quickly (e.g. reducing short-term unemployment), often with increased earnings. They are particularly cost-effective relative to training, with greater impacts in the short-term. How labor intermediation services are conducted also matters. Both the contracting of private providers and the use of case management systems have been demonstrated to improve performance and efficiency in terms of better jobs more quickly for the unemployed.

While much remains to be studied and experimented with in Latin American and Caribbean, the imperative of “fast tracking” jobs remains compelling for the region given its twin challenges of increasing labor productivity and reducing poverty (e.g. better quality jobs and increased wages for the poor). Putting jobs on a fast track in the future (Stage 3) can be envisioned in two important phases. The first phase is to improve and create more national employment intermediation *systems* combining the forces of private and public providers. A second phase is needed to connect employment services to the wider human capital development systems, most importantly to education and training. Labor intermediation should be viewed as part of a larger human capital development system that seeks to better educate, better train, better transition and better protect the region’s vital labor force.

Introduction

Latin America and Caribbean (LAC) faces two fundamental obstacles to its future development: low labor productivity and poor quality jobs. Labor productivity (or output per worker) is stagnant at low levels. While progress is being made on poverty in some countries, beneficiaries of anti-poverty programs enacted all over LAC are limited when they are ready to enter the labor market, finding only employment that keeps them poor. Latin American and Caribbean labor markets are notorious for generating poor quality employment – low pay, few benefits, high rates of informality, high job volatility and informal, time consuming methods of job search. While better and more productive employment might seem the key to overcoming both obstacles, labor market policies are rarely examined for how they might address both the low productivity and poverty puzzles.

Labor intermediation or employment services provide workers with support in finding work or accessing training of higher quality more quickly than they could find on their own. Labor intermediation services typically refer to the combination of public and private employment services. The core services include: an active list of job vacancies and job seekers (called a “*bolsa de trabajo*” in Latin America), job counseling, and job services. Many services also provide links to training programs and other social and economic services.

LAC countries have been investing in improving and innovating in labor intermediation services, particularly over the last decade, seeking to build on the experience of OECD nations but with better adaptations to LAC labor market realities. This technical note looks systematically at how these services are developing and proposes where they might go in the future for better labor market outcomes. Its purpose follows its chapters: to demonstrate the role and the economic rationale for labor intermediation services in LAC (Section I); to examine the state of advancement and evolution of such systems in the region (Section II); and to propose next steps in the development of such systems in Latin America, in particular, new lines of action in operations and research (Section III).

I. The Economic Rationale and Role for Labor Intermediation Services in LAC

Facing Latin America and the Caribbean's key challenges of low productivity and poverty will require workers to be more productive on the job and the poor to be hired into better paying, better quality employment (e.g. more stable, with benefits and growth potential). Generating the macroeconomic environment for job creation is one key challenge for the region. But the labor market must also work more efficiently and transparently, a second related both in terms of supply and demand. If we look simply at the economic market for intermediation between worker and job, labor transparency is relatively low (e.g. quality employment is rarely openly advertised); often the best-suited, most highly skilled workers do not get the jobs or know about the best jobs; and millions of workers lie outside formal employment, eking out a living in the informal service or agricultural sectors. Fundamentals such as poor quality education are exacerbated by a largely state-based training system that has developed disconnected from private sector demand. Latin America and the Caribbean is the region where employers complain most about their inability to find workers with the skills they need (Manpower, 2011).

One key building block of creating economies that generate higher productivity and higher remunerated work is improved "sorting" of worker-to-job, based on market principles. Workers need to be able to find jobs wherein they can be most productive; periods of unemployment or low productivity work must be minimized; workplace productivity needs to be advanced; and workers need clear market signals about the kind of education and training they need in order to find better jobs.

This section lays out the economic and policy rationales for intervening and creating labor intermediation services (sub-section A), explains their role within a framework of active and passive labor market policies (sub-section B) and explains how they function in intermediating between workers and job (sub-section C). The final section examines what is known about job search in the Americas, making the link that formal job search methods form a tool for linking largely informal workers with formal job markets (sub-section D).

A. The Economic Rationale for Intermediation

Labor markets do not operate perfectly in any country of the world and their imperfections are more than evident in the countries of Latin America and the Caribbean. The following principal economic “market failures” and deviations from perfectly competitive labor markets form the principal rationale behind the development of both public and private labor intermediation services:

- Information Barriers: Both workers and firms face barriers and costs in obtaining up-to-date and complete (i.e. “perfect”) information that would allow firms to find the right workers and workers to find jobs in which they will advance; these information barriers are also sometimes referred to as “asymmetric information”.
- Cost Factors: Without perfect information, workers and firms incur “search costs” in finding the right employees for the job. For the firm, these costs include time, money and lost productivity and production; for the worker, costs include time in being unemployed or underemployed as well as direct search expenses. Costs occur both at the micro level (workers, firms) and the macro level of losses to the national economy (see below). Search costs also arise when there are “coordination frictions” – when the “right” worker for the job applies just after the position is filled or the appropriate worker does not take the job offer.
- Labor Is Not Standardized: One of the reasons search costs arise is that labor services are not standardized. Employers often must interview or use other forms of screening processes to ascertain if they should “purchase” a specific labor good. Job vacancies and the cycle of job openings lack standardization.
- Unemployment or Underemployment Inefficiencies and Losses: Involuntary unemployment above “natural unemployment levels” means lost wages, lost productivity and social costs. In LAC, economic losses are due not only to unemployment levels, but also pervasive underemployment where workers are working fewer hours or less productively than is ideal.
- Job Volatility: Poor matches between workers and jobs can lead to higher rates of job change, which can also contribute to productivity and unemployment losses. Rapid job change and unemployment due to economic downturns can be ameliorated via intermediation.

- Skill Mismatches: Even with perfect information, workers may not have the skills demanded by employers, or qualified workers may not be located where there are jobs.¹
- Labor Market Discrimination: Workers may be prevented from accessing appropriate jobs because of market discrimination (e.g. based on race, ethnicity, poverty status)
- Informality: Widespread informality in LAC will not be solved by labor intermediation services, but such services should be seen for their value at the margin of placing workers in formal jobs and providing access to formal sector job listings to informal workers who often rely on other informal contacts to find work.
- Work Disincentives: In economies with unemployment insurance or other social benefits, disincentives to work can be counteracted through job search requirements and assistance.

When more jobs are being created, intermediation services can focus on more job placement in better quality jobs, but they also have played a role when the economy is doing poorly. In such cases, intermediation services serve as a platform to connect workers to short-term training and other human capital building interventions, such as in the case of Mexico in the 2009 financial and H1N1 crises (ILO, 2011, Mazza and Fernandes, 2011). European experience indicates that public employment services have served to lessen spells of long-term unemployment by improving skill levels under poor economic conditions (Finn, 2011b).

Any summary of policy rationales for intermediation services should also note the importance placed by policymakers on the social rationale for such services in developing countries. The most significant social motivation is that job-finding services are particularly important for the poor who do not have the contacts or skill levels to find good jobs. Job search surveys of Latin America consistently find that workers with lower levels of education are proportionately more dependent on informal job search, and that informal job search yields disproportionately informal jobs without benefits (See section I. D. on job search). Intermediation services thus provide a link to improved chances for formal work at non-poverty wages. They are further believed to support, via employment, improved social conditions

¹ In this case, labor intermediation services play a short-term role in reducing skill mismatches due to location and poor information and a medium-term role in signaling market demand. Such services cannot address immediate, large-scale skill shortages.

through the acquisition of social and work habits, improved self-esteem through work, reduced criminality and addiction, and greater confidence and support for institutions (Farné, 2009).

In sum, a public investment in intermediation services has been supported due to the combination of social benefits and improved labor market functioning that comes from better information, lower costs, more rapid employment transitions, lower levels of discrimination and reduced un- or underemployment. Intermediation services are not, however, a labor markets cure-all. The economic and policy role of labor intermediation services can be better understood as a specific one within a larger framework of active and passive labor market policies.

B. Intermediation within an Active and Passive Labor Market Policy Framework

Labor intermediation is considered one of the fundamental active labor market policies but it does not act alone. Rather, job-finding and placement services combine with other active policies like training as well as passive labor market policies like unemployment insurance to advance human capital development through employment. In brief:

- Active Labor Market Policies are intended to increase employment and incomes by “direct” employment measures. There are two principal active labor market policies: training and labor intermediation services. Intermediation services are intended to improve the speed of getting workers into new jobs and the quality of that job (Mazza, 2003). Other active labor market policies, depending on how they are designed, include temporary employment programs and wage subsidies. In some countries, the labor market portion of small business assistance is also defined as an active labor intervention.
- Passive Labor Market Policies are those which support workers’ incomes, typically outside of employment. Their principal economic objective is to protect incomes and consumption. Unemployment insurance or assistance is the most common passive labor market policy; other forms of income support include early retirement or severance packages.

Active and passive labor market policies should not be viewed as two isolated camps. They work more effectively when they are complementary. Passive measures provide a safety net so that workers can be reemployed at better wages versus being compelled to take the first available job. Many OECD unemployment insurance programs require an active labor market policy—job search or training – as a condition for receipt of their unemployment insurance check. If done well, intermediation services improve the “fit” of the worker to the job – so that he/she

can be more productive, stay longer at the job (e.g. reduced job rotation and volatility), and, hopefully earn a higher wage and benefits. Since intermediation services do not increase the educational or job qualifications of a worker, they need to work in coordination with training and education to provide the employment skills needed to qualify for a job or perform better on a job. Neither can job placement services overcome more entrenched social barriers to job entry, such as alcoholism or mental illness. However, they can serve to better identify and screen for these barriers so that the job seeker can be connected to appropriate services and ultimately find employment. Here we can begin to understand the additional role of intermediation services as a platform for connections to training² as well as social policy interventions to address the specific employment barriers faced by workers. Table 1 aligns each active labor market instrument with its intended labor market problem.³

Table 1 Tailoring Active Labor Market Programs to Objectives		
Objective	Program orientation	Targeting orientation
Moderate cyclical downturns	<ul style="list-style-type: none"> · Direct job creation (e.g., public works) · Wage subsidies · Training (subsidies or grants to workers or employers) · Self-employment support · Employment services as managers of active interventions/linkage to vacancies 	<ul style="list-style-type: none"> · Vulnerable groups (with least resiliency) · Hard-hit regions and industries
Reduce structural imbalances	<ul style="list-style-type: none"> · Employment services (e.g., information, search assistance, mobility assistance) · Training · Wage subsidies 	<ul style="list-style-type: none"> · Proximate regions, industries, or occupations
Improve general labor market functioning	<ul style="list-style-type: none"> · Employment services · Training (e.g., apprenticeship, school to work transition) 	<ul style="list-style-type: none"> · All
Enhance skills and productivity	<ul style="list-style-type: none"> · Training and retraining (including in-service, apprenticeship) 	<ul style="list-style-type: none"> · At risk or disadvantaged worker categories (especially for retraining)
Support disadvantaged or at risk workers	<ul style="list-style-type: none"> · Employment services (counseling, job search assistance) · Training (e.g., grants, subsidies) · Wage subsidies 	<ul style="list-style-type: none"> · At-risk or disadvantaged worker categories

Source: Adapted from Betcherman, Dar, Luinstra, and Ogawa, 2000.

² See the partner technical notes to this series: Gonzalez-Velosa, Ripani and Rosas-Shady, 2011 and Huneeus, Mendoza and Rucci, 2011.

³ Evaluation evidence indicates there is great variability on how well different services perform or meet these objectives.

The Active and Passive Balancing Act. How individual countries balance active and passive labor market policies varies substantially both between OECD and LAC countries and within the OECD. In most OECD nations, passive and active measures were developed simultaneously or the passive measures first. Passive measures, by and large, have been the most costly and in recent decades, most OECD nations have been working to devote more resources to “activate” the unemployed (Eichhorst, Kauffman and Konle-Seidl, 2008). Denmark, Belgium, Sweden and Netherlands are among the few OECD countries where more is spent on active measures (as a percentage of the GDP). Among active policies, training is more costly than labor intermediation per worker, and in most countries it is the largest expenditure among active labor market policies. When active labor market policies are comparatively small, proportionately more is spent on labor intermediation than training, as is the case of Poland, the United Kingdom and the Czech Republic, although this was beginning to shift in 2008 with the economic crisis (Finn, 2011b).

In LAC passive measures are relatively rare. Barbados is the only Caribbean country with unemployment insurance (UI); and the few Latin American countries with unemployment insurance are in the Southern Cone (e.g. Argentina, Brazil, Uruguay), with the most comprehensive UI program in Chile. Whether active or passive policies, as developing countries, Latin America and the Caribbean typically spend substantially less on both types of labor policies than OECD countries or the transition economies of Eastern Europe. Mexico and Chile, which are members of the OECD, were ranked 21 and 27, respectively, (out of 27 countries) in terms of expenditures on active labor market policies in 2009.⁴ Table 2 reveals just how stark the spending differentials are between Chile, Mexico and the rest of the OECD.

⁴ OECD, public expenditure on Active Labor Market Programs (ALMP) in 2009 (% of the GDP), 2011

Table 2				
Labor Program Spending Comparisons: OECD vs. Mexico and Chile				
	Expenditure on Labor Market Policies (LMP), 2009 (% of GDP)		Training vs. Intermediation, 2009 (% of GDP)	
	Active LMP	Passive LMP	Training	Intermediation
OECD Average	0.67%	1.16%	0.19%	0.17%
Mexico	0.02%	0%*	0.01%	0%*
Chile	0.28%	0.24%	0.20%	0.02%

* zero or less than 0.005%

Source: OECD, 2011

Financing levels for labor market policies in developing countries are not only a function of lower capacity and fewer resources but also reflect different national priorities, which may place greater emphasis on anti-poverty measures, infrastructure, or other development needs.

C. Labor Intermediation Fundamentals

Labor intermediation services are found in many different forms, but all have a set of core services, and the major variants come in the range of extended services. Table 3 below summarizes the “core” services provided by all public or private employment services as well as the “advanced” or extended services that are becoming the norm in more established Latin American public employment services and OECD countries. Core services should be understood as the services needed to provide basic job matching/placement functions— an active list of job vacancies, a registry of job seekers, and methods for making matches between the two. Typically they work both via job counselors at walk-in centers and by fostering independent search via computers or announcements of job openings. Job search assistance, such as resume preparation, interview techniques, and independent job search methods are also part of a basic service.

