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Comparative developments in labour administration

**Thomas Hastings
Jason Heyes**

June 2016

Governance
and Tripartism
Department

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List of Abbreviations

ACAS	Advisory, Council and Arbitration Service (UK)
ACOHS	Advisory Council for Occupation Health and Safety
ACPSBM	Analytical Centre for the Protection of the State Borders and Migration (Czech Republic)
ACPO	Association of Chief Police Officers (UK)
AIA	Approved Inspection Authority (South Africa)
APP	Annual Performance Plan
BA	Bundesarbeitsagentur (PES, Germany)
BIS	Department for Business, Innovation and Skills (UK)
BMAS	Federal Ministry of Labour and Social Affairs (Germany)
CCOO	Workers' Commissions (Spain)
CEO	Chief Evaluation Officer
CEOE	Confederation of Employers and Industry (Spain)
CEPYME	Spanish Confederation of Small and Medium Businesses
CESA	Council of Economic and Social Agreement (Czech Republic)
CIB	Citizens Information Board (Ireland)
CIDB	Construction Industry Development Board (South Africa)
CIG	Galician Union Confederation
CNSST	National Commission on Safety and Health at Work (Spain)
COIN	Corporate Operational Information System (UK)
CORA	Commission for Public Administration Reform (Spain)
CSA	Czech Statistical Office
CSR	Corporate Social Responsibility
DCS	Department of Census and Statistics (Sri Lanka)
DG	Director General
DJEI	Department for Jobs, Enterprise and Innovation (Ireland)
DRV	Social Security Office (Germany)
DWAG	Domestic Workers Action Group (Ireland)

DWP	Department for Work and Pensions (UK)
EFQM	European Foundation for Quality Management
ESA	Employment Services Administration (Czech Republic)
ESC	Economic and Social Council (Spain)
ETA	Employment and Training Administration (USA)
FFA	Federal Finance Administration (Germany)
FKS	Tax Enforcement Unit for Undeclared Work (Germany)
GLA	Gangmasters Licensing Authority (UK)
GLMB	Government Labour Market Board (UK)
HEMG	Hidden Economy Monitoring Group (Ireland)
HMRC	Her Majesty's Revenue and Customs (UK)
HSE	Health and Safety Executive (UK)
HTC	Human Trafficking Centre (UK)
IBCIEF	Combating Illegal Employment of Foreigners (Czech Republic)
IBEC	Irish Businesses and Employers Confederation
ICT	Information and Communications Technology
ICTU	Irish Congress of Trade Unions
IES	Inspection and Enforcement Services (South Africa)
IFA	Investment Fund Account (Sri Lanka)
ILC	Indian Labour Conference
INEM	Department of Employment (Spain)
INOUE	Irish Organization of the Unemployed
INSS	National Institute of Social Security (Spain)
IRS	Internal Revenue Service (USA)
ITSS	Labour and Social Security Inspectorate (Spain)
JCP	JobCentre Plus (UK)
JIU	Joint Inspection Unit (Ireland)
LAN	Local Area Network
LFS	Labour Force Survey

LISA	Labour Inspection System Application (Sri Lanka)
LO CR	Labour Office of the Czech Republic
MLLR	Ministry of Labour and Labour Relations
MoF	Ministry of Finance
MoLSA	Ministry of Labour and Social Affairs (Czech Republic)
MoLE	Ministry of Labour and Employment (India)
MPAT	Management Performance Assessment Tests (South Africa)
NCLP	National Child Labour Project (India)
NGO	Non-Government Organization
NERA	National Employment Rights Authority
NIOH	National Institute of Occupation Health (South Africa)
NPM	New Public Management
NSLA	National System of Labour Administration
OECD	Organization for Economic Cooperation and Development
OEST	State Observatory of Working Conditions (Spain)
ORVE	Virtual Registry Office (Spain)
OSRI	Occupational Safety Research Institute (Czech Republic)
PES	Public Employment Services
PMDS	Performance Management and Development System (Ireland)
PRP	Performance Related Pay
PRTP	Planning, Research, Training and Publications Department (Department of Labour, Sri Lanka)
PSA	Public Service Agreement
QETP	Questionable Employment Tax Practices (USA)
QLF	Quarterly Labour Force Survey
RELIT	Central Register of the Electronisation of Labour Inspection Tasks (Czech Republic)
RFD	Result Framework Document (India)
RILSA	Research Institute for Labour and Social Affairs (Czech Republic)
RLI	Regional Labour Inspectorate (Czech Republic)

RSBY	Rashtriya Swasthya Bima Yojana (India)
RTI	Real Time Information
SABS	South African Bureau of Standards
SACPCMP	South African Council for Project and Construction Management
SAIOSH	South African Institute of Occupation and Safety and Health
SANAS	South African National Accreditation System
SAPS	South African Police Services
SARA	Telecommunication Network of the Spanish Public Administration
SASPFUW	State Assisted Scheme of Provident Fund for Unorganized Workers (India/West Bengal)
SAWIC	South African Women in Construction Association
SEPE	Public State Employment Service (Spain)
SEWA	Self Employed Women's Association (India)
SFA	Small Firms' Association (Ireland)
SGB III	Social Code Book 3 (Germany)
SIMA	Inter-Confederal Service of Mediation and Arbitration
SIR	System for Registries' interconnection (Spain)
SLIO	State Labour Inspection Office (Czech Republic)
SME	Small and Medium sized Enterprises
SMS	Short Message Service
SPD	Social Democratic Party (Germany)
STF	Sectoral Training Fund (Spain)
TEGL	Training and Employment Guidance Letters
TGSS	General Treasury of the Social Security System (Spain)
TWC	Texas Workforce Commission (USA)
UI	Unemployment Insurance
USDOL	United States Department of Labour
UGT	General Union of Workers (Spain)
UWIN	Unique Workers' Identity Number (India/West Bengal)
VPP	Voluntary Protection Programme (South Africa)

WDQI	Workforce Data Quality Initiative (USA)
WHD	Wages and Hours Division (USA)
WIB	Workforce Investment Board (USA)
VAT	Value Added Tax
ZAV	International Placement Services (Germany)

1. Introduction

Analyses of the role of government in regulating the labour market tend to focus on the content and consequences of government policies and the legal framework within which employment relationships are established. Labour administration has tended to receive much less attention, yet well-resourced and well-managed public bodies are of critical importance if labour market challenges are to be addressed and the effectiveness of policy enhanced.

The aims of this report are to take stock of recent developments in labour administration and highlight some of the ways in which national governments have sought to improve the functioning of their national systems of labour administration. Over the past two decades, substantial changes have taken place in the organization of national labour administration systems and the principles according to which they are managed. Reforms have been initiated so as to support new labour, employment and social protection policies and enhance the effectiveness of service delivery in these areas. The reforms have also taken place as a consequence of attempts by national governments to improve performance, transparency and accountability within the public sector. The widespread tightening of public finances that followed the economic crisis that began in 2008 has provided added impetus to these efforts. Labour administration bodies in many countries have experienced reductions in their budgets and therefore their capacity. Austerity has been accompanied by an even greater emphasis on ‘efficiency savings’.

Many ministries and associated agencies are therefore confronted with the challenge of trying to achieve ‘more’ for ‘less’, which increases further the need for effective management practices. Drawing on research conducted for the ILO and contributions to the wider literature relating to public administration, labour policy and employment relations, this report describes and compares approaches to the management of labour administration in different countries and highlights innovative practices. Section 2 of the report describes a number of recent reforms and their drivers. The remaining sections of the report cover six core issues: planning methods and the use of data; the coordination of labour administration activities; the development of partnerships; the use of ICT, methods of performance management; and the extension of labour administration to the informal economy.

