

UNITED ARAB REPUBLIC



THE INSTITUTE OF NATIONAL PLANNING

Memo. No. 419

THE ROLE AND ORGANISATION OF THE
EMPLOYMENT SERVICE IN A DEVELOPING
ECONOMY

BY

INTERNATIONAL LABOUR OFFICE,
G E N E V A.

(April 1964)

This Paper was Submitted
to the International Seminar on
Manpower Problems
held at

L A G O S , N I G E R I A

2nd - 13th March 1964.

INTERNATIONAL SEMINAR ON MANPOWER PROBLEMS
IN ECONOMIC DEVELOPMENT
LAGOS - MARCH 1964

The Role and Organization of the Employment
Service in a Developing Economy

(Paper Contributed
by the International Labour Force, Geneva.)

INTRODUCTION

One of the subjects listed for discussion by one of the study groups at this seminar is that of "adapting employment exchange service to the needs for manpower planning and development." The purpose of this paper is:

- (1) to highlight the general principles of employment service organisation and operation;
- (2) to examine briefly some special problems of their application in developing countries;
- (3) to suggest for discussion by the seminar what might be the main points on which emphasis should be placed in programmes for the development of employment services to meet the newer needs of manpower planning.

General Principles of Employment Service
Organization and Operation

International Standards:

The international standards laid down in the Employment Service Convention, 1948 and the Employment Service Recommendation, 1948 have stood the test of time. Despite the immense political and economic changes of the last 15 years, they have lost none of their validity. They still provide a clear statement of the objectives of the public employment service and of the principles which should guide its operation and organization, principles which remain applicable in all continents and all types of economy. A considerable number of African countries (these include Nigeria) have ratified the Employment Service Convention, thereby recognising its validity in relation to their own problems and accepting the obligation to put its provisions into effect.

In the ensuing paragraphs, the attention of participants is invited to certain specific aspects of the provisions of the Convention which are of particular interest in connection with the subject under discussion. The sequence in which they are discussed does not coincide with the numerical sequence of the corresponding provisions in the Convention but follows the pattern of the seminar agenda in dealing first with the "role" and secondly with the "organisation".

The Role of the Service:

Having regard to a common supposition outside labour administration circles that the principal task of an employment service is the placement of the unemployed, it is interesting to note that the Convention

defines the "essential duty" of the service in the following broad terms:

"to ensure, in co-operation where necessary with other public and private bodies concerned, the best possible organisation of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources".

This squarely assigns a basic role to the service in the State administrative machinery for economic and social development and only limits its activities to the extent of saying that this would be directed towards the "best possible organisation of the employment market".

"Organisation of employment market" implies any activity to facilitate the bringing together of manpower supply and manpower demand and the interplay between the two; it implies a consciously-directed study of the way the employment market operates, an endeavour to measure manpower supply and demand in relation to each other and a readiness to take action wherever possible to help in making adjustments between the two.

Opinions as to what is the "best possible" in any particular country or in any particular situation will, of course, vary from case to case; and even within one country there will be different views "depending not only on the inescapable facts of the situation but on the resources and authority which the government may be prepared to give to the services. The point to retain is the flexibility of the definition, which allows for a wide range of activities to meet the particular needs of varying employment markets.

The Convention lists certain activities which should be carried out by the service in fulfilment of its duty. The first is that of placement, which is described in the simple but significant terms "assist workers

to find suitable employment and assist employers to find suitable workers". It is to be noted that the service has responsibilities equally towards workers and employers and that it is not conceived as serving primarily the interests of one rather than the other; moreover, these responsibilities exist in relation to all workers and all employers without qualification. Thus, for instance, the facilities of the service should be available to all workers without discrimination, to the employed worker wishing to improve his position as much as to the unemployed worker. To be noted also is that the function is not limited to the placement of persons applying at employment offices in vacancies notified to those offices (though in some countries the service does not progress beyond this point). It encompasses also helping those seeking suitable employment to obtain information, advice, training or retaining; and helping employers, where appropriate, to draw on fresh sources of workers through inter-area clearance. It includes effective co-operation with private employment agencies not conducted with a view to profit. The service is also required to facilitate the occupational and geographical mobility of workers to meet the changing needs of the economy and to make special arrangements for dealing with young persons and the disabled.¹⁾ These tasks cannot be adequately performed without the second important group of activities carried out by the service, namely the collection and analysis of "the fullest available information on the employment market and its probable evolution". Moreover, the collection, analysis and dissemination of employment information makes an important contribution to the further task described in the Convention as:

1) Such special arrangements are not described in detail in this Convention but are dealt with elsewhere in the Vocational Guidance Recommendation, 1949 and the Vocational Rehabilitation (Disabled) Recommendation, 1955. Implementation of these arrangements does not necessarily fall exclusively on the employment service but in many countries, the service does, in practice, assume a major role in putting them into effect.