As services advance to later stages they can focus more and more on placing workers in better quality jobs and more advanced services. Advanced services include: specialized services for employers (which can serve a dual function of increasing job listings); labor market information systems; training referrals or administration of short-term training oriented to getting workers into jobs; and administration of unemployment insurance (e.g. many OECD systems). The most advanced services are organized in “one stop shops” linking employment and business creation services; they also make referrals to social services (e.g. welfare, income support, drug counseling; See U.S. box in section II). Once the transition is made to this more advanced level

of services we can see why one moves from the concept of an “employment service” to an “intermediation service” – intermediation service evolves to “intermediate” between employment, education, and training on a more continual basis. The objective of more advanced intermediation services advances from improving labor market performance at the margin, to supporting better labor market functioning and quality placement over the medium-term (e.g. directing careers to skill shortages, improving market signals between employment and training).

Table 3		
Services provided by Labor Intermediation Services		
Category	Service Type	Target Client
Core Functions	Job search assistance/counseling	Job seekers
	Job placement	Job seekers and employers
	Job bank (vacancies and job seekers)	Job seekers and employers
Extended Services	Labor market information	Job seekers and employers
	Management of training or other active labor market policies	Employers; workers; job seekers
	Specialized services to employers	Employers
	Social service gateway/unemployment insurance administration	Workers; job seekers; unemployed

Intermediation as a Public-Private “System.” The original conception of employment services as an active labor market policy came from publically-financed employment services or public employment services (PES). In many countries in LAC these public services were poorly financed with limited coverage but often with a monopoly on providing “free” services to workers. Given the still small size of the intermediation market, public and private providers are rarely competitors and are more often linked or share job vacancies with each focusing on different client types. Individual job seekers may use public or private job exchanges, or informal methods (e.g. cold calling, informal contacts) within what can be better called a “labor intermediation system.” Private, for-profit providers, range from large, international firms such as *Manpower Inc.* and *Adecco* to small, local firms serving particular industries. Non-profit providers of job placement in Latin America and the Caribbean include churches, community-based organizations, and internationally affiliated non-governmental organizations. Independent

job search needs to be understood as part of this system as it is not an independent function but relies on services such as internet listings, human resources employees, and workshops for job search. By looking at intermediation from a “systems approach,” public employment services can play a more pivotal role in linking a range of providers, supporting individual search at lower costs, and making itself more efficient in the process.

Evidence and Evaluation. Most of what we know about how well intermediation works comes from the countries of the OECD, with key exceptions. OECD evidence and evaluation is reviewed comprehensively for both intermediation and training in a companion paper (Finn, 2011b). At the risk of overgeneralization these evaluations demonstrate the following trends:

- Job search and related programs demonstrate **positive effects, particularly in the short-term** in reducing unemployment duration (Card et al., 2010). Positive effects on employment rates (e.g. reduced unemployment duration, faster insertion in work) have been recorded and some studies also showed **increased earnings**.
- Additional recent evidence from Mexico indicates that formal job search through the National (public) Employment Service (SNE) increased the **probability of finding** a higher quality, **formal sector job** (Zamora et al., 2011).
- Such services perform proportionately better in good economic times (with higher hiring rates) but also play a positive role in economic downturns by managing and reducing longer-term structural unemployment (Finn, 2011b).
- Employment services are found to be particularly **cost-effective relative to other active labor market policies**, in particular, employing lower costs per worker (Kluve, 2006, 2010).
- How services are organized matters. Case management, private (competitive) provision of services (UK Commission on Employment and Skills, 2010), intensity of job search (Behaghely et al, 2011), and emphasis on job placement over attending to the diverse needs of the unemployed (Behncke et al, 2007)⁵ have been shown to **improve the labor market performance** of job seekers.
- **Latin American trends have generally mirrored OECD trends.** Impact evaluations of Latin American employment services have been limited but have generally followed OECD trends. (Betcherman et al, 2004). A 2005 impact of the Mexico City employment

⁵ Evaluation literature summarized in Finn, 2011b, including Hasluck and Green, 2007.

service (Flores-Lima, 2005) demonstrated **greater job placement rates and earnings for men** (over a control group), but not for women.

One of the more comprehensive OECD meta-analyses of active labor market policies was a review of more than 100 microeconomic evaluations conducted by Jochen Kluge (Kluge, et al. 2005, Kluge, 2006 and 2010). Kluge categorizes intermediation services as “services and sanctions” because in many OECD countries the public employment service has the ability to sanction unemployment insurance benefits (e.g. reduce them or drop one or two payments) if the job seeker is not deemed to be looking hard enough for work. Even with this classification, however, very few services with sanctions were studied. Kluge found relatively large impacts for services and sanctions, concluding that the results were clear-cut and “even more promising given that these measures are generally the least expensive type of active labor market policy.” (Kluge, 2006, 11) Of the six types of active labor market policies, Kluge found the most positive impacts from services and sanctions, finding “the increased likelihood of a positive impact is 37.3 percentage points (evaluated at the sample mean, Kluge, 2006, 15).”

Labor intermediation systems operate within given national policy contexts and labor regulations (e.g. on hiring, firing). One of the few studies that reviewed labor policy and employment service effectiveness (Kluge 2006, meta-analysis of 137 European observations) found a negative correlation only between the strictness of dismissal protection legislation and the impact on employment probability, e.g. firms were less willing to hire if it is difficult to dismiss the worker. In short, except for the narrow area of dismissal legislation, and this correlation was not strongly negative, employment services were found to have positive impacts in very different labor policy contexts.

The overwhelming majority of impact evaluations on active labor market policies measure the impact at the individual level: higher numbers of individuals getting jobs faster using services than without them. As in overall labor market analysis, less is known about the macro or general equilibrium effects in terms of reducing unemployment or underemployment. Search theory is still heavily debating the determinants of competitive search and equilibrium levels of unemployment. ⁶ Finn (2011b) summarizes OECD evidence demonstrating macroeconomic impacts such that employment increased and unemployment fell more quickly in

⁶ See 2010 Nobel Prize winners Peter Diamond, Dale Mortensen, and Christopher Pissarides for its model of markets with search frictions, Mortensen, 2008, and Petrangolo and Pissarides 2001.

those countries that had redesigned their active labor market policies including public employment services within a comprehensive activation strategy (EC, 2006; OECD, 2005; Finn 2011b). Earlier reforms aimed at “broadening coverage, tightening eligibility, increasing conditionality and making work pay” increased the effectiveness of the emergency measures taken to deal with the shocks of the crisis (Finn, 2011b). The International Labor Organization (ILO) has estimated macroeconomic impacts as follows: an increase in spending on Active Labor Market Programs (ALMPs) by 0.5% of GDP would raise employment by between 0.2% - 1.2% over the medium term, depending on the country (ILO, 2011).

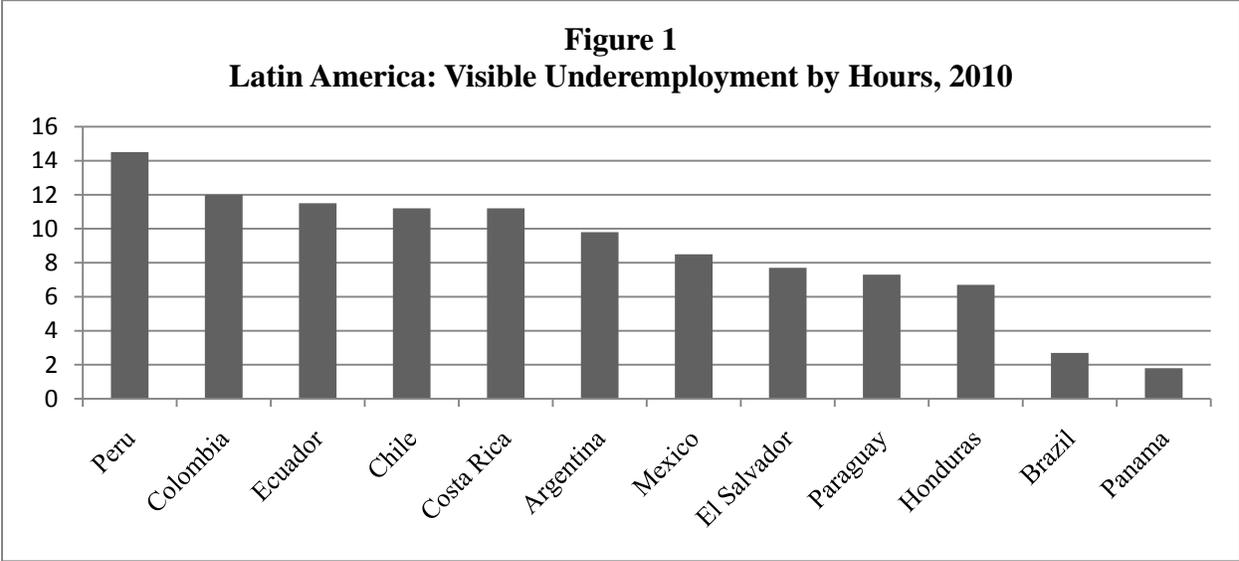
Finally, the international literature, which records consistently positive findings on labor intermediation, seldom argues for the wholesale jettisoning of other active labor market measures in favor of services and sanctions. Rather they indicate that employment services would be particularly useful in reducing short-term unemployment and in adapting to economic crises. The literature also points out that while large-scale training and temporary employment were less effective, there was evidence that design features such training within firms and targeting were key to more positive results for medium-term employment (Meager, 2008; Kluge, et al. 2005, Finn 2011a).

D. Demand Conditions and Job Search in Latin American and Caribbean Economies

LAC countries are facing even more intensely the pressures of globalization of markets that have led to rapid job changes, increased technical content of export sectors, and the inadequacy of familiar or local contacts in rapidly changing sectors. Unemployment in LAC, while not at the levels of the industrialized nations (who often benefit from unemployment insurance), remains a growing concern. Open unemployment rates measured in the 2010 period averaged 7.3%, with higher rates in Chile, Colombia, and the Dominican Republic (14%)(ECLAC,2010).Latin America and the Caribbean, where the vast majority of countries do not protect incomes via unemployment insurance programs, register significantly shorter duration unemployment. Nearly 42% of Europe’s unemployed (the principal 15 Euro economies) in 2010 were unemployed for more than one year in comparison to 19.6% in Latin America and the Caribbean (Alaimo, 2011). Short-term, rather than long-term unemployment, however, is the target most appropriate and most effective for labor intermediation services.

Demand for intermediation services in the region also comes from the employed seeking job changes and this may be of particular relevance in Latin America and the Caribbean where

larger numbers of workers are “underemployed,” in jobs with fewer hours, low productivity or at skill levels not equivalent to their education and work experience. National definitions of underemployment vary, but even data of just those workers working fewer hours than desired⁷(Figure 1), demonstrate that from as many as 14% (Peru) to 2% (Panama) of LAC workers would work longer hours if they were available. Even higher numbers of workers would switch jobs to be more productive or receive higher wages or benefits.



Source: ECLAC, Economic Survey of Latin America and the Caribbean 2010-2011

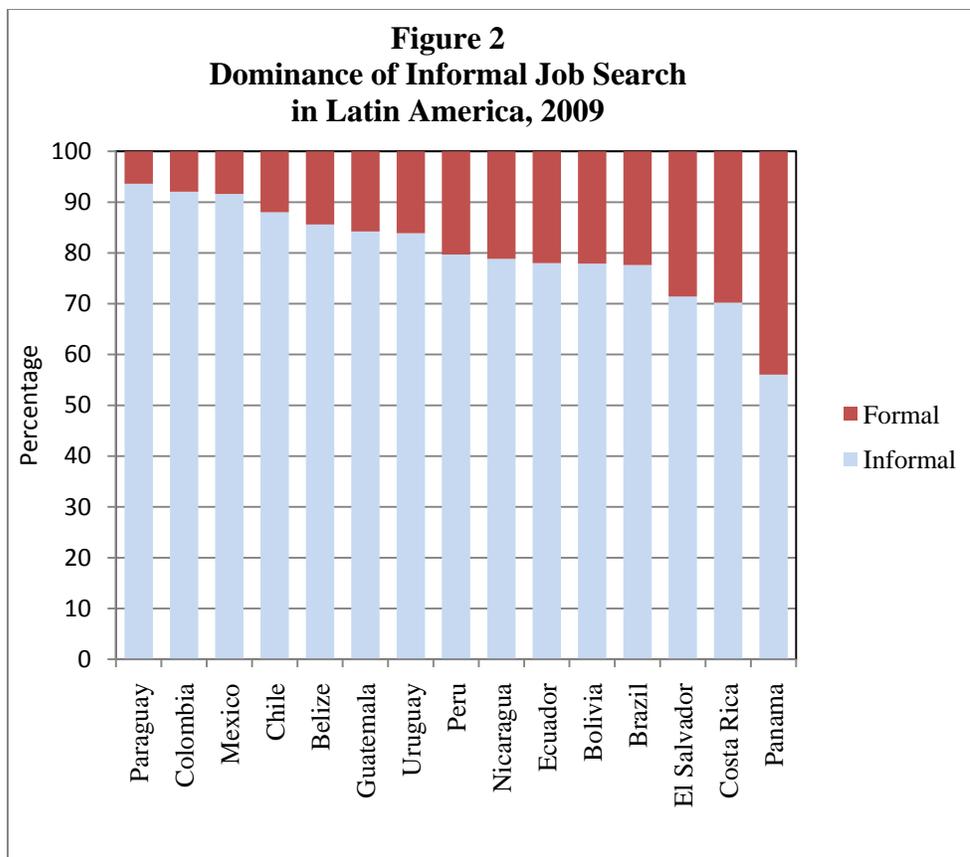
Another concern creating demand for better intermediation is the “mismatch” of workers to employment. Manpower Inc., a global recruiting and intermediation firm, calls this “The Labor Paradox in Latin America” (Manpower Group, 2011) – that Latin America has both a lack of employment opportunities for lower-skilled individuals as well as a talent mismatch, not enough of sufficiently skilled people at the right times to meet employer demands. Manpower’s report found that Latin America led the world in employer dissatisfaction, nearly a third of employers said they can’t find experienced workers (32%) and nearly one quarter find that Latin American workers they find lack the requisite technical skills (24%). As indicated earlier, skill shortages have both an intermediation and a training/education dimension. In the short-term, better and more intermediation would reduce short-term market mismatches due to poor

⁷ Countries in LAC use highly varied definitions of underemployed by hours, including those working part-time but desire full time work and, in some countries, workers working fewer hours than desired, even if over 40 hours/week.

information or location. In the medium term, labor market information systems and employment outreach (e.g. job fairs, employer contacts) by employment services can send medium-term market signals of where future employment growth lies.