Sections 3 and 4 present and discuss examples of how governments and labour ministries in different countries approach planning, performance management and the collection and use of data. Effective planning and performance management processes, underpinned by accurate and reliable data, can help to ensure that the allocation of resources supports the priorities of governments and ministries and is linked to a programme of actions that can be evaluated. As Section 5 of the report makes clear, the successful delivery of programmes is also likely to require a coordinated effort by a number of ministries and associated agencies and the report provides a number of examples of efforts to enhance coordination and cooperation within national labour administration systems. The importance of coordination has increased as a consequence of steps taken by national governments to involve the private and ‘third’ sectors in the delivery of services, most notably in relation to employment services. Furthermore, employers’ organizations, trade unions and civil society organizations are often involved in national systems of labour administration, providing advice and sometimes shouldering responsibilities relating to the governance of labour administration bodies or service provision. Labour administration bodies therefore have to coordinate not only with each other and with other public bodies, but also with a range of external stakeholders. Ensuring effectiveness in relation to the delivery of labour policies may therefore require the formation of partnerships, which may vary in terms of their formality and lifespan but which nevertheless need to be robust. Section 6 of the report examines a number of recent attempts to develop such partnerships.

Information and Communication Technology (ICT) has provided one means by which labour administration bodies can attempt to reduce costs while also enhancing their effectiveness. ICT has enabled new approaches to service delivery and has helped labour administration bodies to improve the coordination of their respective responsibilities. As discussed in Section 7 of the report, ICT-related reforms have been widespread in recent years and have affected management processes, working practices and service delivery.

The final substantive issue covered by the report is the informal economy. The informal economy remains a substantial source of employment in many countries and in some developing countries; a majority of workers are employed informally. In recent years, several countries have stepped up their efforts to encourage transitions for the formal economy and extend the regulatory scope of labour administration in order to better protect informally employed workers. Section 8 of the report emphasizes the importance of good quality data, ICT and inter-agency coordination in efforts to address the challenges presented by the informal economy. The final section of the report, Section 9, draws together the insights from the preceding sections and highlights the lessons for policy makers.

2. Important recent administrative reforms

2.1 Reforms related to austerity

Following the eruption of the financial crisis in 2008 governments in many countries eventually came to impose reductions in public spending in an effort to reduce public deficits. The imposition of ‘austerity’ has been a driver of administrative reforms in a number of countries.

For example, the UK government has developed a Civil Service Reform Plan, which represents an attempt to deal with the consequences of government spending cuts. A key concern is to increase productivity, particularly in respect of operational delivery (e.g. administering pensions and benefit systems). Change is being driven through the main delivery departments, including the Department of Work and Pensions (DWP) and the Department of Business, Innovation and Skills (BIS). Reforms are focusing on encouraging innovations in service delivery, increasing efficiency through using IT, improving cross-departmental working, and implementing methods to ensure continuous improvement. The government has insisted that productivity in operational delivery should match the best that the private sector can offer. It has also encouraged greater private sector involvement in operational delivery, for example public-private partnerships (Heyes and Hastings 2015).

Austerity in Ireland has led to a restructuring of government departments and associated agencies, with a view to securing cost savings. In terms of labour administration, the departments which have undertaken the greatest restructuring include Social Protection and the related Public Employment Services (PES) which are tasked with processing a growing number of unemployed under tighter budgetary constraints. In addition, Ireland’s National Employment Rights Authority (NERA) has faced additional staffing and budgetary constraints since the financial crash.

Funding cuts can hinder the ability of labour administration bodies to perform their tasks effectively. For example, the US Department of Labour (USDOL) is concerned that declining state budgets and staffing over time have hampered the ability of individual states to achieve the USDOL’s objectives in respect of unemployment insurance, workers’ compensation programs, minimum wages, overtime and family leave (Heinrich and King 2015: 44).

Some labour administration bodies have taken steps to cope with funding cuts by targeting their activities so as to make the most effective use of the resources available to them. For example, the UK’s Health & Safety Executive’s (HSE) budget was cut by 35 per cent during the 2010-2015 Spending Review period. The HSE responded by focusing its severely diminished resources on high-risk sectors and businesses while attempting to make internal cost savings and ‘efficiency improvements’ and implementing a new fees regime. Safety campaigners and trade unions, however, are concerned that the reduction in resources, capacity and proactive inspections will encourage many more employers to adopt a complacent attitude to health and safety at work, resulting in a higher incidence of accidents, fatalities and illnesses.

Austerity has also given additional impetus to governments’ efforts to streamline regulation and develop alternative regulatory strategies. In some countries government have sought to reduce supposed regulatory ‘burdens’ on employers. This has been the case in the UK, where a ‘Red Tape Challenge’ initiative has been underway since 2010 with the aim of reducing the amount of regulation in the UK economy (Heyes and Hastings 2015), and also in Ireland, which has launched an Administrative Burden Reduction Programme (Hastings and Heyes 2015).

2.2 Efforts to improve effectiveness and address challenges

Some reform programmes have been driven by a recognition of deficiencies in existing approaches, sometimes resulting from changes in conditions in the economy and labour market.

The US provides a good illustration (Heinrich and King 2015: 25-30). Over the past three years there has been a substantial change in the approach to regulation taken by the USDOL's Wage and Hour Division (WHD). The U.S. Government Accountability Office conducted several investigations that documented enforcement shortcomings of the WHD during the G.W. Bush Administration (e.g., USGAO, 2008). Attempts to address these shortcomings have been stepped up since the appointment of Professor David Weil as WHD Administrator in 2014. The USDOL's regulatory approach now comprises a combination of advice and education for employers and workers, strategic targeting of particular sectors, with a particular concern to target low-wage sectors and sectors with high rates of non-compliance, and the use of social media in an effort to achieve 'ripple effects' that influence the behaviour of firms beyond those that have been directly subject to WHD actions (Heinrich and King 2015). The USDOL has characterised its new approach as involving a shift from 'catch me if you can' to 'Plan/Prevent/Protect'.¹ Employers and other regulated entities are required to create a plan for 'identifying and remediating risks of legal violations and other risks to workers', to provide employees with opportunities to be involved in the development of the plans and to make plans available to workers. Regulated entities are also required to ensure that plans are implemented in a way that ensures no legal violations. The 'protection' element places an obligation on employers to ensure that the plan does protect workers and emphasizes that action will be taken against employers who are found to be non-compliant.

In Germany, skills shortage has emerged as a serious concern for policy makers. Employers have been receiving too few applications from qualified applicants in a context of falling unemployment. The PES has responded by establishing four courses of action: (1) rather than focusing on applicants' deficits, PES staff are being trained to identify what competences an applicant has and what PES programmes are available to make a candidate more 'employable'; (2) the PES may encourage employers to take on 'weaker' applicants or consider applicants from outside Germany (the PES has set up a new service to help with international recruitment, the ZAV); (3) PES staff assess whether firms have fully exploited their internal capacities (e.g. whether incumbent employees might be able to upgrade their skills and fill skills gaps); and (4) PES staff encourage firms to think about how they encourage employees to remain with the firm (e.g. through more flexible working times, measures to improve work-life balance etc.). However, the PES has found that many employers prefer to continue with their established practices, resulting in an under-utilization of available measures and a continuing reluctance to consider foreign and older workers (Weishaupt 2015).

In the EU and elsewhere, migration has become a more substantial policy concern in recent years. This issue has influenced labour inspection activities in many countries. In the UK, a Gangmasters Licensing Authority (GLA) was created in 2006 to regulate sectors in which large number of migrants are employed (this is discussed further in Section 8). In Spain, a restructuring of ministries in 2008 led to the creation of a Ministry of Labour and Immigration, responsible for the proposal and implementation of government policies on labour, management and regulation of employment and social security, as well as the development of the Government's policy relating to foreign nationals, immigration and emigration (Daza 2015: 16).