"assist, as necessary, other public and private bodies in social and economic planning calculated to ensure a favourable employment situation".

This, clearly, is of the foremost importance to developing countries.

A third function listed is that of co-operating in the administration of unemployment insurance and assistance and of other measures for the relief of the unemployed. At present, this is of less importance to developing countries.

Certain other obligations are placed on employment services by other I.L.O. conventions. For instance, under the Discrimination (Employment and Occupation) Convention 1958 the employment service of a country which has ratified this Convention would be required to observe the national policy "designed to promote ... equality of opportunity and occupation with a view to eliminating any discrimination in respect thereto."

It was also the view of the Preparatory Technical Conference on Employment Policy (Geneva, October 1963) that the employment service should play a more positive role in implementing employment policy aimed at "freedom of choice of employment and the fullest possible opportunity for each worker to qualify for and to use his acquired skills and national endowments in a job for which he is well suited".

The Organisation of the Service:

What form of organisation is needed to ensure that this role is effectively performed? The Convention insists on a system of employment offices under the direction of a national authority "sufficient in number to serve each geographical area of the country and conveniently located for both employers and workers", the network being subject to review whenever necessary. Moreover, since the service is designed to assist workers

and employers, great importance is attached to securing the co-operation of their representatives in committees to advise on the policy, organisation and operation of the service so that it may best meet their needs.

The personnel of the service should be public officials appointed with sole regard to their qualifications for the work and assured of stability of employment so that they are independent of improper external influences. They should be adequately trained for their duties. Where this may be useful, sections of offices should specialise by occupation or industry.

Finally, the Convention attaches importance to measures to encourage employers and workers to make full use of the service facilities on a voluntary basis.

Some Problems of Application of these Principles
in Developing Countries

In Relation to the Role of the Service:

In the industrialised countries, where employment services first came into existence over 50 years ago, they developed on an empirical basis. With a dense population, with a high proportion of the labour force firmly committed to the wage earning sector, with a settled occupational structure, with a multiplicity of employers and a very fluid employment market there were, at all times, a number of employers seeking workers and of workers seeking jobs. The need was primarily for machinery to match one against the other effectively and rapidly. This need was reinforced when unemployment insurance was introduced and it became of financial interest to the State to ensure that to worker remained unemployed when there was a job which he could fill. Up till the 1940's, concentration on the function of placement was therefore the established pattern of employment services, with the addition, in some cases, of responsibilities in connection with vocational guidance of the young and vocational rehabilitation of the disabled. When the question arose of introducing services in the economically underdeveloped countries, the authorities (which in many cases were the colonial administrations) tended to copy this pattern. It was not sufficiently appreciated that, in countries with a far less significant proportion of the labour force regularly committed to wage-earning employment, with only a few of these with settled skills, with a small number of employers and a less fluid employment market for all except unskilled workers, there was far less scope for placement machinery. Moreover, the traditional channels of contact between employer and work seeker (relatives, friends and word of mouth) still had a stronger hold than in industrialised countries. The potential field of placements was, in fact, much smaller and there might even be periods during which no single employers was seeking suitable workers.

of a type available in the country. In certain cases procedures, registration forms or occupational classification systems from one or other of the industrialized countries were adopted uncritically without checking whether they were appropriate to the needs of the country. The results were disappointing and the services found themselves only dealing with a limited number of unskilled workers, domestic servants, etc. Exaggerated hopes had sometimes been held of the ability of the service to deal with unemployment (on its own, the maximum it can do is usually to reduce frictional unemployment, that is, the period of unemployment between the worker leaving one job and entering another). Particularly in Asian countries, critical eyes were cast by the financial administrators on the costs of the service in terms of the results they were achieving.¹⁾

It became apparent that the role of an employment service in a developing country was somewhat different. Placement activities on a limited scale were needed and were worth doing. The more pressing immediate need however was for detailed and accurate information about employment in the wage-earning sector for the benefit of the economic planning bodies then being established in most countries. Information was needed, not only on the volume of employment in the different sectors of the wage-earning economy but on the supply and demand situation in respect of the different occupations, or the way work is distributed between the different occupations, on the quality of the work performed and on the future sources of supply of workers. This would, in most cases, only be obtained by direct contact with the employers and workers concerned, contact which it was only possible for local employment offices to make.

1) This subject is dealt with more fully in an article "The Organisation of Employment Services in Economically Underdeveloped Countries" in the International Labour Review, Vol. LXXIII, No. 4 April 1956.

In facing its duty to "assist employers to find suitable workers" (and such assistance was normally only needed in respect of workers having a certain level of skill), the service seldom had a pool of ready-trained and experienced job-seekers to draw on: its assistance had to take the form of assessing the needs for training, helping in the setting-up of training facilities, and guiding suitably-qualified young persons to make use of these facilities. Only in this way could lasting improvements in the manpower situation be effected.