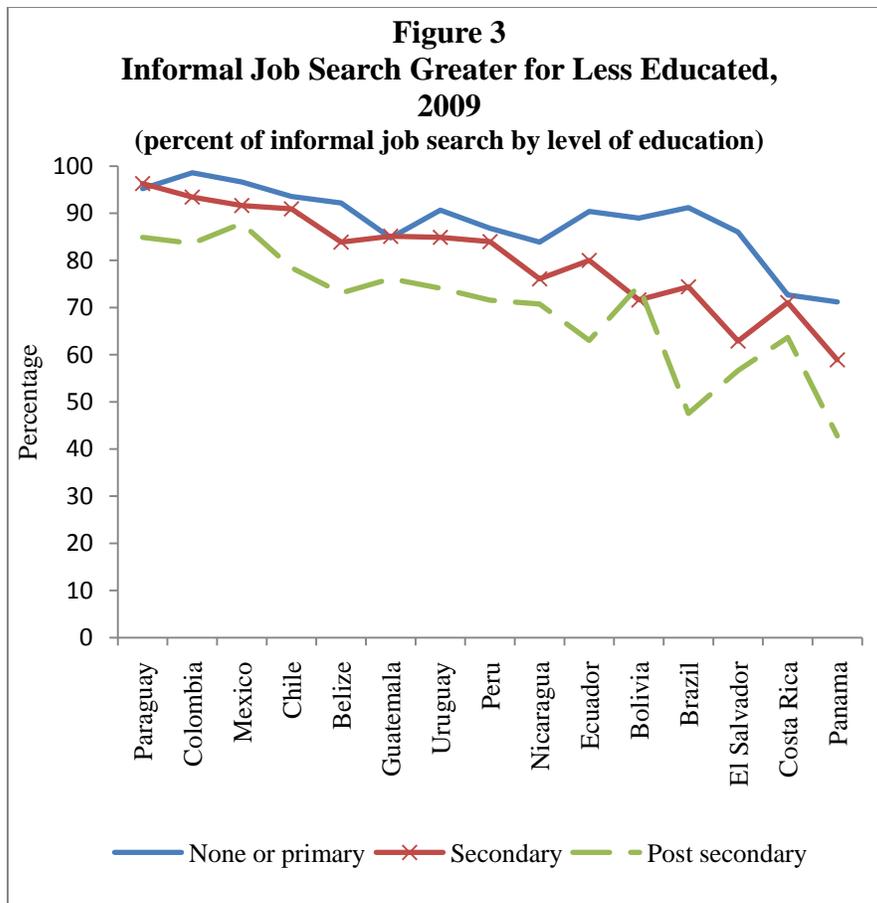
Of particular interest to LAC economies with high informality, recent evidence from Mexico indicates that intermediation services can improve the probability of finding a higher quality formal sector job (Zamora et al., 2011). It appears that intermediation services can play a complementary role in supporting hiring and incentives for formal employment in developing countries by increasing the tools for formal job searches and providing greater transparency in formal job openings. While intermediation and formal job search cannot “create” formal employment, intermediation may still have a role in improving the odds of finding formal sector work.

A review of labor force surveys in the region (conducted for this technical note) revealed the prevalence of informal job searches (e.g. via contacts with friends, relatives, and direct contacts with employers) throughout in Latin America and the Caribbean. These surveys, presented in Figure 2 cover data between 2007 and 2010 (Annex II). They demonstrate that Latin American workers used informal methods to search for jobs on average 70% of the time in Mexico and Colombia and more than 90% of the time in Paraguay. Informal job search, particularly as the principal or only method of job search, is limiting for disadvantaged or low-income workers who have few job contacts and whose search tends to be highly restricted to local markets. However, informal sector workers typically use informal methods (e.g. personal contacts) for job search and, those that do, remain disproportionately in the informal sector (Marquez and Ruiz-Tagle, 2004).



Source: National Labor Force or Household Surveys, various years, 2007-2010, see Annex II

Annex II provides the methodology for these calculations as different Latin American national surveys ask the job search question in different ways. Rarely, for example, are job seekers asked all the methods that they have tried. Furthermore, they may not know which job search method actually got them the job (e.g. one may see a vacancy at an employment service but report it as an informal contact with an employer). What may be more interesting for the LAC context are the inefficiencies of informal job search and their concentration amongst disadvantaged workers. The following figure demonstrates that the use of informal job search is higher for less educated populations and greatest for workers who had primary education or less throughout the region. While those with post-secondary education used informal contacts frequently, OECD research teaches us that the quality of informal contacts and social networks is higher for the more educated and less disadvantaged (Green, et al. 2011 for a review of the studies).

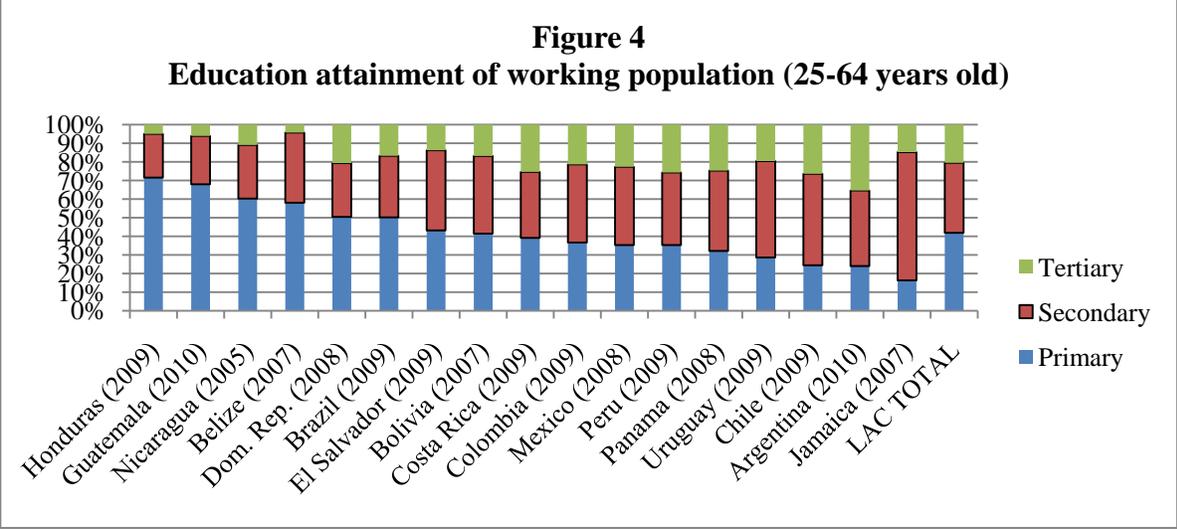


Source: National Labor Force or Household Surveys, various years 2007-2010, see Annex II

Van Hoyer et al. (2009) showed that time spent networking with contacts of lower educational and occupational status can actually have a negative effect on the probability of employment. Similar disadvantages have been found for women in using informal contacts (Huffman and Torres 2002). African American job seekers in the United States had better outcomes from formal methods than informal ones, including the use of social networks and direct employer contacts. LAC economies are characterized by large segments of disadvantaged populations, women, youth, indigenous peoples, and afro-descendants, whose reliance on informal search methods may further reinforce their disadvantage in the labor market.

That Latin America and the Caribbean workforces have larger pools of disadvantaged workers is well recognized; these workers include women, youth and workers with disabilities (estimated at approximately 10% of the labor market), as well as indigenous peoples and afro-descendants (more than half the labor market in countries such as Brazil, Bolivia, and Guatemala). This disadvantage translates into higher rates of unemployment, informality, and

lower wages (Marquez et.al, 2008). A high degree of occupational segregation has been found for afro-descendants, with up to 40% work in low-skilled jobs (requiring low levels of qualifications) (Duryea and Genoni, 2004). Figure 4 demonstrates the educational profile of a large range of Latin American and Caribbean countries, with low educational levels particularly in Central America and proportionally higher levels in Southern Cone countries such as Chile and Uruguay.



Source: IDB’s Labor Markets and Social Security Unit calculations based on household surveys

Finally, while data on rates of job rotation is limited, it is widely argued that Latin American and Caribbean economies have correspondingly high levels of job turnover due to low levels of job transparency and low wages. This high turnover could be decreased with a better fit of workers to jobs (IDB, 2004). Higher job turnover is associated with informality, which is comparatively high in Latin America.

II. Labor Intermediation Services in the Americas in Stages

Latin American and Caribbean labor intermediation services are in very different stages of evolution – from those smaller countries with recently established modern public employment service to the larger countries with longer histories of public service development and private sector linkages. By comparison OECD nations, by and large, have had many decades to develop their labor intermediation systems. It is worth keeping in mind that in no country are such services static. Intermediation services are continually undergoing institutional and service changes to adapt and intermediate in an equally changing and increasingly global labor market. The degree of experimentation as well as financing, however, is clearly greater in OECD nations. LAC employment services, overwhelming “housed” in the region’s labor ministries (Annex I), are developed within particular institutional contexts with distinct histories and challenges.

At present, the majority of LAC countries have some form of a public employment service and overall, the region has seen growth of private and non-profit providers of intermediation services, albeit limited. Annex I provides a listing of all Latin American public employment services; all report to their respective ministries of labor, with the exception of Colombia. While there are some LAC public employment services that can track their origins to the post-World War II period (e.g. Argentina), many more were created in the 1970s and 1980s as part of more state-directed import substitution policies and the creation of state-based training systems, often without a private sector demand orientation. This early disconnect between employment services and private sector demand combined, in some countries, with outright antagonism between the public and private sectors has limited the growth and of both public and private intermediation systems. While most nations were subject to early ILO conventions that prohibited private employment agencies, this convention appears to have had a greater effect in many LAC countries, which drew on ILO labor ministry technical assistance in their early formulation. In addition, the different and shorter institutional histories of public and private employment services in Latin America and the Caribbean should be understood in the context of long histories of authoritarian political systems and state-led economic policies and industries up to the 1970s-80s. Private sector development in many countries was highly constrained or politicized; this further discouraged the development of a meritocracy and a culture of open competition for employment. State-based industries and the government, the largest employers

through most of the 20th century, were often closed and politicized employers, with job changes tied more closely to political cycles than to economic cycles. The demand for intermediation services to serve competitive and merit-based employment vacancies evolved slowly throughout the region; many countries continue to suffer from hiring traditions of poor transparency, limited open information, and politicized hiring decisions favoring elites with “connections.”

Just the briefest look at public and private employment services in Latin America and the Caribbean today reveals substantial differences in scale, role, and performance. It is helpful to understand these different states as “stages” of development, in which LAC systems are evolving from rudimentary beginnings to progressively more advanced services with a wider range of services and national reach toward intermediation as an active labor market policy. Each stage has distinct design, operational and performance features as well as substantial national variation. The objective of the first stage is establishing employment services; the second, advancing these employment services in terms of services and reach towards an intermediation “system” that considers public, private and non-profit providers. A third stage does not yet exist. It is outlined here to envision where advanced Stage Two labor intermediation might be headed in the future based on current regional examples. This staging of labor intermediation services in the region includes suggested performance and evaluation indicators that are appropriate and relevant to each stage. The following table is intended to guide the more detailed discussion of each stage.

Table 4			
LAC Intermediation Systems in Stages			
Stage	Objective	Key Operational Priorities	Countries
1	Establish and implement basic service	<ul style="list-style-type: none"> ▪ Establishment of computer-based “intake” system for job and job seeker registry ▪ Creation of a private sector strategy to attract employers to use the service 	Bolivia, Paraguay
2	Expanding employment services, coverage and effectiveness	<ul style="list-style-type: none"> ▪ New services tailored to national employment contexts, national employment barriers ▪ Management restructuring, creation of “single window” services with case management of clients ▪ Expansion of performance, monitoring and evaluation systems 	Perú, Colombia (2a); México, Brasil, Chile (2b)
3	Greater integration of social, labor and economic policies	<ul style="list-style-type: none"> ▪ Greater integration and expansion within the creation of national systems of intermediation (e.g. greater links between public and private providers, expansion of markets) ▪ Repositioning of intermediation service within a human capital development system and greater productivity (e.g. integration and linkage with conditional cash transfer programs, school to work, and work-based training) 	None

A. Stage One: Establishing Employment Services

A surprising number of LAC countries – predominantly the lower income and smaller nations – can be characterized as establishing (or re-establishing) the fundamentals of a public employment service, registry of job vacancies, and services of job placement. These countries include: Honduras, Bolivia, Paraguay, and Guyana. Stage one countries may have had public employment services “on the books” for decades, but with as few as 50 to 100 job vacancies and

the services confined to an ill-equipped office in the capital city they typically languished unused, with little connection with private sector employment. Paraguay, which is now embarking on an investment in a network of employment centers, had job listings as recently as 2010 fewer than 100, largely for domestic service positions (e.g. cleaning), all concentrated in Asunción.

At the first stage, a country is concentrating on providing a “core” set of employment services. These include: a registry of job vacancies; a registry of job seekers; and job counseling, referral and placement services. Concentrating on developing these core services is essential for establishing a new and credible relationship with employers. If job vacancies remain limited or are too highly concentrated at minimum wages, job seekers will ultimately be discouraged from using an intermediation service; employers will be equally discouraged about getting any assistance in finding the numbers and quality of workers they require.

Job fairs have been used extensively by LAC countries in Stage One to expand on a “one shot” basis the range of employers using intermediation services. However, job fairs can be made, more systematically, an integral part of employer outreach, organized thematically around new employers or particular labor market targets, as in many OECD countries. Jobs offered at such fairs must be registered in the national or local database so that systematic follow-up can be undertaken. Some Latin American services have been using job fairs more strategically. For example, the regional office of Mexico’s Yucatan state (Quintana Roo) organized a successful job fair targeting unemployed university graduates, which served to expand the service’s employer base (Kappaz and Cavallo, 2009).