¹ <http://www.dol.gov/regulations/2010RegNarrative.htm>

The creation of the UK's GLA represents an attempt to improve the enforcement of labour standards via inspection activities. Other countries have also taken steps to enhance the enforcement of labour standards. A key development in South Africa has been a shift from generalist labour inspectors to specialist inspectors (Cameron 2015: 15). Since 2012, the policy has been to appoint specialist labour inspectors in the provinces who are experts in particular areas (such as Electrical, Health and Safety, Construction and Explosives). Specialisation has improved the effectiveness of provisional offices, although South Africa continues to lack a sufficient number of inspectors.

Some countries have also taken steps to improve dialogue with social partners. For example, in Spain in 2009 an administrative structure entitled the Cabinet for the Social Dialogue was created, to promote, coordinate and monitor social dialogue, which was considered one of the major strategic thrusts of Government action (Daza 2015: 16). Relations with the social partners are covered in greater depth in Section 6, which is concerned with 'Partnerships' in the field of labour administration.

3. Planning and data

A pre-requisite of labour administration effectiveness is the existence of clear and achievable plans that show how government and Ministry objectives are to be achieved. A robust planning process is required that establishes the actions that need to be taken and how they will be taken. The planning process is bound up with the process of determining budget allocations. It has become a common practice for countries to attempt to link decisions relating to the allocation of public funds to the performance of public administration bodies. However, performance-informed budgeting is difficult to carry out in practice. Governments require clear measures of performance and cost and need to ensure that there are incentives to relate information about performance to decisions in respect of budgets (Holton and Joyce 2012: 427). In order to develop appropriate plans, policy makers require accurate and reliable information about the state of the labour market and the performance of labour market programmes. It has become common for policy makers to emphasize the importance of 'evidence-based' policy making, which implies that the development of policy and programme content should be informed by information about what policies 'work' in practice.

The expectation is that new initiatives should be grounded in reliable, clear and comprehensive research evidence. Ministries should calculate the anticipated impact of proposed policies, use this information when selecting from a range of possible alternatives, and subject policies and programmes to rigorous processes of evaluation. As is the case with performance-oriented planning and budgeting, evidence-based policy making is often difficult to achieve in practice. While research may influence policy-making, it is 'not always influential [and may be] supplanted by the powerful political forces of inertia, expediency, ideology and finance' (Walker 2000: 62-3). The implication is that 'evidence-based policy making' may be undermined. For example, governments may favour a lower cost programme over a higher-cost programme, even though the evidence suggests that the latter might be more effective. These difficulties notwithstanding, the evidence below suggests that many governments have taken steps to enhance the evidence base upon which policies and programmes are developed.

3.1 Planning processes

Planning processes typically involve a number of steps, through which plans are developed and refined. The following example, which is from South Africa, provides an illustration of the steps that may be taken to developing a plan with linked financial allocations.

Example 1. The planning process in South Africa

In South Africa the government has established 12 high level aims or 'outcomes', such as achieving decent employment through inclusive economic growth. The Department of Labour's programme is intended to meet three of the outcomes. The ministry develops a five-year action programme with a set of linked targets. A performance agreement is then signed by the President. The planning cycle then begins within the department and comprises the following steps:

- (i) Annual Evaluation workshop, which takes place in June/July and is dedicated to evaluating the previous financial year and considering priorities and budget requirements. This process is the basis for the development of an Annual Performance Plan, which is submitted to the National Treasury at the end of August.
- (ii) A strategic planning consultation process takes place from August to the end of November. The previous years' performance is reviewed and medium term strategic objectives, key deliverables and budgets are considered.
- (iii) A Mid-Term Review and Planning workshop, which takes place in October/November. Mid-term progress is reviewed and the agreed priorities of the Annual Evaluation are developed into a concrete programme of action (Annual Performance Plan), taking into account the possible budget allocations for the following year.
- (iv) Branches of the Department have Strategic Planning sessions to finalise agreed priorities of the annual evaluation and mid-term review and formulate annual work plans
- (v) The Strategic Plan and Annual Performance Plan (APP) are finalised, in line with allocated funds. This leads to agreed targets and resource allocations between the Director General, Branch Heads and the Chief Operating Officer/Chief Directors: Provincial Operations by the end of January. The APP informs the DG's performance agreement (DoL Integrated work plan), and is cascaded down to branches and provincial operations workplans/performance agreements.
- (vi) The final step is the approval of the strategic plan and the APP and tabling to Parliament by the Minister in March every year

Source: Cameron (2015: 17-18).

The US provides another example of a country with a well thought-through approach to planning. The guiding framework for planning in respect of federally-funded programmes in the U.S. was established under the Government Performance and Results Act of 1993. The Act requires that each department prepare a strategic plan and update it at least every three years (Heinrich and King 2015: 33-34). The process is overseen by the White House's Office of Management and Budget. The current state plans in relation to the 'workforce investment' cover the years 2012-2016 and are publicly accessible through the USDOL's Employment and Training Administration (ETA) website.² Each state plan must include:

1. A strategic plan. This section normally starts by setting out the Governor's ambitions for the state economy and goals for the workforce development system. States are required to include an analysis of the state economy and workforce needs and skills, which informs how the state will align policy, operations and administrative systems to meet the identified needs. The Employment and Training Administration within the USDOL also encourages states to take into consideration the ETA's current policy priorities when developing their state plans. The priorities are communicated to states via Training and Employment Guidance Letters (TEGLs). The policy priorities tend to reflect the broader objectives of the executive administration, such as the Obama administration's emphasis on the use of evidence-based practice and a new 'dual customer' focus. The purpose of the latter is to achieve a better match between employment and training measures directed at the unemployed and employers' skills needs (Heinrich and King: 2015: 34-35).

² http://www.doleta.gov/performance/results/AnnualReports/annual_report.cfm.

-
2. An operational plan. The operational plan describes how each program under the Workforce Investment Act will align with and implement the ambition and strategies set out in the strategic plan section. It should include information about how different participant subgroups will be served by the various programmes. Although the state plans cover a five-year timeframe, performance goals are negotiated with the USDOL on an annual basis, which enables states to take into consideration the latest data on changing economic conditions and to use them in setting more realistic targets (Heinrich and King 2015: 34)
 3. 'Assurances'. These are declarations by the state that its key obligations under the law have been met.

The Ministry of Labour and Employment in India also delivers against periodic strategic plans (Sarkar, 2015). Plans have included new welfare and labour policies including, for example, the Skills Development Mission (an umbrella scheme with several components), a programme for enhancing Social Security for Unorganized workers (including Rashtriya Swasthya Bima Yojana, RSBY) and the National Child Labour Project (NCLP).

3.2 Types and sources of data

It is vital that labour ministries have ready access to accurate and reliable information about the labour market and the maintenance of labour standards. It is therefore important that governments conduct regular nationally representative surveys that capture information about matters such as employment, unemployment, wages, hours of work and vocational education and training. For example, in Sri Lanka, the Statistics Division of the Ministry of Labour and Labour Relations conducts two annual postal surveys: an annual jobs and employments survey; and a survey on normal earnings and working hours. The results of the surveys are published by the Publication Division in three volumes (an annual jobs and employment survey; labour statistics, and a report on normal earnings and working hours. In addition, the Quarterly Labour Force Survey (QLF) conducted by the Department of Census and Statistics (DCS) provides detailed information on the labour force, employment, unemployment and underemployment based on a representative sample of the population of households nationwide. The less frequent Census of Population and the Household Income and Expenditure Survey, also conducted by DCS, provide information about population, labour force, income and expenditure patterns. The databases of the DCS are fully computerized and readily available for analysis by a wide range of user groups. (Chandrasiri and Gunatilaka 2015: 48).