In developing countries, the function of facilitating occupational and geographic mobility was found to be less pressing than in industrialised countries. Services in the latter are concerned with major problems of the reconversion and resettlement of workers becoming surplus in declining industries; in developing countries, though there may be some need for the resettlement of displaced workers, this is not, in relation to other manpower problems, of great significance.

Attraction of workers to areas of population concentration usually requires no stimulation; in fact, serious problems arise in many countries from the over-eagerness of workers to move from rural to urban areas in excess of the capacity of the urban employment market, and steps may need to be taken to attempt to impress on people in the rural areas the strictly limited nature of employment opportunities in the towns.

It is interesting to look back on the conclusions arrived at in 1955 Conference organised by C.C.T.A. at the Fourth Meeting of the Inter-African Labour on General Principles for an Employment Service in an African Setting (reproduced in an Appendix to this paper).

With experience, it has become clear that the employment information produced by the employment services, while being a valuable element in

planning, is somewhat limited in scope for the purpose of integrated manpower planning now being attempted. In practice, it often concerns mainly wage-earning employment in establishments of a certain minimum size (say those employing ten workers or more) and it often assesses future changes over periods of no more than six or twelve months ahead; it does not cover the self-employed (who are of great numerical significance in developing countries, particularly in agriculture); it does not deal with the output of educational institutions, or forecast the over-all growth of employment resulting from the general growth rate of the economy. In the circumstances, the central planning authorities are, in some cases, themselves starting to collect and analyse manpower information on a broader basis. To avoid duplication of effort it is important to decide, in the national circumstances, which fields of information should remain the responsibility of the employment service. This will be discussed in Part III of this paper.

In certain developing countries, and this is more true of Africa than other continents, employment services have, in addition to the standard functions already described, been pre-occupied with the registration of, and issue of identification documents to, workers. While there may, in certain circumstances, be special reasons in favour of equipping workers with identification documents, this is not universal practice and, if the job is to be done, it need not necessarily be placed on the employment services.

In Relation to the Organisation of the Service:

The objective of a network of employment offices "sufficient in number to serve each geographical area of the country and conveniently located for employers and workers" has not proved easy of attainment. Where

Compulsory notification of vacancies on its own is not open to objections of principle, but in practice it frequently results in a heavy load of paper work without significantly affecting the engagement of workers for employment.

Compulsory engagement through the service may be justified in certain circumstances - where, for instance, it permits the distribution of unskilled jobs on public contracts on the basis of such considerations as duration of unemployment, length of residence in the area or number of dependants - but if employers are prevented from engaging, especially for a skilled job, the best qualified applicant, either because he is in employment elsewhere or because he is low on the seniority list at the employment office, an economic loss results. Moreover, experience has shown that obligations of this kind are difficult to enforce and bad for relations between employers and the employment service; and that the routine work concerned with them absorbs much staff the time which would be better employed on more dynamic tasks.

The experience of Lagos some 12 years ago in this connection, which is in many ways typical, was described by the Federal Minister of Labour as follows:

"We made an attempt several years ago to reduce the number of workers coming to Lagos by registering workers in specified occupations. The scheme was not a success and after a few attempts to make it work it was abandoned in 1952. Registration cards speedily assumed a high value and were bought and sold and various ingenious ideas were developed to get around the regulations."¹⁾

1) Speech at the 39th Session of the International Labour Conference, 11 June 1956.

III

Development of the Employment Service to
Meet the Needs of Manpower Planning

Do the traditional roles of an employment service still make sense in a country seeking to accelerate its economic development by the introduction of manpower planning? If so, what adjustments of emphasis are needed? What additional functions could and should the service take on? Comparatively little practical experience has yet been acquired in response to these questions and it is therefore necessary to suggest somewhat tentative answers. It seems best to approach the subject in two parts: firstly, the contribution which the employment service could make to the formulation of employment policy and secondly, the contribution which it could make in putting that policy into effect.

Contribution to the Formulation of Employment Policy:

As noted earlier, the collection and analysis of employment information is one of the major contributions that the employment service can make towards social and economic planning. This information will be drawn both from regular inquiries made of employing establishments and from its day-to-day contacts with employers and workers.

The central manpower planning body, whether it is the country's economic planning commission or a specific organ dealing with manpower, will collect and analyse information on the human resources of the country as a whole, drawing on broad statistical data concerning demographic developments, rates of economic growth, labour force participation rates, output of educational institutions, etc., and will prepare a variety of long-term projections. The employment service, by feeding its own information regularly to the planning authority, can help to fill in, in detail, part of this general picture. As time passes, it can help to show how far forecasts are being borne out and, when they are not being borne out, can give