1. Key Operational Functions in Stage One

Two operational functions are particularly critical at this stage to insure the platform necessary for future expansion. First, **an efficient and computer-based “intake” system** needs to be established to register both job seekers and employers. Ideally, job counselors in walk-in offices should be used principally for the counseling and placement. However, in many Latin American and the Caribbean countries, job counselors have been compelled to do basic data entry for job seekers and sometimes employers. Stage One countries need to establish conditions for self-registry, if possible, or designate administrative personnel who enter data into the system, which can be reviewed by job counselors. Costa Rica, another Stage Two country, established its intermediation service from the outset with a high degree of employer and job seeker self-

registry (author interview with Costa Rican officials, September 2010). While the amount of self-registry (via internet or computers in centers) within any individual should reflect the nationwide level of technology usage, this is distinct from basic computer registry of jobs vacancies and job seekers. The continued use of paper registration of job seekers and vacancies is unrealistic for a viable exchange service in today's economy.

The second critical Stage One function is a **strategy for establishing contacts and job registry with employers**. A service needs to develop a critical mass of job listings, at both the high and low ends, to gain credibility with employers and overcome past negative stereotypes. Operational and staff decisions follow from a strategy. How do employers currently find employees? What sectors/employers might be most likely to need intermediation services? An understanding of demand conditions in a given nation should be coupled with current private sector practices. Do employers use associations to register jobs? Are employers organized to register jobs on line or are face-to-face relations the better way to reach employers? A strategy for expanding private sector contacts should include both identifying how and who might best be used to reach employers. *Even at this early stage, this might not mean a principal reliance on expanding the public service.* Honduras, a Stage One service in 2004, made a major leap in coverage and program operations by developing a network with the chambers of commerce; their offices now exceed those of the public service (see Box below). In order to provide the core set of services, Stage One countries rely either on opening new walk-in centers of the public service or tapping existing networks of regional offices, building a more decentralized or network-based service. Only a few systems in the region, Chile and Costa Rica in particular, began the renovation of their intermediation functions in a decentralized manner, consistent with national approaches to service delivery. The key issue is the ability to maintain consistent quality, standards and oversight. Chile (now Stage Two) found that the decentralized nature of regional OMILs (Municipal Offices of Labor Intermediation), which were legally bound and run by local governments, led to a wide range of quality and limited use of the service in different areas of the country (Velásquez-Pinto, 2011b).

Honduras' Private Sector Strategy:

Expanding Coverage and Job Listings Using Business Chambers

Honduras, among the poorest nations in the region, had only the basic shell of a national employment service (*El Servicio Nacional de Empleo de Honduras – SENAEH*) seven years ago. In 2004, there were fewer than 200 private sector companies on SENAEH's list of job openings and fewer than 4,000 people were served per year. In less than seven years, Honduras has made a big jump to more than 10,000 companies registered in the SENAEH and 23,000 people served in the year of 2011. Honduras has demonstrated how to make a leap in coverage, number of offices, jobs offered, and people served by developing a strategy in collaboration with the private sector.

Doing more with less: Public-Private Labor Intermediation Services

In 2005, the Ministry of Labor and the Honduran Business Council (*Consejo Hondureño de la Empresa Privada – COHEP*) signed an agreement to implement a public-private labor intermediation service. Through this arrangement, business chambers are responsible for running the employment offices and for providing the staff and physical space while the Ministry of Labor is responsible for providing the computer, software, office supplies, access to the electronic labor exchange platform (called *Empléate*) and training for the staff. Having an employment service run by business chambers provides easy access for companies to use the service, while simultaneously cutting government spending. No resources change hands with this arrangement.

Training that matches the needs of the firms: A Youth Training Initiative

The business chambers and the Ministry of Labor also jointly established a youth training program (called *Entrenamiento para el Primer Empleo – EPEM*) to help young job seekers who are registered in the employment services find jobs. Trainings are offered by the firms, which provide the instructors and physical space, while the government funds the students' stipends. After graduation, youth are placed with the companies that provided the training. As firms allocate time and money for training, they have a vested interest in offering courses that are relevant for the job market. This is a win-win situation for companies and for the government. Companies have more qualified and productive workers and the government has a better workforce while spending less.

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There has been limited analysis of the factors that should determine the level of investment needed and the number and placement of employment services. These should include:

- Location of “walk in” services. These are often established where public agencies already have offices, rather than in preferred high traffic flow areas, such as malls, downtown business areas, accessible by public transport.
- Housing of walk-in employment centers in shared spaces with Ministry of Labor regulatory offices. This should be avoided in all cases as not only discourages employers from walking in to centers, but also creates a negative image of a job registry linked with regulatory oversight.
- Before renting or purchasing space for walk-in centers, locational study and analysis should be conducting, seeking to maximize convenience for both job seekers and employers (e.g. located in city centers, shopping areas, near or within Chambers of Commerce, and with ease of access to public transportation).
- Use of innovations for rural, remote areas (e.g. mobile vans, shared facilities with local governments or the private sector). The state employment service of Jalisco, on Mexico’s west coast, invested in a mobile van, which sets up shop in the main squares of more isolated communities on specific days of the week. The van is equipped with computers and counselors and can match job seekers to the local job vacancy database or local training opportunities on the spot.

Finally, there are countries in the region, such as Haiti, who could be categorized as pre-Stage One. In these countries, intermediation may be performed as part of a training program or performed by non-governmental organizations or the private sector, but there is no systematic organization of intermediation on a national basis.

2. Stage One: Variations and Future Considerations

In Latin America, substantial variability can be seen in the use of training incentive programs as a key feature of intermediation services (e.g. Panama, Bolivia, and the Dominican Republic), the use of self-registry from the outset of the service (e.g. Costa Rica), and the internal management of walk-in centers. A clear weakness of many Stage One systems in the region has been poor computer-based intake systems and limited efforts to bring in employers. Without both “jump starts” in management and client base, a public service can languish in Stage One, unable to

overcome impressions that the public service serves only limited numbers of low-skilled workers.

Limited consideration has been given to public-private partnerships and networks in the early stages of developing an intermediation service (Mazza, 2003), with the exception of El Salvador and Peru in the late 1990s. OECD nations have pursued these innovations often decades after well-established public employment services languished at low levels of efficiency (Struyven, 2004). Developed nations, however, have had the advantages of more developed national markets for both independent search and private providers, more defined social safety nets for the unemployed and larger budgets. It is important for LAC Stage One services to consider early partnerships and networks with existing private and non-governmental providers, particularly in national contexts where employers have lost confidence in public services and have organized some form of private intermediation.

3. Performance and Monitoring for Stage One

Employment services in their earliest stages in Latin America and the Caribbean must place a high premium on institutional development and the establishment of new relationships with employers and job seekers, often in difficult national contexts where formal intermediation is relatively poorly known, particularly for low-skilled workers. Stage One systems must concentrate efforts on establishing an institutional framework and achieving standards of quality and coverage in job insertion, before employing more advanced performance measures and systematic econometric impact evaluations on its beneficiary pool. The following box lays out a set of performance and monitoring indicators, which emphasize an evaluation of processes in Stage One and creating the platform for higher quality evaluations in Stage Two. The greatest institutional challenge encountered by most LAC nations is developing the information systems that will permit the basic registry of job seekers and the tracking of labor insertion.

Stage One: Monitoring and Evaluation

Setting the Foundation for Monitoring and Information Systems

- Development of monitoring systems to measure and monitor job seekers and job vacancies is job one in Stage One. Such a registry provides the basis for meeting Stage One performance indicators below.
- Administrative data systems should be developed to monitor efficiency and effectiveness of the service and its local offices and their processes, including measurement of number of personnel attending clients, and the number/type of clients. These systems can be expanded in Stage Two to enable more serious cost-benefit analysis.

Performance Indicators

- Number (or increase) in job vacancies registered
- Number (or increase) in job seekers registered
- Improved range of job vacancies registered (particularly higher income)
- Rate (or increased rate) of labor market insertion (workers in new employment supported by the employment service)⁸
- Clients served per counselor⁹

Evaluation Types

- Process evaluations
- Administrative and systems evaluations
- Performance evaluations comparing regional offices
- Impact evaluations (for training programs run by employment services, assuming the ability to construct a viable control group).¹⁰

B. Stage Two: Expanding Employment Services, Coverage and Effectiveness

An important cohort of the largely middle-income LAC countries now deliver the core services of a Stage One intermediation service and have entered a second stage of launching diverse strategies aimed at expanding the services, coverage and effectiveness of a public employment service. These are part of a growing set of public and private intermediation providers, which are developing into national intermediation “systems.” Criteria for determining whether a country has entered Stage Two include: at least five years of developmental investment; an established

⁸ Many LAC employment services seek to measure labor market insertion rates before setting up the administrative and follow-up mechanisms to do this accurately. Informal methods of relying on job seekers or employers to call back the counselor if they have gotten employment will notoriously underestimate the effectiveness of a service.

⁹ Presumes that monitoring system assigns and tracks counselors to clients.

¹⁰ Establishing control groups for employment services is often difficult without tools such as quarterly panel data, monitoring systems, follow-up surveys of beneficiaries; these are not readily available in LAC countries in these early stages.

set of capital city and regional offices; monitoring and evaluation systems to record jobs obtained as a result of their services; and evidence of an expanded range of programs or services (e.g. training programs, labor information systems, and specialized services for employers). Most of the Stage Two countries have been clients of Inter-American Development Bank investment loans, grants or technical assistance including: the Dominican Republic, Panama, Peru, Mexico, Chile, Brazil and Colombia.¹¹ These countries should be seen on a continuum of both scale and resources, as many Stage Two countries are still consolidating their services. Three of these countries, Brazil, Chile and Mexico, should be considered advanced in Stage Two (Stage Two B) for the scope of national coverage, system size, and range of services offered. Chile, while comparatively smaller in coverage (although not in number of offices), should also be considered Stage Two B given its service innovations and linkage to social programs.

All Stage Two countries have established the core services as outlined previously and are advancing to greater national and regional coverage, implementing new services, and concentrating on improving effectiveness. It is here in Stage Two that more extensive adaptation to national economic contexts occurs and where greater utility in examining lessons learned both from OECD nations but also other developing country systems takes place. This section, therefore, incorporates a range of lessons from OECD nations as well as the Latin American and Caribbean region. The Labor Markets and Social Security Unit of the Inter-American Development Bank currently maintains a network of 14 Stage One and Two public employment services in the region to facilitate technical exchange. The key overall objectives in Stage Two are: expanding coverage, improving effectiveness, and creating more integrated national intermediation “systems” that include public and private providers.

1. Stage Two: Creating National Intermediation “Systems” with Public and Private Providers

Most critical for LAC nations in Stage Two is to begin to see the intermediation function between job seekers and jobs as a “market” of public, private, and non-profit providers in which independent job search is facilitated. In developing countries, a public service can be seen to serve both a catalytic and foundational role. In keeping with this understanding, Stage Two should not be seen as simply expanding a public service, particularly in a LAC context where

¹¹ Brazil and Colombia have received technical assistance only; Colombia is currently in an early phase of defining potential loan assistance in labor markets.

scarce fiscal resources will always constrain the size and reach of a public employment service. Rather, countries should see this stage as building towards an intermediation “system” that includes private and non-profit providers. Such a system could potentially include the following features: extensive information sources to facilitate independent job search; increasing transparency of job vacancies; reduced costs of hiring and firing; better linkages between training, education and jobs; reliance on the dynamism of private sector providers in niche markets; and increasing use of competency standards in hiring and training to send market signals.

Mosley and Sol argue that many OECD countries have gradually substituted the public employment service with private providers over the last two decades, first for special groups but more recently for the more basic placement functions (Mosley and Sol in Sol and Westerveld, 2005). Even in the case of the advanced countries, however, they needed to go through years of experimenting and stimulating a private intermediation market. There is no overarching economic theory guiding the shift from a hierarchical public sector governance structure to a contract-based one, but theoretical perspectives drawn from public choice theory and “new institutional economics” focus on transaction costs (Mosley and Sol in Sol and Westerveld, 2005, World Bank, 1995).

The “system models” being developed in the OECD span a great range and include:

- Completely privatized intermediation (e.g. Australia’s Job Network);
- Privatized model for the long-term unemployed and reliance on a public employment service for the recently unemployed (up to 12 months) (e.g. United Kingdom, Freud 2007);
- Mixed public-private models;
- Wide ranging private and NGO market with smaller (comparatively) and highly decentralized public employment service linked with unemployment insurance (e.g. Switzerland);
- Reliance principally on private provision with distinct state-level capacities (e.g. the United States).

Latin American and Caribbean systems are emerging in Stage Two to develop their public employment services in the context of distinct roles for private providers, although not to the extent of Australian system. National private and non-profit “markets” to intermediate jobs

between employers and workers have been more limited in LAC countries for many reasons, including levels of development and size of markets. Some LAC labor markets also evolved in the context of public-private sector antagonisms and traditions of less open hiring (Velásquez-Pinto, 2011).

One of the strategic considerations in the development of national intermediation “systems” is the question of contracting out to private and non-profit providers. Private and non-profit providers, based on OECD experience, are considered better at “innovating, replicating successful experiments, adapting to rapid change, abandoning unsuccessful or obsolete activities and performing complex or technical tasks (Osborne and Gabler, 1993 as quoted in Finn 2011a). Non-governmental organizations (NGOs), too, are believed to have added capacity for building social capital or social linkages that may better meet the needs of disadvantaged groups or permit greater tailoring to special employment needs.

There are, however, some concerns and risks associated with the use of private providers. The two principal ones are “creaming” – that private providers will pick the easiest job seekers – and “parking” – that the most difficult to place will get the minimum of services. These two concerns are also the same for public providers and OECD countries have created performance and incentive systems to control for these risks. Incentives such as improving the quality of placement, measures for longer term job retention, higher wages, and jobs with benefits help to mitigate these risks and improve delivery (UKCES, 2010). For example, Australia’s extensive star rating system rewards and pays a premium for the hardest-to-place and requires private providers to take the easiest clients but receive no payment for them (Carters, 2010).

A secondary set of considerations regards the potential for fraud and corruption (also a potential in public provision). Critics say the profit motive may reduce services to clients (Considine, 2005 as quoted in Finn, 2001b). In the decentralized US system, contracting out to large providers of “welfare to work” programs in certain states has raised concerns about potential malpractice, poor provision of service, and misappropriation of funds (Bryna Sanger, 2003, DeParle, 2005 as quoted in Finn 2009).¹² El Salvador experimented successfully earlier in the decade with closing its public service and contracting out to a non-profit provider, rapidly expanding listings of small businesses and creating a unified intake system (Quiteno, 2009);

¹²Of note, welfare to work is a more comprehensive and complex contracting than that for intermediation alone.

however, these gains were later reversed with a return to the public service. Chile has also experimented with contracting out models. One of these, specifically for coal miners, paid a bonus to private providers for quicker labor market insertion (Multilateral Investment Fund, 1991).