In developing policies in a particular domain, ministries will often draw on a variety of official data sources. For example, the German government's skills agenda is systematically supported by statistical data, including labor market data (prepared by the PES), population survey data, and firm survey data. The PES data are used to produce regular 'skills bottleneck reports', which analyze job vacancies by occupation on a monthly basis. The PES also provides a wide variety of additional analyses on issues ranging from gender to age to regional disparities. Labor market and skills monitoring occurs mainly through two outlets: *Labor Market Monitor (Arbeitsmarktmonitor)* and the annual Progress Reports (*Fortschrittsberichte*) (Weishaupt 2015). Labour market monitoring has been strengthened at regional and sectoral levels, as explained in Example 2.

Example 2: The German Labor Market Monitor (AM-Monitor)

The AM-Monitor was first developed to provide a comprehensive labor market assessment at both regional and sectoral levels. The data are prepared in an interactive process, whereby the central statistical unit of the PES collects relevant statistical data from various official sources (e.g. PES internal statistics, statistics from Federal Statistical Office or Eurostat) and prepares them for dissemination. In a second step, the local PES offices evaluate the data by discussing them with relevant stakeholders at the local level (e.g. employer and business associations, chambers, trade unions, banks). After discussing and correcting the data, the information is then passed back to the central unit, which prepares the data for publication in the AM-Monitor. The data are updated on a regular basis. Every six months, a forecasting report is issued which represents a very important tool to assess regional development.

The AM-Monitor was updated in 2011 when the regional and sectoral data were further broken down by occupations. This more fine-tuned presentation of data allows for specific 'bottleneck analysis' of the labor market, highlighting specific skills needs at the local level. These data are actively used by the Federal Ministry for Labor and Social Affairs, the Länder governments as well as other (regional) stakeholders.

The AM-Monitor also serves as a communication and networking platform, where actors can post 'good practice' examples, engage in collaborative activities, post and advertise relevant events, or make new contacts. The AM-Monitor includes about 16,000 members. Approximately half are PES staff and related experts. The other half are stakeholders, such as employers, trade unions, chambers etc. How important this networking function is remains unclear and it varies greatly across actors.

Source: Weishaupt 2015

In developing policies and plans, governments draw on information from three main sources: firstly, information provided by internal researchers; secondly, information provided by independent or semi-independent research bodies that are linked to government departments; and finally, independent research institutes, including universities and research consultants.

Universities and research consultancies can be commissioned to undertake research to meet objectives that are set by the body that is commissioning the research. In India, the Ministry of Labour and Employment provides grants to Research and Academic Institutions and Voluntary Organizations to assist data generation and related research on labour matters (Sarkar 2015). There are a number of potential advantages that may arise from commissioning research. For example, external experts might have knowledge and skills that are not available within government. They may also have ideas that challenge established orthodoxies within government and might help policy makers think differently, and perhaps more creatively, about policy. Most importantly, policy and programme evaluations that are independent of government can help governments to defuse opposition to policies that are politically contested (assuming that the evidence is favourable). For example, in 2009, the coalition agreement between the Christina Democrats and Liberals in Germany included a commitment to evaluate the impact of sectoral minimum wages, on the basis of which the government would decide whether the sectoral minimum wages should be abolished. The evaluations, which were conducted by leading German research institutes, found that there had been no negative effects on employment and the sectoral minimum wages were retained (Weishaupt 2015). The creation in the UK of an independent Low Pay Commission in 1998, which drew on independent studies to demonstrate that the National Minimum Wage had not destroyed jobs, had a similar effect.

Research institutes that are linked to Ministries can augment their capacity and, like university researchers and consultants, may have the virtue of being independent. Importantly, they may also be able to respond relatively rapidly to requests for information. An example of a country in which research institutes are linked to the Ministry is provided by the Czech Republic. The Ministry of Labour and Social Affairs (MoLSA) has a Labour Market Concepts and Strategies Department, which makes use of statistics provided by the Czech Statistical Office (CSO), particularly Labour Force Survey (LFS) data. For deep and systematic analyses that are beyond its internal research capability, however, MoLSA is able to call on the services of two research institutes: the Research Institute for Labour and Social Affairs (RILSA) and the Occupational Safety Research Institute (OSRI). The institutes were

founded by MoLSA and originally entirely funded by government subsidies. Since 2010, however, state funding has been cut and the research institutes have had to make up the short fall in their budgets via grant-based activities and cost-cutting measures (Lehmann and Kyzlinková 2015: 22-23).

A further example is provided by Spain, where planning is influenced by data produced by observatories (Daza 2015: 27). The two main observatories for labour matters are:

- i. The State Observatory of Working Conditions (OEST), which provides high quality information on occupational health. It periodically publishes a detailed analysis of accidents in the workplace that enables the effective targeting of preventive policies and their monitoring and assessment, providing policy makers with a necessary tool to achieve institutional goals.
- ii. The Occupation Observatory of the Public State Employment Service, which is a technical body of the PES and is responsible for analysing labour market trends and challenges. It has a single network throughout the country. Its studies are used to establish priorities in respect of training activities. The Occupation Observatory relies on a network of professionals distributed throughout the country. Work is coordinated through working groups that focus on different activities and are responsible for their quality. The Observatory publishes monthly, quarterly and annual reports that cover key labour market issues, including employment, skills and mobility.

3.3 Improving the evidence base

The value of official statistics depends on the ability of governments to ensure that data collection and analysis is undertaken to the highest possible standards. Where lapses are detected, it is important that action is taken to address them.

A good example is provided by the US, where state workforce investment agencies are required to maintain standardised records of individuals who receive services or benefits from certain programmes. However, there have been inconsistencies across states in terms of how data are recorded and managed. The limitations of the existing workforce development data systems led in 2010 to a new Workforce Data Quality Initiative (WDQI), which is administered by USDOL and provides grants to states to facilitate improvements in their data systems. A similar scheme is administered by the US Department of Education. Together, these schemes are intended to support the development and improvement of state education and workforce longitudinal databases, the integration of education and workforce data, and their quality and breadth. They are also intended to help citizens select education and training programmes that best suit their needs. Thus, some states have developed dashboards that provide unemployed workers with easy-to access information about services (Heinrich and King 2015: 39-40).

The WDQI has given rise to an initiative by the US National Skills Council, which is helping selected state to develop supply-demand analysis, dashboards and career pathway evaluators in an effort to demonstrate how state officials and other policy leaders can use these data tools to make more informed decisions about targeting state and federal resources on the most effective programme combinations for unemployed workers, particularly those with low skills (Heinrich and King 2015: 40).

It is also important that those who use data are aware of all relevant sources and have access to up-to-date and comprehensive information relating to the policies and programmes for which they are responsible. In the UK, a major initiative has been launched to improve the evidence base and improve policy makers' understanding of the relative effectiveness of different policy measures. It is entitled 'What Works' and is delivered by independent centres. It has also inspired the Department of Work and Pensions to establish a 'What

Works, Evidence & Narratives' unit within the DWP to synthesise and share research evidence within the department. In addition, the Cabinet Secretary has commissioned a horizon scanning strategy review on the Future of Work. The Government Labour Market Board (discussed in Section 5) is supporting the group that is overseeing this initiative. It is being jointly coordinated by DWP and the Cabinet Office and different departments are looking at different issues relating to the Future of Work. For example, BIS and DWP together are looking at labour market participation

Example 3: The UK's 'What Works' initiative

The UK's 'What Works' initiative was developed as part of the Civil Service Reform Plan (see Section 2) and launched in March 2013. What Works aims to improve the way information is created, shared and used. The core principle is that decision-making should be based on the highest quality evidence concerning 'what works' and also 'what does not work' in relation to impact and cost effectiveness. The What Works Network comprises seven independent What Works Centres. The network is tasked with improving the evidence base by: 'collating existing evidence on how effective policy programmes and practices are; producing high quality synthesis reports and systematic reviews in areas where they do not currently exist; assessing how effective policies and practices are against an agreed set of outcomes; sharing findings in an accessible way; and encouraging practitioners, commissioners and policy-makers to use these findings to inform their decisions'

3.4 Data and performance evaluation

It is desirable that governments subject their policies to rigorous evaluations that are able to identify policy outcomes and provide policy makers with information that will enable them to determine whether a policy should be continued, refined or abandoned. This information will normally feed into performance management processes, discussed in Section 4.