Central to contracting out to private or non-profit providers is the use of performance-based contracts, which ties payments to providers to the results achieved in terms of finding jobs for clients and keeping them in jobs over the medium-term. While possible, public employment services have less frequently had their budgets tied so directly to performance criteria in order to maintain regional or distributional balance. Ceará in Northeast Brazil (see following Box) provides an example of dramatic gains in client numbers and efficiency with the use of a non-governmental provider for the state service.

Comparing evaluations and evidence regarding private sector provision and performance-based contracts is challenging and many OECD contracts seek a multiplicity of goals beyond simply labor market insertion. Section three reviews this literature, which can be summarized as generally positive, with new approaches working better for some claimants than others; performance and efficiency improvements are mixed (Finn, 2011a).

Greater incorporation of private and non-profit providers can take on a range of forms, including but not limited to direct contracting out of services. These distinct forms all have a similar intention of expanding or making more efficient supported or independent intermediation. Emerging from decades of constrained private markets, new lines of activity for Latin American systems in Stage Two are emerging or being considered. These include:

- *Linking public, private and non-profit providers in a network* to share vacancies and placements (Lima, Peru experiment in late 1990s, Mazza, 2003, showed the network produced more listings and greater job insertion rates for all three types of providers);
- *Expanding information and promotion of labor exchanges of private and non-profit providers and specialized labor exchanges* (e.g. via Chambers of Commerce, job fairs, joint publicity, and promotional events in large public gatherings)
- *Comprehensive electronic linkages via national employment portals*, such as Mexico's *El Portal de Empleo*, which links national and regional job registries along with an extensive labor market information system on one website to support better career and employment decision-making (e.g. support to independent and assisted search) (see box)

- *Direct contracting of the private and non-profit sectors for intermediation services.* Latin America and the Caribbean have used contracting out models more extensively in youth training (e.g. Chile, Peru, Dominican Republic, Argentina), although the principles and procedures are similar with intermediation services
- *Promoting independent job search instruction via training or on-line guidance; and*

Improved Efficiency Through Partnerships With NGOs: The Case Of Ceará, Brazil

Ceará is one of the poorest states in Brazil with the lowest labor force participation rates in the country. In 1998, Ceará's public employment service (SINE) started a partnership with *Instituto de Desenvolvimento do Trabalho* (IDT – Work Development Institute), a non-profit organization. Since then, the public employment service has considerably improved its efficiency, with increases in the number of offices, jobs offered, and job seekers served and placed. In 2008, SINE/IDT Ceará offered 233,423 jobs (in comparison with 124,394 in 2002) mostly in the services, manufacture, civil construction, and retail sectors (Matos, 2009).

SINE/IDT Ceará has the highest placement rate in Brazil. In 2007, SINE/IDT Ceará placed 46.6% of the workers registered, while the rest of the country placed only 17.5% (Moretto, 2009). SINE/IDT was also awarded the certification ISO 9001:2008 for its management efficiency. Some of the main reasons for the success of SINE/IDT Ceará include:

- Management and financing model. IDT executes all of SINE's functions and runs all of the employment offices with public resources from both the state government and the Federal Ministry of Labor. A yearly contract between the IDT and the government of Ceará's Labor and Social Development Office (*Secretaria de Trabalho e Desenvolvimento Social - STDS*) establishes performance indicators and monitoring mechanisms. Under this contract, IDT has to report to STDS on its intermediation services monthly.
- Close collaboration with the private sector. SINE/IDT Ceará places more job seekers in larger companies (more than 100 employees) than the rest of the country (Matos, 2009). Many companies use SINE's facilities for their selection process and its 38 offices around the state of Ceará, with their modern facilities, have a private sector appearance.
- Wide range of services offered. SINE/IDT offers an active list of job vacancies and seekers, job counseling, training, information and registry for unemployment insurance, centers for self-employed, counseling for micro-entrepreneurs and access to microcredit, special programs for youth and disabled, and research on labor market trends in Fortaleza.

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- *Support or linkage with university-level career guidance professions.*

Each of the key operational considerations elaborated below for Stage Two should be undertaken with an eye to an expanded role of both public *and* private/non-profit providers, with both variety and innovation tailored to national contexts.

2. Key Operational Considerations in Stage Two: New Services and Management Restructuring

To serve the objectives of Stage Two – expanded coverage, services and efficiency – the following key operational features seek to achieve these in a comprehensive way. Again, the incorporation/role of non-profit and private providers should be considered as a means to achieve these expanded operational roles.

- a. New services tailored to national employment contexts/employment barriers.

With core services established, the effectiveness and reach of both public and private services rest on both an improvement of core functions (below) and expansion of effective “extended” services that serve to address specific employment barriers, serve disadvantaged populations, and strengthen core services (as with training incentives and services to employers).

These extended or advanced services (see Table 3) often fall in four broad groups: (i) specialized services to firms; (ii) specialized worker/jobs programs, such as migration; (iii) training programs and referrals to training; and, (iv) social services (including unemployment insurance). Following are a range of examples encompassing these four broad groups:

- (i) *Specialized services to firms* offer services directly to employers, often on a fee basis. The most specialized employer service is direct recruitment and referral (e.g. screening candidates and setting up interviews, particularly useful for small firms that do not have human resources officers to perform this function). Colombia’s employment service has undertaken direct recruiting for Spanish firms in agriculture and retail. Jamaica permits an overseas employer to locate their recruitment office in Ministry offices. Employer services play a dual role as they help strengthen ties with private employers to get job listings while bringing in needed revenue.
- (ii) *Administration of worker services or jobs programs/migration.* A number of public employment services in Latin America and the Caribbean have become

“platforms” for administrating specialized jobs programs for groups of workers with specialized needs (e.g. returning migrant workers, persons with disabilities) and for overseas employment. Mexico’s National Employment Service (*Servicio Nacional de Empleo– SNE*), which has 20 years of experience managing temporary agriculture worker programs for work in the United States and Canada, has recently expanded into tourism jobs in the United States.¹³ (In some countries, such as Jamaica, an overseas migration program is operated out of a separate section of the Labour Ministry). *Wage subsidy/stimulus programs* are less frequently used in Latin America and the Caribbean than in the OECD countries. Here a service may provide an incentive for private sector hiring with a partial wage subsidy¹⁴ on a transitional basis with performance benchmarks for hiring a large percentage of the partially subsidized workers. This instrument has been utilized in Latin America to cushion employed workers salaries in response to short-term economic crisis. The Mexican National Employment Service converted its short-term training subsidies (*Becate*) into an instrument to cushion the wages of tourism workers affected by the swine flu crisis. The use and adaptation of such instruments helps strengthen its relationships with local employers, with the potential for generating future job vacancies and trainee slots after recovery (Mazza and Fernandes Lima da Silva, 2011 and Dureya et al., 2009).

- (iii) *Training (youth and adult) for labor market insertion* is the most prevalent extended service in Latin America and the Caribbean, particularly adapted to a developing country context where a public service may have limited contacts with the private sector and job openings are infrequently advertised. Firms in Latin America and the Caribbean have been found to benefit from a “demonstration training period” of 1-3 months prior to making a hiring decision that they might have forgone without the training incentive (Ibarrarán and Rosas-Shady, 2009). Two technical notes on youth training and (adult)

¹³ In some countries such as Jamaica, overseas migration programs are run by separate Ministry of Labour units apart from the national job exchange.

¹⁴ Either as declining percentage of the daily or weekly salary or front-loaded as the first 1-6 months (OECD levels) of salary.

training in firms parallel this note and provide a comprehensive review of these types of programs, often executed directly by national employment services with private sector incentives (González-Velosa et al., 2011 and Huneeus et al., 2011).

- (iv) *Social services delivery or referral*, particularly unemployment insurance, is more commonly found in OECD systems than in LAC systems. In Swiss public employment offices, the unemployed can register for benefits and receive job search support and monitoring via an assigned job counselor as a condition of continued benefits. The unemployed in Barbados must go to the employment service to register for unemployment insurance, which then permits access to job listings and a job counselor (Mazza, 1999) The use of public employment services as a “gateway” or link to other needed social or labor services provides greater opportunities to expand the client base and more efficient assistance coordination (see “single window” discussion in the next subsection).

This listing of extended services and programs should not be considered definitive. The key to improved coverage and effectiveness in Stage Two is the development of services or supports that address the employment barriers faced by the unemployed in a particular regional market either as groups with specialized needs (e.g. single mothers, persons with disabilities, re-entering migrant workers) or individuals with specialized barriers (e.g. access to transport, alcohol or health-related constraints). Public employment services appear to be better designed to address group-based barriers than individual barriers given potential bureaucratic and legal constraints in the use of public resources that make it politically difficult to maintain different levels of services at vastly different costs for different job seekers. Without sufficient flexibility in determining costs and services per job seeker, public employment services might find themselves stuck with a menu of services too costly or less relevant on a per beneficiary basis. In a number of OECD countries, performance-based contracts pay private and non-profit providers for outcomes (e.g. length of time in new employment, quality of job) rather pay by service (e.g. training provided). This more open approach to achieving good employment outcomes has led to new types of services created for the intermediation toolbox. The United Kingdom experience of employing a “black box”, which defines performance ends for private providers but not the

Out of the “Black Box”:

Innovative Job Hunting Services by Private Providers in the U.K.

What kind of services, tools would be used if a private provider were paid solely on performance – getting and keeping someone in a job for 13 weeks and longer – rather than prescribing exactly the service to be provided? “Black box” service provision, laid out for experimentation in the United Kingdom in a 2007 report by David Freud, provides some insights. Freud reasoned that if private providers were given incentives to get results it might lead to all kinds of “services” unimaginable to the public sector. If these services did not work, the private sector had incentives to stop them, change them, or innovate. Payments are small when clients are referred, but more considerable once an unemployed worker remained in a job for 13 weeks or longer. Public funds, therefore, are utilized not only to help the worker find a job, but to cover other costs related to helping them keep a job, including such services as gym membership and child care supplements.

Louise Young, director of International Relations for Ingenus, describes some of their lessons and innovations (Mazza, 2011b). Young says it is important not to see the private sector as doing the public sector job more cheaply, but doing a different kind of job – in this case, more individualized assistance with great variety in level of service that simply would not be possible for the public sector given its bureaucratic procedures and orientation to more equal benefits. Some of the lessons from Ingenus as a provider in high unemployment areas include:

- Making the Job Interview Successful – expenditures for new suits, transportation costs to an interview, a painted toolbox, and one-on-one mock interviews were deemed more effective for job placement than longer-term training.
- Address the Serious Social Problems – alcoholism, drug addiction, mental health issues were behind many of the long-term unemployed; treatment or referral to social services is likely essential.
- Getting Creative in a Recession – techniques that work in boom times, are not necessarily the ones needed in a recession. Strategies included handing out CVs at shopping malls and cold calling employers, when there were fewer job advertisements.
- Encourage Job Seekers to Hang around the Job Center – Ingenus uses an open floor plan so that job seekers are not isolated with their counselor. They also encourage job seekers to stay and use the free computers, phones, and fax. They even provide free tea and coffee, and sometimes even lunch.
- Use Small Payments Effectively – small support for transportation, lunch or a babysitter can get a job seeker to a regular appointment with a counselor or to an interview

means has led to varying series of low-cost, flexible and individualized services (See Box). Innovations include the use of childcare subsidies, paying for business attire and trade tools, and mass marketing at local shopping centers. It is also worth noting that providers utilized less training because of high costs and lack of effectiveness in terms of getting clients into jobs.

b. Management Restructuring: Creation of “single window” services with case management of clients

In searching for employment, one method does not fit all. A crucial element for better outcomes with greater efficiency is to serve a growing number of clients with the appropriate mix of services delivered in a streamlined fashion. In Stage Two, this efficiency and quality “leap” is typically made via two principal and sequenced tasks: first, a simplified and unified client registry and service delivery, often called a “single window approach.” Converting inefficient public services to single window management is a multilayered and major undertaking that Mexico and Peru are now facing. This includes among other key tasks: increased use of technologies for self-registry, new facilities and equipment, and human resources restructuring (Bent et al., 1999). Only with the management innovations in a single window approach can systems in Latin America and the Caribbean move towards the second task, implementing a case management approach where counselors can tailor a menu of services and job search techniques to client needs (Finn, 2011b).

Without this step, LAC public employment services in early Stage Two will continue to be constrained in their ability to substantially expand service provision and efficiency, discouraging job seekers by inefficient processes, long waits, and a mismatch between their needs and the services offered. There is almost no systematic training of job counselors even in LAC countries in Stage Two and most find themselves using valuable time to enter basic information into a computer. Few to no Latin American public employment agency has an information system that permits the job counselor to see the number of visits of a particular job seeker, design a strategy for search, or set up appointments. LAC systems will not likely have the resources to evolve to such an extensive case management system in the near future; however, *current* service provision can be reorganized to permit more clients to be better served with the same level of resources. There are a number of critical elements of a more efficient management system, drawing lessons again from OECD countries:

- A database and information system capable of recording client job-relevant information, visits to employment services, strategy and follow-up of job search;
- A simplified intake system for registering clients and companies in this database;
- Facilities for self-service registry, self-service use of computers (e.g. Costa Rica) and call-in telephone service;
- “Work Flow” reorganization so that clients are immediately attended to and basic information is input by administrators if not by the job seekers themselves;
- Organization of job counselor functions, potentially permitting counselors to specialize in certain types of occupations, registering both vacancies and job seekers so that they are in continual contact with sector supply and demand.

The key features of (i) single window management; (ii) one stop shops, (iii) expanded technology, (iv) case management, and (v) human resources restructuring and training are briefly described below.

i. Single Window Management. As intermediation services expand both in client numbers and the available range of products, effectiveness will center on their ability to deliver more services to more people in an easier and more streamlined fashion. A single registry of beneficiaries for all interventions enables employment services to track each intervention with a job seeker and improve the monitoring and tracking of employment over the long term. Single window management, called “*Ventanilla Única*” in Spanish, has been increasingly implemented across OECD nations in distinct forms, with most single window administration systems combining active labor market policies with other social and economic interventions (Finn, 2011b). A single point of entry with a single registry of beneficiaries in a walk-in employment center is only the first step, as then a range of services are then integrated and more efficiently delivered via this initial registry. The restructuring involves physically renovating and relocating facilities for greater access by employers and job seekers and reorganizing human resource functions to enable more attention to clients.