The measured performance of a labour administration body clearly depends on what is measured and how it is measured. The USDOL has recently changed its measures in an attempt to better capture the impact of its activities. The Strategic Plan for 2011-2016 committed the USDOL to measuring outcomes of its programmes rather than simply programme outputs. In other words, rather than simply knowing how many people completed a programme, the USDOL undertook to measure what difference policies and programmes had made to people's prospects and the behaviour of employers. The implications of this change in emphasis can be seen in relation to the WHD, which is committed to reporting on compliance levels for all regulated entities, continually evaluating whether strategies are leading to improved outcomes and using routine quantitative analysis and programme evaluation to assess the effectiveness of strategies (Heinrich and King 2015: 41-43).

Programme evaluation is a necessary activity for labour ministries, potentially enabling ministries and governments to determine whether programmes are effective, delivered well and represent good 'value for money'. The impact of labour market programmes, such as employment schemes, are typically evaluated via econometric studies. However, the results from econometric analyses depend on the estimation methods that are used, which in turn reflect the decisions taken by those conducting the research. An example of the consequence this may have for policy is provided by Heinrich and King's (2015: 13-14) discussion of evaluations of employment and training services in the US. An evaluation of the impact of the Job Training Partnership Act programmes in the late 1980s (Orr et al 1996) found that there were no statistically significant increases in earnings for young people who participated in the program. However, a subsequent re-analysis of the evaluation data by Heckman and Smith (2000), which adjusted for (among other things) the failure of the earlier study to account for treatment group dropouts and substitution by control group members, found that participation in the programme had a positive impact on earnings.

3.5 Trends and lessons learned

Effective planning processes are essential if resources are to be used appropriately and linked to the priorities of the government and the associated objectives and targets of labour ministries and other labour administration bodies. It is important that the planning cycle be transparent, deadline-driven and allow for meaningful dialogue between finance ministries, labour ministries and associated bodies. Planning also requires the use of different types of data, including information about the past performance of labour administration bodies, emerging challenges and the state of the labour market. It is vital that information about labour market and employment relations matters be accurate, reliable and collected on a frequent and regular basis. Policies should be evaluated and politicians need to be cautious about making changes before policies have had time to ‘bed in’. In understanding what policies do or do not ‘work’ it is important to use different types of evidence and try to understand underlying causal mechanisms. It is also important that policy makers understand the limitations of data in terms of quality and coverage and that steps be taken to improve both. Some countries have attempted to identify and plug gaps in the evidence base and use evidence in a more systematic fashion in order to better inform policy.

4. Institutional performance management

The implications of New Public Management (NPM) are now relatively well researched and understood. Across the corpus of research four ‘grand themes’ may be used to characterise NPM (O’Flynn, 2007, 354; Hughes, 2006):

- The priority of management over administration (i.e. a focus on results and managerial responsibility over following instructions).
- The belief that economic principles can assist public management (e.g. drawing on theories of competition and the firm).
- The understanding that modern management theory and related practices (such as flexibility of staffing and organization) can enhance public management efficiency.
- Service delivery is a priority for citizens.

Alongside the development of NPM there has been a growing emphasis on *performance management* and an associated increase in measurement techniques and systemic appraisal mechanisms, designed to evaluate both inputs and outcomes of public administration. The transition to proactive managerial models has encouraged a wealth of theoretical and cross-national studies geared to evaluating these developments (Heinrich, 2002; Sanderson, 2001; Moynihan and Pandey, 2005; Moynihan, 2006; O’Flynn, 2007).

Despite the growth of new paradigms in public management (e.g. value driven approaches; *ibid*) the continued uptake of NPM may be linked to a series of inter-related pressures. These include fiscal stresses/attendant budgetary concerns, a continued scepticism concerning the value of bureaucracy (often associated with needless waste and delays) and continued respect for private sector efficiencies (Hood 1991).

The following section describes and evaluates existing systems of performance management, focusing on the extent to which performance management contributes to enhanced effectiveness of labour administration.

4.1 Performance management systems operating across the whole of government

In the U.S. the uptake of performance management systems has continued over the last decade under successive Labour Secretaries. For those services that have remained in-house, the government continues to embrace performance management systems across a range of labour administration services with a view to replicating private sector management techniques and their (perceived) efficiencies. This is evident in particular in the USDOL and attendant bodies such as the Wage and Hour Division, which have moved deliberately towards a greater use of performance metrics and more rigorous, systemic evaluation methods.

The progressive embrace of performance management techniques in the U.S. is evidenced by the creation in 2010 of a Chief Evaluation Officer (CEO) role within the USDOL. The CEO independently coordinates, manages and implements the Department’s evaluation programme and collaborates with other federal departments and the wider research community.

In the UK the main method of performance management has changed in recent years. This has involved a shift from Public Service Agreements (PSAs) under Labour government

administrations (1997-2010) to ‘structural reform plans’ and the development of ‘transparency frameworks’ introduced by the Conservative government in 2010 (see Table 1).

Table 1. Changes in UK performance management methods

Period	Performance management method	Main features
1997-2010	Public Service Agreements (PSAs)	<p>3-years PSAs developed with the Treasury to set out objectives. Intended to provided orientation and increase accountability.</p> <p>PSAs were often cross-department to factor in distribution of responsibilities across BIS, DWP and other ministries.</p> <p>Of the PSAs established for the 2008-11 period, for example, Department of Work and Pensions led on two: to ‘maximise employment opportunity for all’ and to ‘tackle poverty and promote greater independence and well-being in later life’</p> <p>Each PSA and strategic objective was underpinned by a number of performance indicators.</p>
2010 onwards	Departmental Structural reform plans and transparency frameworks	<p>Emphasis on concrete actions linked to timescales (e.g. contracts issued per month), as opposed to broader targets (e.g. increasing the employment rate)</p> <p>BIS’ structural reform plan contains aims and actions in relation to issues that are relevant to employment relations and labour administration (see Table 1 in the appendix of the UK report for information from the Department of Business, Innovation and Skills reform plan and actions since 2010).</p>

Conversely performance management in the Irish Government is conducted via a Performance Management and Development System (PMDS) which applies to all civil servants. This system is intended to provide a format for staff to plan work goals, identify learning and development needs, and to provide an opportunity for constructive feedback on performance.

In contrast to this systematic approach to performance management, past reports on labour administration in South Africa (e.g. ILO, 2012) have suggested a somewhat haphazard approach to performance management and measurement. More recently, the department has progressively reduced the number of performance indicators from 133 to 48. The South African Government uses a Strategic Plan and Annual Performance Plan (APP) to help guide performance across the whole of government. The Department of Labour’s situational analysis of the performance environment is delivered in the Annual Performance Plan.

In terms of specific systems, the South African government monitors employees through a Performance Review Process. Management Performance Assessment Tests (MPATs) are used to provide a comparative analysis of the 41 National Departments. These are conducted by the Department of Performance Monitoring and Evaluation. The MPAT rates performance according to four levels, ranging from non-compliance to full compliance with legal/regulatory requirements. This system provides a measurement of all Key Performance scores for each government department.

By contrast the Spanish government has traditionally made less use of performance assessment compared to other OECD countries. Staff performance assessments have been criticised for relying on a narrow range of criteria which are not well linked to career advancement, remuneration and contract renewal. On the other hand, Spain makes more extensive use of performance-related pay (PRP) than most OECD countries. PRP is used for most employees and takes the form of one-off bonuses, representing a maximum of 6-10 percent of base salary.

In October 2012 the Spanish Commission for Public Administration Reform (CORA) provided an overall review of the public administration. This was intended to help implement efficiency assessment systems in certain State General Administration units across the board. More generally the proposal was intended to enhance the efficiency of government units and to reduce unused functional capacities, potentially through the use of goals/targets with reference to unit capacity. In India the most important performance management mechanism for the Ministry of Labour and Employment (MoLE) is linked to the Result Framework Document (RFD) monitored by the Cabinet Secretariat. The objective of the RFD is to monitor the performances of ministries, with relative measures used to ascertain acceptable benchmark levels. Targets are also used to appraise state level units (e.g. programmes such as the National Child Labour Project) which are appraised in line with periodic reviews. Enforcement agencies also use a target system which includes a minimum number of inspections and prosecutions. Such evaluations are conducted internally at both centre and state level.

4.2 The operation of performance management at different levels and relationships and linkages between these levels (e.g. individual, department, whole organization)

The countries covered in this report reveal a range of approaches to managing performance, including orchestration of responsibilities at different levels. In Spain responsibility for performance management primarily resides with the Directorate General of the State Public Employment Service (SEPE), which delegates to General Sub Directorates in each area. SEPE then uses an EFQM Excellence Model for measuring the strengths and areas for improvement of the relevant organizations across all activities (a specific team in the Sub-directorate is responsible for implementing and developing the plan).

In South Africa the departmental objectives and targets are set in the Annual Performance Plan. The objectives and targets are then cascaded down to branches, Provincial Offices, Labour Centres and all teams and employees of the Department. In terms of target-setting, there is a growing degree of interaction between the Chief Directorate and the provinces, and indeed the Head Office can now link up with the provincial branch Heads to define the scope of work. This means that targets can be set at an organizational level vis-à-vis the national and provincial government levels (i.e. as opposed to just the national government/branch level). However, the setting of joint targets is not universal and is arguably confined to certain areas on the margins.

In the USA, workforce programmes operate in a federal/state/local hierarchical structure, with goals and standards established by the USDOL and then further shaped and implemented by state and sub-state entities. By contrast, wage and hours regulation is carried out at all levels – national, regional and district – mainly by federal employees who answer to the administrator for the WHD. Their work is augmented by the work of state wages and hours regulation staff, who, in recent years, have faced increasing workloads as state budgets have tightened.

4.3 Main performance indicators used at different levels

In the US, the landmark Governance Performance and Results Act of 1993 facilitated a series of performance metrics which, by design, are meant to extend beyond specific programs. Their indicators and focus accordingly apply to broader areas of work within federal agencies. However the USDOL and the Wage and Hour Division have opted to craft measures that are relevant both at the level of broad goals and functions, as well as at the division level (the level where the WHD carries out its enforcement efforts). Strategic Goal 3 in the current Department's Strategic Plan is 'to promote fair and high-quality work environments'. The Goal has accompanying strategic objectives, performance goals and measures. Examples of the key performance goals and measures in the 2014 USDOL Strategic Plan for the WHD include (pp. 51-54):

Performance Goal WHD 3.2 - Increase corporate compliance with the Family and Medical Leave Act. The primary measure is 'percent of no-violation FMLA cases'. Compliance was almost 50 percent in FY 2011, but is expected to decline and has a target rate of just 38 percent in FY 2018, as a result of shifting to more agency-initiated cases.

Performance Goal WHD 3.3 – Provide that vulnerable workers are employed in compliance and secure sustained and verifiable employer compliance, particularly among the most persistent violators. Associated performance measures are:

- Number of compliance actions
- Percent of directed investigations (excludes conciliations)
- Percent of directed investigations in priority industries
- Percent of complaint investigations in priority industries
- Percent of directed no violation cases
- Percent of complaint no violation cases
- Average age of Davis-Bacon wage rates (in months) for non-residential construction

In the UK there are a range of specific performance management measures which apply to JobCentre Plus, the overall Work Programme and the conciliation and arbitration body ACAS. Since 2012, JobCentrePlus (the UK's Public Employment Service) has operated 'in-house' within the DWP (i.e. rather than operating as an independent Executive Agency). This development was associated with a change in the focus of performance management away from a 'job outcome target points' approach (focusing on certain numbers transitioned into work) towards an 'expectations' approach. Expectations relate to off-flow rates from benefits in future time periods, based on estimates drawn from forecasts from the Office for Budgetary Responsibility.

External providers are responsible for the management of the Work Programme ('customers' – i.e. unemployed workers - are referred to the Work Programme after 12 months without work). Payment is based on results and partly regulated by the DWP's analytical teams, which examine the progress of the Work Programme through assessing outcomes and the overall sustainability of jobs into which unemployed people are placed.

ACAS also has its own management metrics, although these are agreed with BIS and mediated through service level agreements. As many issues are dealt with over the telephone,

the majority of metrics reflect typical call centre grading techniques (e.g. number of calls handled each week, number of cases resolved, number of hearing days saved).

An example of performance management in the German PES (Bundesagentur für Arbeit – the main Germany PES/Federal Agency for Employment) is provided below:

Example 4: Fine-tuning Performance Management

The BA relies on a wide range of quantitative and (since 2014) qualitative performance targets and indicators.³ In the recent past, the BA headquarters defined targets, based on mathematical calculations, and indicators, which were then assigned to local Employment Agencies via the Regional Directorates. Setting targets for each Employment Agency involved a process of negotiation. Since 2013, the target setting system has operated differently (and some indicators have also been adapted). Now, the local directors consult their team managers and – based on predictions of labor market developments, the current stock of clients and the strategic focus of the PES branch – define targets to be reached themselves. In some offices, this bottom-up process led to ambitious targets and no further target adjustments (negotiations) were needed; in other cases, the Regional Directorate negotiated with the manager to increase targets. Once targets are set, there are benchmarking exercises between PES offices, and performance is monitored on a monthly and assessed on a quarterly basis. Local Employment Agency managers receive performance-based bonuses on target achievement; good performance affects also their promotion prospects (European Commission (Nunn), 2012, 47).

The performance management system is closely linked with new, high levels of local budgetary autonomy (but only in the context of Sozialgesetzbuch (SGB) III). This is to say, since 2013 the local Employment Agencies estimate their ALMP budget needs in autumn for the following year, based on labor market situation forecasts, their customer bases and strategic foci. The Regional Directorates aggregate the budget requests for ALMP, who then inform the central PES. The BA decides on the overall budget for active measures, which is subsequently approved by the government. The Regional Directorates distribute the money to the local Employment Agencies. At local level, the Employment Agencies are free to use the ALMP budget as they choose, shift budget items if needed, and to assign staff to office locations and determine their roles (e.g. placement officer, employer contact etc.)

4.4 Making Better Use of Performance Data

In order to make better use of performance data the U.S. recently began (as of 2014) implementing its Open Government Plan (under the direction of the Office of Management and Budget). Further to this, the Wage and Hour Division has begun posting planning data, performance information and supportive materials on the web for an audience that ranges from policymakers and program officials to employers and workers (its primary ‘customers’), as well as researchers. However, the information posted remains somewhat limited at the time of writing and it remains an area in need of improvement.

In South Africa, the verification of performance management data has recently come to be taken more seriously than was previously the case (Cameron 2015). For each quarterly performance indicator and target achieved/not achieved, there must be supporting documentation, which acts as evidence to verify the data. For each quarterly performance indicator and target not achieved, there must be a reason for deviation or variance. Equally, for audit purposes there must be evidence of why the performance indicator and target were not achieved (Department of Labour, 2015). At provincial level, staff who do not achieve targets are reported for ‘non-performance’ (Cameron, 2015).

³ Qualitative targets include objectives such as, for instance, to better identify the needs of specific customers (e.g. small and medium sized enterprise, or youth unemployment with only a lowest-tier or without an educational degree, or long-term unemployment), while quantitative targets include a wide range of issues such as average duration on benefits, number of job placements, number of job-to-job transitions, vacancy filling, UB processing times, and customer satisfaction (Bundesagentur für Arbeit, 2013, 38).