The United Kingdom called its consolidation “One” terming it a “single work focused gateway” bringing together employment services, social benefits authority, and local government programs. The UK tested different models of the “One” service – a basic model, a call center variant and versions delivered by private and NGO providers, finding that a one stop shop model might not fit all regions.

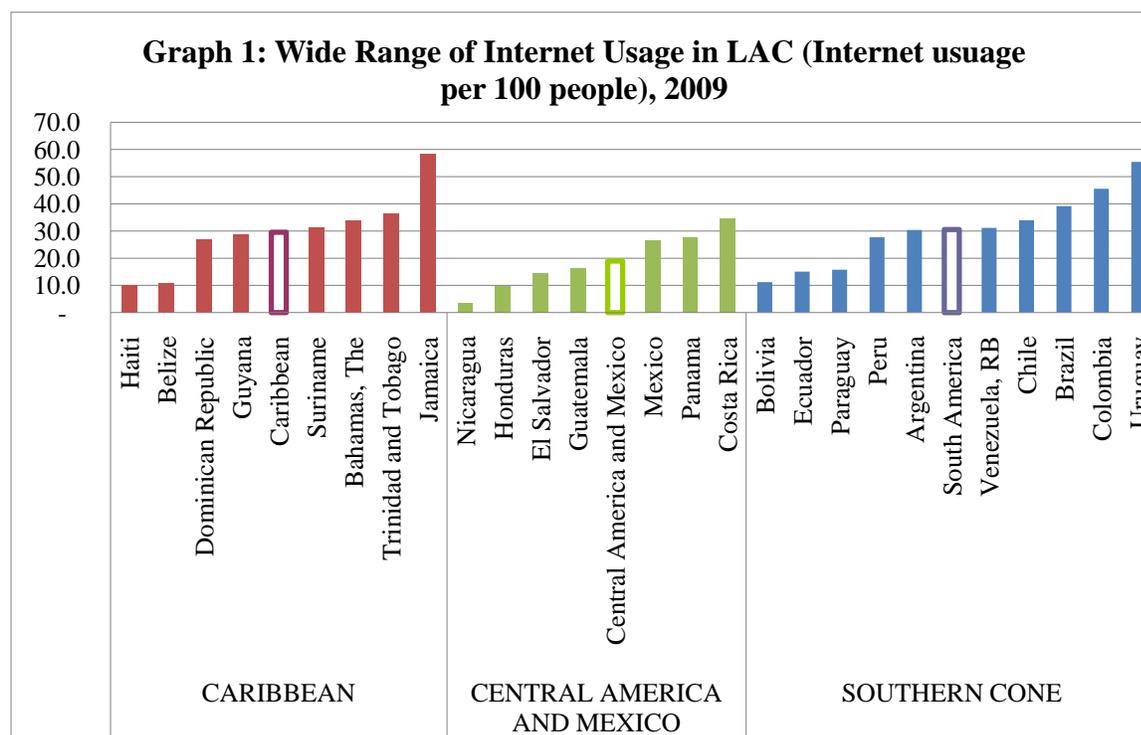
ii. *One Stop Shops*. Often confused with their more ambitious cousins, single window management, one stop shops can operate at simple and more advanced levels of integration of services. Many OECD systems and localities place the job exchange function within a “one stop” shop facility – a place where a range of active labor market and employment services can be accessed in the same location (both virtual and physical). One stop shops in OECD countries have expanded well beyond labor markets programs to include, for example, registry of new businesses and support to microenterprises (see Box on U.S.-Virginia One Stop Shop). As a first step, LAC countries in Stage Two can consider housing existing active services (training and intermediation) and passive ones (such as unemployment insurance, if available) in the same physical location prior to integration of services across different ministries and implementation of a “single window” administration, a more advanced form of a one stop shop.

One Stop Shop: Falls Church, VA USA: A Multilevel Approach

The American One Stop Shop - Skill Source - located in Northern Virginia, close to the U.S. capital of Washington, DC is an example of what can be gained through housing services together and renovating facilities to welcome job seekers. Skill Source is a partnership of local employers and local government with its own governing board but with strong links to national programs and services. Each floor presents a different set of services of interest to job seekers, whether they be youth looking for their first job or experienced workers looking to start a business:

- First Floor - a teen center with computer facilities allows youth to access employment information, get homework help or participate in afterschool activities, or just “chill” as teens say in the United States.
- Second Floor - houses the main employment center where job seekers can meet with job counselors, access computerized job listings, work on their resumes and print and photocopy for free. Counselors help provide access and determine eligibility to a range of social programs including unemployment insurance and on the job training.
- Third Floor – offers small business services for start-ups and existing businesses, with counselors, information on resources and other programs and training programs. This program is not a federal initiative, but a local one supported by local financing but given space in the one shop.
- Top Floor-here are located other social service agencies, particularly for young mothers. It used to have a daycare facility but today serves more for information on federal and other programs.

iii. *Self-Registry/Technology Advances.* Across OECD nations, there has been a steady trend towards the implementation of online and self-services to concentrate resources and job counselor attention on the more difficult to reemploy. In countries with high internet usage, facility for self-registry and self-service could be cost-effective, as in OECD countries. In Ireland, a majority of job seekers use the online facilities or numerous self-serve kiosks located in employment services offices, training facilities, and in some local governments. These kiosks, expensive¹⁵ even by an OECD standards, permit job seekers to search available jobs and training programs by location, occupation, skill level needed, salary and other factors; print out the applicable vacancy; and apply for jobs directly (Mazza, 2010). Appointments are then made to see a job counselor who works with the job seeker on a more medium-term job strategy, which may involve career development, training, and direct contacts with employers. Caution is needed here regarding the wide ranges of use and availability of the internet in Latin America and the Caribbean as show in Graph 1 below.



Source: International Telecommunication Union, World Telecommunication/ICT, Development Report and database, and World Bank estimates.

¹⁵In Ireland, the Employment Service pays as much as 5000 Euros per automated kiosk (Frances Talbott, interview with author, 2010).

Latin American and Caribbean public and private employment services are adapting to these distinct levels of computer usage with telephone call-in services, job fairs, mobile vans and public announcements in addition to walk-in centers. Costa Rica, for example, where internet usage is relatively high for Central America, utilizes the internet for self registry of both job seekers and employment vacancies. Adaptation can clearly be made for low internet usage countries, however. The principle remains the same: to provide low-cost self-service mechanisms to those easiest to employ in order to bolster and diversify the intermediation service, thereby concentrating individualized services on the most-difficult to employ.

iv. Case Management. With major organizational restructuring, LAC systems can move overtime to greater forms of case management, where employment counselors can tailor services and job search strategies better to individual characteristics and skills, with the intent, in particular for improving the quality of the job obtained and stability within new employment. Evidence from OECD countries regarding the gains from case management is strong. A summary of 59 different employment offices across the United States showed higher employment and earnings impacts in those offices where case managers delivered a personalized service and placed an emphasis on quick job entry. Another U.S. experimental study found that clients' average earnings were higher over a two-year period in offices that used both unified case management *and* employed a specialist (job promoters or *concertadores de empleo* in Latin America) who developed job opportunities (Hill, 2005).

US experimental welfare-to-work evaluations investigated the differential impacts of traditional case management, where benefit administration and employment assistance were given separately, and integrated case management, where both functions were brought together (Scrivener et al., 2001). The results found that integrated case managers provided more personalized attention, engaged more people in welfare-to-work activities, and more closely monitored participation in program activities. Both approaches reduced welfare receipt and payments, but the effects of the integrated program were somewhat larger. In a subsequent analysis, based on service strategies in 59 different employment offices across the USA, researchers reported higher employment and earnings impacts in those offices where case managers delivered a personalized service and placed an emphasis on quick job entry. There was some evidence also that high caseloads reduced effectiveness (Bloom et al., 2003). Another US experimental study found that clients' average earnings were higher over a two-year period in

offices that used both unified case management and employed a specialist who developed job opportunities (Hill, 2005).

Later European evaluations contain similar findings. In the UK, for example, the positive impacts associated with many “New Deal” employment programs have been attributed to the contribution made by personal advisers, especially in those PES offices where the advisers placed a strong emphasis on “work first” practices, including closely-spaced repeat interviewing of jobseekers and use of sanctions to enforce the mandatory nature of the program (Hasluck and Green, 2007; NAO, 2006). A quasi-experimental study in Switzerland found that caseworkers who put greater emphasis on job search obligations secured higher employment outcomes than those who placed more stress on meeting the expressed needs of the unemployed (Behncke et al., 2007). A Danish study found also that job search assistance and frequent caseworker meetings were highly cost-effective in shortening unemployment spells (Vikstrom et al, 2011).

v. Human Resources Restructuring. As management processes are streamlined, job counselors can be freed to concentrate on their job counseling functions as they will have fewer administrative tasks. These changes will imply a revamping of the human resource profiles and training for the different positions within the intermediation service.

The management overhaul includes both restructuring of job functions and then training and career development paths for job counselors and other professionals of an intermediation service. Universities and training institutions could also play a shared role in human resource upgrading of intermediation services. University or graduate level degrees in career guidance, while not yet well developed in Latin America and the Caribbean for professionals in the public service, should be seen as necessary for building a larger cadre of human resource professionals who can serve public and private intermediation agencies. An example of this multi-level professionalization of job counselors can be seen in Ireland, as follows:

- Level 1: Distance Learning: one year program; two days per workshop; on most weekends, with a certificate upon completion; offered through public universities.
- Level 2: Two year distance learning and practicum program using cases of client job seekers; offered through public universities.
- Level 3: Masters’ level program with greater emphasis in professional career guidance; offered by a private university (Mazza, 2010b).

In countries such as the United States, masters' degrees in human resources management are common and graduates can find work in large firms as well as in private and public intermediation.

3. Expansion of Performance, Monitoring and Evaluation Systems

Improving service delivery and expanding the numbers served can only be accomplished with performance, monitoring and evaluation systems that can provide “real time” feedback on what is working, where, and for whom. Even performance monitoring, however, is not a fixed target. Experience from the OECD and LAC demonstrates that systems require refining and must adapt performance measures, incentives, and instruments to changing economies and markets. Performance indicators are particularly important when services strive to improve the quality of the job match for job seekers. One concern is that private providers will cut corners and place workers in low-quality jobs. British experience has indicated that inclusion of indicators such as those related to job retention, wages and benefits, and earnings gained help diminish any incentive to place participants in poor quality jobs; this is true for both public and private providers (UK Commission for Employment and Skills, 2010).

Performance-based contracting, including the elements of paying for employment outcomes, was first developed in the United States and subsequently extended to the UK, Australia and the Netherlands (Finn, 2011a). Other countries have recently implemented or are testing changes in their employment services contracts with several providers, such as Germany, France, Denmark, Sweden, and Israel, experimenting with job outcome performance contracts and delivery through for-profit providers (Kaps, 2010; Behaghely et al, 2011; Bredgaard, 2010; Bennmarker et al, 2009; OECD, 2010a).

Australia, with perhaps the most evolved set of “star ratings” for its private providers, developed this rating system over a decade, learning by doing. The system establishes “pay-for-performance” criteria related to the difficulty of insertion for different types of job seekers, paying for better, quicker and more lasting labor insertion (Carters, 2010). The results of the star system feeds back each year and “rates” each of the private providers. The system evolved from one largely intended on improving competition among newly developing providers to concentrate on better managed providers with stricter performance criteria. The Australian Jobs Network had reported dramatic reductions in average costs.

The United Kingdom originally benchmarked public providers against private and evolved to its current “pay-for-performance” system, which pays more for longer insertion. Latin American systems have begun making strides in management reforms and innovations via the use of “quality control” systems, these can include measuring customer satisfaction, efficiency of service, and quality of placement, which are certified to international (ISO 9000) standards. San Luis Potosi, one of the state systems in the Mexican National Employment Service, has been recognized for its best practice with such a system (Kappaz and Cavallo, 2009). Mexico currently maintains a performance monitoring system of 71 indicators and annually pits its 32 regional offices in a competition for “top state employment service” which has both motivated and rewarded higher levels of service within the system.

Performance monitoring and quality control systems have shown a lot of national variation as countries may place greater value on certain types of outcomes. The Swiss system, for example, measures all its state (“canton”) offices against four principle criteria, but places particular weight on the speed of getting workers into new jobs, whereas the British system, with more entrenched long-term unemployment, places more weight on the ability to retain the worker in a new job over a longer period. The box below provides performance, monitoring and evaluation indicators for Stage Two.

Impact evaluations, long used as a tool for assessing whether or not a particular training program was worthwhile, have been used to a more limited extent in labor intermediation systems (Kluve, 2010). In intermediation, multiple methods are pursued simultaneously to find a job and it may not even be apparent to the worker which method(s) worked. An intermediation service may have a range of indirect effects. It may have provided a job seeker with training in job search methods or access to job listings in a walk-in office, but the placement could still be recorded as “independent.” For LAC systems with more limited national “markets” for intermediation, some of these indirect effects in promoting and developing an intermediation market for independent search may be a productive new line of activity (see Section III).

The only impact evaluation of a Latin American public employment service to date compared job seekers in the state of Mexico (encompassing Mexico City) who used the public service to a similar set of workers who did not use the service; the evaluation utilized panel data from the Mexican labor force survey (Flores-Lima, 2005). This impact evaluation showed positive results for men who used the service, both in terms of income and reduced time

unemployed, but not for women. There has been much speculation about the gender difference. Mexico has both higher levels of occupational segregation and lower levels of labor force participation for women. This impact evaluation has given Mexico the opportunity to ask several relevant questions. For example: are job counselors steering women into low level jobs and men to better ones? What kind of discrimination exists in Mexican employment markets? In such cases impact evaluations can work in tandem with performance monitoring systems to measure how the intermediation services is faring with different sets of clients.

An additional feature of monitoring and evaluation systems in Stage Two is to improve data collection and analysis of disadvantaged groups who are present in larger numbers in developing countries. Data collection on disadvantaged groups in developing countries is much more limited, particularly when it comes to race and ethnicity (indigenous peoples). While gender data is routinely collected throughout the region, it is not as often used analytically to change the nature and delivery of service. While Brazil has collected data on race in its national censuses consistently for over 40 years, race data is not always utilized in labor market programs, making it more difficult to detect and address poor employment outcomes by racial and ethnic groups. Section III suggests a new line of investments for Stage Two countries in improving performance, data collection and quality assurance systems for disadvantaged populations.