4.5 Performance outcomes

In the USA, the DOL has traditionally offered little guidance to One-Stop Centre staff on how to identify the needs of the broader target population or how to refer customers to the various levels of service in a cost-effective manner. The most basic “core” services under WIA - outreach, intake/assessment, job search assistance/placement and labour market information - were made available to the general public with no qualifying criteria/eligibility requirements. Furthermore, the DOL did not require monitoring and tracking of participants using the self-directed core services or non-WIA services at the One-Stop centers, (only those participants who receive substantial staff assistance in the WIA programs are tracked).

In developing country, contexts there are a range of performance measurement concerns linked to the poor remuneration of staff and temptations to subvert performance standards on a range of metrics. In South Africa, an unintended impact of targeting labour inspection at provincial level (linked to non-performance) has been staff manipulation of data out of concerns for job security. More positively, in Sri Lanka the Labour Inspection and Systems Application (LISA, further discussed in Chapter 5) has been shown to provide timely and accurate information to the senior management of the Department of Labour, based on statistical reports generated through the system. LISA utilizes both technological advancements and a recruitment model based on the hiring of individual consultants (i.e. as opposed to hiring a firm). It supports on-site inspection processes in which authorized personnel can monitor the status of inspections as/when they occur. Further benefits of LISA include the ability to monitor individual staff performance through an evidence-based, transparent approach, which will ideally motivate staff to perform at the highest level.

4.6 Persistent challenges in ‘developing’ countries

In South Africa, Director General Thobile Lamati identified a shrinking financial resource as the major challenge facing the Department of Labour in the 2014/2015 financial year. The restricted budget has negatively affected human resources and staffing. South Africa’s Strategic Plan requires that branches do more over the next 5 years without an increase in resources. The shortage of labour inspectors has meant that inspectors’ time is often dominated by dealing with complaints and follow up activities rather than routine inspections. These difficult conditions are likely to have contributed to a high turnover of labour inspectors. In these circumstances, Cameron (2015) suggests that a lack of consequences for poor performance may be undermining the success of the inspectorate.

A lack of internal control over record keeping has impacted on South Africa’s Auditor General (AG) in particular, as evidenced in the 2014 report where a lack of reliable evidence undermined the necessary financial statements. Information was also deemed unreliable for appraising inspection and enforcement services, PES and Labour policy/industrial relations. The AG was particularly concerned about the accuracy of data and its reliability. Importantly the data did not comply with SMART principles in that it was not measurable; nor was there sufficient proof to corroborate claims about the number of labour inspections that were undertaken. This was linked to a heavy reliance on the manual system of data entry. The AG recommended strengthening implementation procedures so as to assign responsibilities to individuals for collating evidence and reporting, with the intention of ensuring improved quality in future reports. The AG also encouraged the implementation of controls (e.g. reconciliations) and monitoring/evaluation responsibilities in respect of performance information, and improvements to the source documentation relating to the preparation of performance information.

Further challenges in South Africa have arisen concerning the high turnover in the Director General position, which has led to a lack of leadership consistency with clear impacts on labour administration. This has had a particularly strong impact on the implementation of

the Strategic Plan and the Annual Performance Plan. Since 2009, there have been five different Directors-General.

Sri Lanka also faces marked difficulties in terms of resource constraints, which hamper the effectiveness of its national system of labour administration. However, while the proportion of listed factories inspected under the Ordinance declined from 37 percent to 26 percent between 2002 to 2013, the number of listed factories more than doubled from 10,637 to 23,844 over the same period. Accordingly, the department's capacity actually appears to have expanded significantly in absolute numbers of inspections over the same period. In addition, the rate of investigation of complaints received has been sustained, with the number of investigations exceeding the number of complaints received in 2010. These figures attest to the high volume of work carried out by the officers of the Industrial Safety Division and by officers at regional level.

4.7 Trends and lessons learned

Several lessons are evident from the above discussion. Increasingly it is acknowledged that a combination of quantitative and qualitative indicators are desirable in order to measure performance and influence the behaviour of ministries and agencies. In any system of performance management, targets and resulting benchmarks require ongoing monitoring and appraisal to ensure their adequacy over time. Performance management systems use a variety of targets to encourage high performance standards and performance improvements. This is evident, for instance, in the use of key performance scores/indicators (South Africa), the prevalence of performance metrics (USA) and actions associated with timescales (UK). All methods are aimed at improving efficiency and transparency. In operational terms performance management systems commonly cover actions at a number of administrative levels and are intended to ensure that those actions are well coordinated.

Achieving and maintaining a good standard of performance is, of course, not simply a matter of having appropriate systems and targets in place. Budgets obviously matter. In some countries austerity has led to a reduction in the budgets of labour ministries while in many developing countries the resources available to labour ministries can be very limited. The consequence can be pay stagnation and inadequate levels of staffing, which are in turn likely to have negative consequences for performance and mean that the most intractable labour market issues, for example work in the informal economy, receive insufficient attention.

5. Coordination and cooperation

Inter-organization relations are extremely important in the implementation of policy. In some cases, two or more ministries might have a role in policy implementation and in many countries service delivery is delegated to subordinate bodies with which ministries will need to coordinate. In large federal countries, there is typically a need for cooperation between national ministries and local level bodies that will have varying degree of autonomy in relation to the administration of services. Inter-organizational relations have been further complicated by the widespread shift to involve private and voluntary sector organizations in the delivery of services, through public-private partnerships, contracting out and so forth (O'Toole, 2007). In addition to the need to ensure vertical coordination between the national and sub-national level, issues of horizontal coordination also need to be addressed so as to ensure that objectives in one sphere of policy (e.g. labour and employment) are consistent with, and supportive of, objectives in other policy areas. New labour policies often have implications for the programmes of ministries that are not primarily responsible for labour matters and it is therefore vital that all ministries are informed of new policy proposals at an early stage and that they have an opportunity to pass comment.

Effective coordination can be impeded by, for example, unclear reporting lines; insufficiently clear divisions of responsibility across labour administration bodies; inadequate information flows between ministries and their subordinate bodies, and between different ministries and different subordinate bodies; inadequate training; and underdeveloped mechanisms for gathering, processing, using and sharing data (for a discussion of how such problems have affected Sri Lanka's labour administration system, see Chandrasiri and Gunatilaka 2015: 22).

A further consideration relates to the amount of autonomy that ministries allow subordinate bodies (e.g. regional and local offices or executive agencies) and other actors that might be involved in service delivery (e.g. private employment services). Devolving responsibility can increase the ability of labour administration bodies to develop strategies and programmes that take into account local circumstances. While this requires local-level flexibility, labour ministries also need to ensure that the mandate of the ministry is fulfilled and that core programmes are delivered to expected standards. In the case of subordinate bodies, labour ministries need to ensure that plans are agreed, that it is possible to monitor performance against the plan and that there are clear and effective communication channels and information flows. In the case of private providers, expectations are normally spelled out in contracts that typically link the payment of fees to the achievement of performance targets (for a discussion, see Koeltz 2013).

5.1 Coordination of the development of policy and strategy (horizontal coordination)

Some countries require an extensive cross-government consultation process on new policy proposals. In the Czech Republic, for example, the law requires that Ministries and their subordinate institutions exchange information, data and materials. Ministries issue opinions on the proposals of other ministries and other central administrative offices, most notably during the consultation process on draft legislation. In addition, ministries jointly prepare programmes affecting the kind of activities that cut across departments. Subordinate bodies take part in consultation processes when new legislation is being developed by the MoLSA. Managing directors of organizations, including Labour Office of the Czech Republic (LO CR) and the State Labour Inspection Office (SLIO), take part in meetings where they can highlight concerns or requirements (Lehmann and Kyzlinková 2015: 17).