The following box provides a summary of key performance indicators, data collection needs, and evaluation types for Stage Two.

Monitoring and Data Collection

- Comprehensive administrative databases which record and track clients, including the following indicators: instances of service delivery (e.g. date of visits to walk-in centers), the type of service delivered and record of completion, and employment (e.g. initiation date, salary).¹⁶ In case management databases, the individual (case) plan is recorded including the schedule of agreed on services, follow-up visits to the intermediation center, and employment retention over defined periods (e.g. six month intervals).
- More comprehensive data collected on beneficiary characteristics as a basis for impact evaluations (e.g. age, sex, employment history) either in select regions or nationally, possibly including race, disability and indigenous origin.¹⁷
- Market indicators measured typically via a labor observatory and labor force surveys, including unemployment rates by sector, age, salaries, and benefits.

Performance and Impact Indicators

- Impact: rate of labor market insertion, disaggregated by gender, ethnic group/indigenous peoples (if data permits).
- Performance: rate (and increasing rate) of labor market insertion; increase in job listings and placements at higher income levels; comparative performance of regional offices.
- Efficiency: unit cost data for programs (e.g. cost per worker who finds employment, cost of training vs. other programs for similar outcomes).

Evaluation Types

- Impact evaluations, experimental and quasi-experimental on both specific training programs managed by the intermediation service and the intermediation service overall. More advanced systems may be able to combine impact plus cost of intervention (or alternatives)
- Cost-benefit analysis of specific services as well as intermediation service overall (e.g. cost per worker inserted in new employment).¹⁸
- Process evaluations measuring the efficiency of delivery of services.

¹⁶ Measurement of employment retention overtime has been accomplished in many OECD countries.

¹⁷ Indigenous origin has typically been measured in Latin America by using the mother's native tongue, which identifies by linguistic cohort (e.g. Aymara, Quechua). Afro-descendent (race) identifiers have been subject to more controversy in the region (e.g. Black, Afro-descendent, Afro-Latin) with the exception of Brazil.

¹⁸ Cost-benefit analyses are relatively rare even in OECD systems. Data collection is substantial as well as methodologically sophisticated. Mexico, the most advanced national employment service in the region is just currently, after 20 years of operation, at the institutional point to be able to conduct such a cost-benefit analysis.

C. Stage Three: Greater Integration of Social, Economic and Labor Policies

Even perfecting intermediation systems would not begin to address the more fundamental barriers to obtaining and keeping a job in developing country markets. Intermediation services, while originally designed to principally address information and locational barriers, are evolving to assist workers to develop their human capital through skills training, small business development and other such services. The next generation of OECD systems is evolving towards “activation strategies”– to activate the long-term unemployed for more lasting participation in the labor market and transition away from dependence on passive policies, such as unemployment insurance and welfare supports (Finn, 2011b; Eichhorst et al, 2008). For the more developed countries a focus on activation strategies is opening up wider linkages between intermediation services, training, microenterprise support, and social services. Dan Finn points out that the activation approach is beginning to blur distinctions between active and passive policies as attention is focused on how passive benefits and rules for unemployment insurance (UI) can be activated to get the unemployed back into work. He notes that activation strategies are taking two distinct paths: a “work first” strategy that puts a premium on getting workers faster into work and a “human capital development” strategy that emphasizes first improving the skills of the unemployed by putting a premium on higher quality employment rather than speed (Finn, 2011b). OECD activation strategies stem from decades of national experience and a concern, in particular, for better results for the long-term unemployed.

Latin America and the Caribbean must consider how their systems should evolve differently because both the problem and the target beneficiary pool are so different from the more advanced OECD countries. Labor markets in LAC operate with high levels of informality and are more dysfunctional. The basic policy “infrastructure” is still developing and education fundamentals that are the foundation for entry into the labor market in advanced countries often fail to provide the foundation for work-life learning in LAC countries. The current labor and human capital market does not provide conditions for the *majority* of the Latin American and Caribbean workforce to find their way out of poverty or informality. The human capital development “system” or market must first function more effectively to enable the large pools of poor workers, be they informal, low-waged, or poorly educated, to prosper. Better labor intermediation can only go so far if it is not integrated within a better functioning human capital market that contributes to productivity and competitiveness.

1. From CCTs to the Labor Market

Over the past two decades, Latin American and Caribbean countries have been putting in place a series of conditional cash transfer programs (CCT)¹⁹ – income supports – with relative success. Led by Mexico and Brazil, countries are now seeking to expand and make more comprehensive these supports. Some countries have sought to “add” an employment component to the CCT program with limited success. Studies have shown that CCT gains in terms of education or better health do not translate into gains in employment unless the labor market is better adapted to employment for the poor (Villatoro, 2005; Lomeli, 2008).

LAC countries will likely not reach either sufficient scale or sufficient comprehensiveness in improving employment prospects for the poor if they conceive of employment placement as an “add on” for beneficiaries of an existing program or solely as a matter of better information. Labor market transitions in LAC will need to be more comprehensively facilitated and managed (where necessary) in the context of a more integrated social and labor market system that works at three levels: individual, institutional, and policy. The focus of Stage Three would thus go beyond the “activation” of a specific beneficiary pool (e.g. the poor) to better labor market functioning and human resource development for all. This would insure both a broader impact to influence and expand the *market system* for greater numbers and better outcomes for the poor.

2. Individual, Institutional and Policy Levels for Stage III

How might Stage Three look at each of the three levels: individual, institutional, and policy? At the *individual* level, Latin American and Caribbean countries might think more comprehensively about opening up the market for motivated individuals to find jobs more easily on their own (e.g. using job banks and courses on job search), to get appropriate skills assessments and skills training (e.g. linked intermediation and training, see line of activity one in final section), and to support firm productivity and human resources management (policy plus active labor market interventions). Scarce government resources could then be employed at the institutional and policy levels to tackle more entrenched employment challenges. OECD countries, like Australia and the United Kingdom, have spent years stimulating and improving the private market for

¹⁹ CCT programs provide income support to the poor conditioned on actions, most typically education and health conditions (e.g. school attendance for school-age children)

intermediation services by direct contracting. The indirect impacts of this market expansion have not been studied, but appear to go well beyond a single set of beneficiaries at one point in time. For example, a firm that started out as a competitive contractor to the public sector could (and likely would) expand to direct contracts with other firms.

Latin American and Caribbean countries will be forever thwarted from promoting better intermediation without an expanded market (demand and supply) for intermediation, particularly if the market is limited in the number of jobs openly listed, if only the highest tier know how to search for work independent of public intermediation services, or there are a limited number of private entities assisting better intermediation in niche markets. Many LAC countries seem to believe that only the public sector can directly serve workers; they have not considered the possibilities of enabling individuals to engage in individual searches. For the public sector, this means rethinking the tools and stimulus for individual search.

Most of these tools and services for market expansion at the individual level may already be in their early states in Latin American and Caribbean countries; however, they can be repositioned and supported in very different ways with the goal of expanding the market for individuals (see Section III).

The *institutional* level of Stage Three would likely require the greatest efforts for Latin America and the Caribbean to move beyond the 1970s concepts of institutional strengthening and a misplaced focus on simply upgrading the traditional roles of small public employment services. If private markets are stimulated as suggested in this technical note, then the key institutional challenge for the region will lie in two subsequent stages: (i) better integration and service delivery within national (public-private) intermediation systems and, even more challenging, (ii) repositioning a national intermediation system to play a linking role in developing human capital and fostering greater productivity.

This is quite a distance from where Latin America and the Caribbean are now. Velásquez-Pinto (2011a) provides an analysis of the evolution of Latin American concepts of a labor ministry's role from its traditional focus on conflict resolution between trade unions and employers during the import substitution policy times of the 1960s/70s. Unfortunately, a number of the region's smaller poorly funded labor ministries remain trapped in this constrained role. Velásquez-Pinto documents that as the processes of globalization, democratization, and liberalization shifted ground in the region from the 70s onward, institutional frameworks

adapted, but only partially. Labor ministries took on active labor market policies as an “add on” to its former responsibilities. Training was, from the outset, delinked from intermediation in the region, shaped more by funding sources, and defined by a lack of rigor in insuring job placement for trainees. The majority of countries in the region created publically-financed training institutions based on taxing industry profits (typically between 1 - 3%). These schemes were originally designed under a state-driven import substitution (ISI) model. This supply-driven approach to training is at odds with a demand-orientation that would enable Latin America and the Caribbean to capture and gain from globalization and liberalization. In Latin America, technical education schools sometimes had similar dedicated funding sources, and they, too, developed in a manner delinked from private sector demand or the rigor of getting jobs for graduates. In this institutional context, intermediation became understood as a function of only small-sized public employment services set up separately from technical education, training, and basic education. In short, job placement was never seen part of the end game of human capital interventions. Institutional rethinking and innovation in LAC has developed at the micro level from the infusion of private and non-profit providers, quality control, and policy flexibility permitted at the local and state levels (e.g. Ceará, Brazil; San Luis Potosi, Mexico) rather than via national institutional restructuring.

Stage Three in LAC, however, should be thought of as a clear shift in the configuration and roles of national institutions and policies. For the evolution towards “national intermediation systems” (institutional sub-Stage One), LAC would need to break through traditional stereotypes of public-private-non-profit distant relationships and internal bureaucratic resistance to single window delivery; it would also need to infuse and link intermediation with its training, technical education systems and its secondary schools (see operational line 2 in Section III). The evolution from national intermediation systems to a system-wide focus on human capital development and productivity represents a leap from current institutional configurations. In the immediate term, this technical note argues that experimentation should begin in the growth sectors (operational line 4) where the opportunities for success are greatest and institutional barriers might be more easily broken down via a positive demonstration effect.

Finally, Stage Three at the policy level must target the major barriers to employment expansion. The limitations of pursuing a larger, national intermediation system in Stage Two are

obvious when few formal jobs are being produced. The macro-policy linkages, which would begin in an advanced Stage Two, include:

- Regulatory reform oriented to reducing non-labor costs that impede new hiring;
- Foreign investment attraction with high value-added employment;
- National competitiveness initiatives that target employment growth sectors and align human capital development accordingly;
- Regional development strategies and investment oriented to promoting employment.

The evolution of LAC intermediation systems into a Stage Three will take place over decades not days or years. As in the OECD, which is also continually evolving, LAC countries should focus on goals rather than arrival dates. The larger and higher income Latin American nations – Brazil, Chile, and Mexico – are already demonstrating evolution towards Stage Three. This technical note argues that this evolution should be guided by *widening* the lens towards developing better social and economic linkages, not *narrowing* approach to handing out better Band-Aids to the most needy and sending them out to work in a labor market with poor returns.

The national priorities in evolving towards a Stage Three should rest on the more pressing labor market failures in a given national context. For many countries in the region this might be poor quality education or poor quality jobs, but could include major disincentives to hiring in the formal sector or the lack of a pro-employment investment and competitiveness strategy. Mexico's National Employment Service is making major leaps in the expansion of the intermediation market through its *Portal de Empleo* (www.empleo.mx) and virtual jobs fairs combined with one of the best labor market observatories for occupational and educational planning in the region, *Observatorio Laboral*. Other innovations include, *Chile Solidario*, Chile's anti-poverty program, which has sought to link key social and labor interventions together with the unemployment insurance system and Brazil's training system (*SENAI/SENAC*), which has long been the most private sector-oriented, and is now moving to more integrated local development strategies in poor regions and better linking its unemployment insurance to job search. The evolution to Stage Three for Latin America and the Caribbean may be equally aided by study, evaluation and sharing of best practices within the region as outside of it.

Mexico: National Employment Portal

“El Portal De Empleo”

Mexico has been heavily investing on its web-based “Employment Portal”, creating the most sophisticated employment portal in the region. It has been experimenting since 2002, first with an online job service (*Chambanet*), then launching an electronic labor observatory with key information on employment and career trends in March 2008, and thereafter launching el *Portal de Empleo*, providing links to both public and private job registries, its own list of job vacancies of the public employment service, with more sophisticated tools for career development and labor market information.

New tools for new times: *Portal de Empleo 2.0*

From March 2008 to October 2011, *Portal de Empleo* received more than 120 million visits and, according to surveys, was responsible for connecting almost 1 million jobseekers to vacancies. The 2.0 version of the Portal was launched on December 2011 with an ambitious goal: to become the most important meeting place for jobseekers and employers to date. It is a state-of-the-art innovative web page that takes the concept of online jobseekers/vacancies database and self-help center to jobseekers to a new level in the region. While Mexico studied other models of labor portals, their version is a leader in Latin America. The portal has different interfaces for different users – employers, students, elderly and disabled. The webpage also differs according to the user’s location – showing local job fairs and state-level programs, like workshops on how to get a job. It also allows jobseekers to update videos and pictures, which can be extremely helpful for professions related to design, for example.

Intermediation – An Electronic Gateway to Public and Private Labor Exchanges

The long-established close relationship between Mexico’s Public Employment Service (*Servicio Nacional de Empleo – SNE*) and some private providers of labor intermediation (such as Manpower), culminated in an arrangement where these agencies send any vacancies that fit the profile of SNE’s population to SNE. This partnership has provided for a coordinated strategy between public and private intermediation. *Portal de Empleo* has proven to be a powerful tool to facilitate this interaction, as the private providers are given a fast and easy mechanism to update their vacancies.

Human Capital Development – Adding Tools for Career Planning

The Labor Portal 2.0 supports and advances both a national intermediation market and human capital and career planning. In a context where the SNE strategically tries to foster the use of self-help job-search methods, this online platform provides an expanded range of services for jobseekers who can navigate the internet.

Danilo Fernandes Lima da Silva

III: Next Steps for Latin American and Caribbean Labor Intermediation Services

This technical note has reviewed a wide range of Latin American, Caribbean, and developed country evidence and experience with labor intermediation services. It has shown that the unemployed in LAC countries search for work largely through informal channels, and that informal work search yields particular poor results for the poor and less educated. Advancing labor intermediation services may have particular relevance to LAC countries seeking to improve employment prospects for poor and informal workers and for developing country markets with few instruments for independent or private job search. Labor intermediation services, however, should not be oversold. Their ability to “fast track jobs” by getting more workers into better jobs more quickly must be seen as one part of a larger set of active labor market and economic policies that support human capital development and firm competitiveness.

For countries defined as starting out (Stage One), the next steps should be to concentrate on delivering a basic, high quality service as discussed in section two. For the bulk of systems that can be classified as in Stage Two, some even in transition to a Stage Three, the following section focuses the ideas presented in section two into five lines of new activity particularly relevant to Latin America and the Caribbean. These proposed lines of new activity are:

- Expanding the intermediation market;
- Management innovations to create “single window” services and case management;
- Tailoring services to disadvantaged populations;
- Integration of social, labor and educational programs;
- Performance, monitoring and evaluation systems.

Line 1: Intermediation Market Expansion

Given limited resources, many LAC countries are developing their intermediation “systems” largely by focusing on small expansions of the public service. This often has meant less focus on stimulating a wider market of providers of intermediation services, whether public, private or independent. One of the key differences with developed country intermediation systems is that they operate from a much larger base – more firms listing job openings publically; more intermediation providers serving niche markets; and more job search done independently, both informally and formally with a wider range of tools. There is very little in current intermediation

literature on how developing nations might expand the overall market for intermediation, so that more intermediation can be done without the direct assistance of a public employment service.

Experimentation with expanding independent job search and the intermediation market could include any of the following:

- Creating *intermediation or job brokers* to work for public services and on their own.
- Expanding *labor market information services* to assist both job placement and career planning employment, and rating institutions on their performance in terms of job placements. Students could get ready information on employment placement rates of universities, technical schools, and training institutions, as Chile is already beginning to do. This is a “tool” providing incentives to institutions to place students or trainees in better jobs without, again, the direct intervention of a public service.
- Expanding *incentives to firms to list more vacancies*. Public employment services should consider incentive programs either for firms or for employment promoters working in public services.
- Increasing the quality and number of *private and non-profit intermediation companies*. OECD countries are expanding the use of private and non-profit companies in all types of labor market and social programs, requiring them to meet increasing performance standards for placement and job stability (e.g. Australia, United Kingdom), and indirectly increasing both the size and effectiveness of the market that will ultimately sell services directly to firms and workers.
- Teaching *Job Search Training*. Currently, job search training is seen largely as basic service for clients of a public or private employment service, but in an expanded market, job search training can be delivered to a wider range of recipients if it is as an integral element of school-to-work transition programs and training programs. This means job search training can be taken quite literally “on the road” to schools and to mobile vans, with a particular focus on the young.

Line 2: Institutional “Leaps” to Single Window Administration and Case Management

The majority of LAC employment services are currently supply-driven and fragmented. Different ministries manage distinct services for both beneficiaries and small and medium-sized firms. The OECD has demonstrated that one can maintain multiple ministries while simultaneously improving management and efficiency through single window administration

(see second operational priority for Stage Two for greater detail) and converting job counselors into true job counselors rather than administrators. Key elements of these types of management and administrative reforms include:

- Remodeling and redesigning employment service offices to accommodate a “one stop” entrance with easy access to a range of services in the same facility;
- Introduction of administrator functions at employment services to register job seekers who cannot self-register to free up counselors for job counseling functions;
- Increasing “self-service” job search facilities for the easiest to reemploy (via web-based systems, computers with easy self-help platforms at employment and training offices and schools, or training on job search);
- Databases for case management that include initial registry of job seeker, record of follow-up visits, services rendered, and follow-up once employed;
- Creation of appointment-registry to ease traffic flow and follow-up of job seekers;
- Coordination and integration with social services and microenterprise development programs.

Line 3: Tailoring and Targeting Services for Disadvantaged Populations

In many countries, the response to labor market disadvantage is often a specialized program with separate administration for persons with disabilities, youth, or indigenous women. Where resources are limited for large-scale financing of specialized programs, more attention should be given to how better to serve disadvantaged populations within existing and improved programs. This is particularly important in intermediation services where access to higher level jobs is desired. This assures disadvantaged populations access to the same job bank as the general population.²⁰ Separate programs may reinforce stereotypes, but most importantly may not serve to widen the range of vacancies for which disadvantaged populations can apply. For LAC systems, the first step of this new line is to improve performance and monitoring systems to track these populations, by region, by sector, and by age cohort. Armed with better performance indicators, program innovations can be tested and designed. Innovations in intermediation that could be tested for improved labor insertion and job quality for disadvantaged groups include:

²⁰ This does not mean that jobs in the common job bank cannot be flagged for particular applicability or adaptability to disadvantaged populations such as persons with disabilities.

- Specialized training for job counselors in alternative occupations for disadvantaged groups;
- Job search training tailored to disadvantaged groups that target promising local markets and approaches to employers;
- Contracted performance-based services to firms to place disadvantaged workers in new jobs;
- Specialized outreach and services to employers for workplace reorganization to better incorporate disadvantaged populations (e.g. modifications to worksites for persons with disabilities, on-site or local daycare for women, modification of job hours or at home work);
- Mobile job services – use of vans, mobile technologies and temporary offices to reach isolated communities.

Line 4: More Systematic Evaluation and Performance Measures

“*We cannot improve what we cannot measure or document*” is becoming a more common axiom throughout LAC in a range of social and labor markets programs. The success of impact evaluations in the case of Mexico’s conditional cash transfer program (*Progresa*, now named *Oportunidades*) led to important scaling up of this program as it has in Brazil and many other countries in the region, with application to the vast majority of other LAC countries. Each stage contains a list of appropriate monitoring indicators, performance measures, and evaluation types (see section II). These measures rely on the quality of the inputs, the development of reliable and easily updateable databases of program beneficiaries and services, and reliable methods for determining control groups. Performance measures, instead of being standardized across countries, should reflect the program values of a particular nation (e.g. emphasis on quick labor insertion, quality of employment, or stability in employment).

Line 5: Targeting to Growth Sectors

Many LAC economies are struggling to improve intermediation services in the context of relatively low-job growth economies. International experience has demonstrated that with greater job growth comes more efficient intermediation and greater rates of labor insertion. At the same time, given that good intermediation may not be widely available, research has demonstrated that program design, not economic conditions, is the key determinant of success. For low-job growth

economies, this technical note recommends experimentation with targeting job listings and placement to growth sectors. There are a number of ways this can be pursued:

- Specialized job promoters in employment offices who work specifically with growth sectors to identify vacancies and support human resource development strategies in the sectors;
- Services targeted to growth sectors to screen and place applicants, and support human resource planning;
- Support for youth career development in high-growth or high-demand sectors;
- Specialized recruitment at technical schools or specialized training leading to employment placement in high-demand sectors.

IV: Conclusion

Better jobs change lives, but better jobs for more people change even more lives. Teaching job search skills, placing bodies in growth sectors, and creating businesses that foster better intermediation can have multiple benefits. To fast track jobs in developing countries, Latin American and Caribbean countries need to move from a myopic concentration on a single outcome of a single intervention to making changes at individual, institutional and policy levels of labor market institutions that comprehensively and systematically shift the management, support and visibility of labor market transitions and link them more directly to the educational and social benefit systems. Only in this way can intermediation become a true active labor market policy in a developing country.

Replicating better managed intermediation services based on OECD experience while important will not be sufficient to open up and shift developing country employment markets. This technical note has presented a comprehensive and phased approach to supporting the institutional changes and commensurate market dynamics to evolve towards national intermediation systems in Latin America and the Caribbean – systems that should spur private and non-profit participation and performance-driven approaches. From national intermediation systems, LAC countries can make inroads to a future stage that links job intermediation to human capital development, allowing youth to move more productively from school to work, and developing human capital on the job and in the education system, training and linking workers directly to jobs, and so assisting workers to identify and seek higher quality jobs. The

development of a true intermediation market in Latin American and Caribbean countries must be understood, advanced and sold in the wider context of a human capital development system – one that better educates, better trains, better transitions and better protects its labor force.

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Annex I: Public Employment Services in Latin American Countries					
Country	Public Employment Service	Ministry Responsible	Ministry Type	Member of SEALC Network	Website
Argentina	Red de Servicios de Empleo	Ministerio de Trabajo, Empleo y Seguridad Social	Labor Ministry	No	http://www.trabajo.gov.ar/redempleo/
Bahamas	Employment Exchange	Department of Labour	Labor Ministry	No	http://skillsbank.bahamas.gov.bs/pcrbin/regmenu.exe?uid=labour%20database.txt
Barbados	National Employment Bureau (NEB)	Ministry of Labour	Labor Ministry	No	http://labour.gov.bb/employment_services
Belize	Public Employment Service	Ministry of Labour, Local Government and Rural Development	Labor Ministry	No	N/A
Bolivia	Servicio Plurinacional de Empleo	Ministerio de Trabajo, Empleo y Previsión Social	Labor Ministry	Yes	www.empleo.gob.bo
Brazil	Sistema Nacional de Emprego (SINE)	Ministério do Trabalho e Emprego	Labor Ministry	Yes	http://www.mte.gov.br/imo/default.asp
Chile	Servicio Nacional de Capacitación y Empleo (SENCE)	Ministerio del Trabajo y Previsión Social	Labor Ministry	Yes	http://www.sence.cl/sence/
Colombia	Servicio Nacional de Empleo	Servicio Nacional de Aprendizaje (SENA)	State Training Institution	Yes	http://sne.sena.edu.co/
Costa Rica	Sistema Nacional de Orientación, Información e Intermediación de Empleo	Ministerio de Trabajo y Seguridad Social	Labor Ministry	Yes	http://buscoempleocr.com/empleos/about/ques_SIOIE.aspx
Dominican Republic	Servicio Nacional de Empleo (SENAE)	Ministerio de Trabajo	Labor Ministry	Yes	http://www.empleateya.net/

Ecuador	Servicio Público de Empleo	Ministerio de Relaciones Laborales	Labor Ministry	Yes	http://www.mrl.gob.ec/index.php?option=com_content&view=article&id=129&Itemid=77
El Salvador	Red Nacional de Oportunidades de Empleo	Ministerio de Trabajo y Previsión Social	Labor Ministry	Yes	http://www.renacempleo.gob.sv
Guatemala	Sistema Nacional de Empleo (SNE)	Ministerio de Trabajo y Previsión Social	Labor Ministry	No	N/A
Guyana	Central Recruitment and Manpower Agency	Ministry of Labour, Human Services and Social Security.	Labor Ministry	No	http://www.mlhsss.gov.gy/index.php?option=com_content&view=article&id=31&Itemid=34
Haiti	N/A	Ministère des Affaires Sociales et du Travail	Social and Labor Ministry	No	N/A
Honduras	Servicio Nacional de Empleo de Honduras (SENAEH)	Secretaría de Trabajo y Seguridad Social	Labor Ministry	Yes	http://www.empleate.ghn/default2.aspx
Jamaica	Labour Exchange Department	Ministry of Labour and Social Security	Labor and Social Ministry	No	http://www.lmis-ele.org.jm/home.aspx
Mexico	Servicio Nacional de Empleo (SNE)	Secretaria de Trabajo y Previsión Social	Labor Ministry	Yes	http://www.empleo.gob.mx/
Nicaragua	Servicio Público de Empleo (SEPPEM)	Ministerio del Trabajo	Labor Ministry	Yes	http://www.mitrab.gob.ni/servicios/servicio-publico-de-empleo
Panama	Servicio Público de Empleo (SERPE)	Ministerio del Trabajo y Desarrollo Laboral	Labor Ministry	Yes	http://www.mitradel.gob.pa/portal/page/portal/PGMITRADEL/Mitradel_SERPE
Paraguay	Servicio Nacional de Empleo (SENADE)	Ministerio de Justicia y Trabajo	Labor Ministry	Yes	http://www.mjt.gov.py/senade/index.php

Peru	Servicio Nacional de Empleo de Peru (SENEP)	Ministerio del Trabajo y Promoción del Empleo	Labor Ministry	Yes	http://www.empleoperu.gob.pe/
Suriname	Labor Exchange Bureau	Ministry of Labor, Technological Development and Environment	Labor Ministry	No	N/A
Trinidad & Tobago	National Employment Service (NES)	Ministry of Labour and Small and Micro Enterprise Development	Labor Ministry	No	http://www.nes.gov.tt/
Uruguay	Servicios Públicos de Empleo	Ministerio del Trabajo y Seguridad Social	Labor Ministry	No	http://www.uruguayactivo.gub.uy
Venezuela	Servicio Nacional de Empleo (SNE)	Ministerio del Poder Popular para el Trabajo y Seguridad Social	Labor Ministry	No	N/A
N/A: Information Not Available					

Annex II: Job Search Methodology Analysis

The data on job search for this technical note was taken from the latest household surveys from countries in Latin America (the list of household survey used is shown in the table below). All countries in the region with available data about job search method were included.

Only dependant job seekers in urban areas were considered. Self-employed were not included since they do not look for a job with full benefits. Urban areas were selected because many household surveys do not have national coverage or do not have a representative sample in rural areas.

For purposes of this analysis, formal job search refers to all types of search using a public tool or mechanism. These include: i) answering to newspapers, radios, advertisements, etc ii) internet search iii) registering in public or private intermediation offices, etc. Informal job search refers to all types of search using personal contacts or personal visit to companies: i) asking family and friends, ii) asking to former employers iii) Personal visits to companies, etc.

List of household surveys used in the estimation of types of job search		
Country	Survey	Year
Paraguay	Encuesta Permanente de Hogares	2010
Colombia	Gran Encuesta Integrada de Hogares-III Trimestre	2009
Mexico	Encuesta Nacional de Ocupación y Empleo	2010
Chile	Encuesta de Caracterización Socioeconómica Nacional (CASEN)	2009
Belize	Labor Force Survey	2007
Guatemala	Encuesta Nacional de Empleo e Ingresos	2010
Uruguay	Encuesta Continua de Hogares	2010
Peru	Encuesta Nacional de Hogares	2010
Nicaragua	Encuesta Nacional de Hogares sobre Medición de Niveles de Vida	2005
Ecuador	Encuesta Periódica de Empleo y Desempleo-I Trimestre	2011
Bolivia	Encuesta de Hogares	2007
Brazil	Pesquisa Nacional por Amostra de Domicílios	2009
El Salvador	Encuesta de Hogares de Propósitos Múltiples	2010
Costa Rica	Encuesta Nacional de Hogares	2010
Panama	Encuesta de Hogares	2009