Coordinating bodies designed to provide orientation within and across specific policy areas are common. In Ireland, for example, a Cabinet Committee on Economic Recovery and Jobs

is chaired by the Taoiseach. It features ministers from key ministries, including the Department for Jobs, Enterprise and Innovation (DJEI), Education and Skills, Finance and Social Protection. A senior officials group feeds into the Cabinet Committee. Groups of senior officials also meet to discuss actions and progress in respect of discreet areas of social policy, such as labour market policy. These provide the Cabinet Committee on Economic Recovery and Jobs with policy papers and proposals, which can then be discussed.

In the UK, a Government Labour Market Board (GLMB) helps to keep policies aligned across government. It is an informal coordination body that meets quarterly. The GLMB is composed of civil servants, all of whom are Directors General from relevant ministries, including BIS, the Treasury, Department for Communities and Local Government and Department of Education. The Department for Health and the Child Poverty Action Unit sometimes attend. The GLMB focuses on labour market evidence and how policies are aligning. It tries to achieve a consensus in relation to shared labour market challenges. Different ministries have different perspectives on how the labour market works and the GLMB provides a forum where these differences can be aired and discussed. The members try to achieve 'alignment' where possible. The GLMB is a strategic body. It asks: what are the problems (e.g. how do we respond to in-work poverty), what are the opportunities and what levers can government pull in relation to the labour market? It has examined cross-cutting issues, such as the transition from education to employment, and asked the different departments represented on to the GLMB to provide inputs.

In South Africa, the Department of Labour (DoL) aims to achieve internal coordination through regular meetings of various fora. There are annual meetings which are chaired by the Minister/ Deputy Minister of the DoL and which are attended by senior official within the ministry and by the Executive Officers of statutory bodies associated with the DoL. A Departmental Executive Committee meets quarterly to review performance. It is chaired by the DG. There is also a Management Committee, which is chaired by the Deputy Minister and which keeps track of the implementation of annual and mid-term resolutions. However, it appears that while linkages exist at a strategic level, operational matters still tend to be organised in silos (Cameron 2015: 21-22). A lesson for labour administration is that it is important that the coordination of strategy be accompanied by effective coordination of policy implementation.

Example 5: South African 'cluster' system

An important element of coordination in the South African government is the cluster system. Clusters are responsible for policy and legislative issues, as well as other horizontal cross-cutting matters. They comprise technical clusters (at DG level) and ministerial clusters (at ministerial level) which then submit reports to Cabinet committees for decision. Clusters coordinate policy issues before going to Cabinet. The DoL participates in the cluster system, mainly in the social and economic clusters.

The four main cluster roles are to:

- (i) Improve Cabinet decision-making processes;
- (ii) Harmonise and align the work (including policies and priorities) of departments and reduce departmentalism (coordinate cross-cutting matters, legislation and policy);
- (iii) Produce cluster-based reports on the implementation of the Programme of Action
- (iv) Provide coordination or oversight over implementation of the Programme of Action (Presidency, 2014):

However, there are some areas, which fall between cracks, and there is also duplication. Each department has its own mandate which sometimes makes cross-cutting coordination difficult. Furthermore, technical clusters do not always do their preparatory work adequately before items are considered by the ministerial clusters.

Source: Cameron (2015: 24)

5.2 Coordination of the implementation of policy and programmes (vertical coordination)

Horizontal coordination can help to ensure that policies in related areas are aligned and complement each other. It can prevent problems that can arise where departments work in silos and do not sufficiently appreciate how their activities relate to the activities of other departments and related bodies. However, ministries also need to ensure that policies and programmes are effectively implemented. Responsibility for implementation (operational matters) will normally reside with regional and local offices of sections of the ministry or with semi-autonomous executive agencies. It is therefore essential that systems be put in place to ensure effective vertical coordination.

In the Czech Republic, the MoLSA has responsibility for legislation, budgets and priority setting. Measures are communicated to the LO CR and SLIO, which then communicate the measures to their regional offices (Lehmann and Kyzlinková 2015: 17). MoLSA coordinates inspection priorities by approving the programme of inspections that the labour inspectorate follows. ICT (discussed in Section 7) can facilitate vertical coordination. Sri Lanka's Labour Inspection System Application (LISA) has fully automated the on-site inspection process, improved the collection and analysis of inspection and labour market data and thereby strengthened the basis for policy development and programme evaluation. LISA is used mainly to automate inspection schedules enabling the DoL to automatically generate duty rosters of inspection staff, thereby leading to increases in efficiency and productivity. It has also enabled DoL to coordinate activities between its head office and the 56 labour department offices spread throughout the country (Chandrasiri, and Gunatilaka 2015).

Effective information exchange is an important element in ensuring coordination in respect of policy implementation. Information exchange can involve responding to requests from Ministries and bodies or the creation of shared databases. In many cases, information exchange is the norm and is particularly common in relation to labour inspection activities, including those relating to the informal economy (this is also discussed in Section 8).

In the Czech Republic, one of the most fundamental practices underpinning cooperation and coordination between the various bodies in the labour administration system is the transfer of information between all levels and between all bodies. The LO CR, SLIO and Czech Social Security Administration regularly provide information to the MoLSA concerning their areas of responsibility. They also share information between themselves. The sharing takes place at central, regional and local levels and is required by law (Lehmann and Kyzlinková 2015: 18). In addition to information exchange, all three organizations support one another by means of advice and consultations on problematic issues. Representatives of both the LO CR and the SLIO rate cooperation between these institutions as positive, partly thanks to the existence of personal ties between employees because of some employees being transferred from the LO CR to the SLIO for illegal employment inspection work.

Decentralisation of service provision and delegation of responsibility to semi-autonomous agencies is a frequently observed development in national systems of labour administration. In principle, decentralisation can ensure that programmes are more responsive to local circumstances. However, decentralisation can also give rise to coordination difficulties:

1. In South Africa, the implementation of Department of Labour programmes is based on a decentralised agency model. Implementation of policy is delegated to local labour centres. There are three levels involved: national offices, provincial offices and labour centres. The ability of the national and provincial offices of the PES and inspection service to coordinate with local labour centres is hampered by reporting lines that are channelled through the Chief Directors of Provincial Operations (Cameron 2015: 22-23). The PES and labour inspection service has insufficient power to influence local

level operations. The Department of Labor is currently considering a matrix system as a potential solution to this problem (as recommended in a 2012 ILO report).

2. In the Czech Republic, coordination problems have arisen in relation to public employment services. In the 1990s, a two-tier system was established, comprising an Employment Services Administration (ESA) within the MoLSA and a network of 77 district labour offices. However, the ESA was unable to exert effective control over the activities of the labour offices, which consequently had a lot of discretion in relation to the measures that they implemented. In addition, staff time in the labour offices came to be consumed by inspection and administration activities, resulting in less attention being paid to their primary responsibility (the provision of employment services). To address these problems, the system was centralised in 2011 through the creation of the Labour Office of the Czech Republic (LO CR). The 77 labour offices, which until this point had been legally independent, became contact points linked to 14 regional branches of the LO CR. The contact points now act as one-stop shops (Lehmann and Kyzlinková 2015).

The reform has not, however, been regarded entirely as a success. On the one hand, the establishment of the LO CR has the potential to ensure a more consistent approach to the implementation of employment policies across the local labour offices (now contact points). The structure and the reduction in the number of managers (replacing 77 office managers with 14 regional directors) should enable better cooperation. On the other hand, critics have argued that centralisation has led to employment services becoming less able to respond flexibly to local circumstances. Furthermore, critics claim that staffing has been cut without any analysis of the systems staffing requirements having been undertaken (Lehmann and Kyzlinková 2015: 14-15).

The shift to greater centralisation of employment services is not confined to the Czech Republic. In the UK, JobCentre Plus (JCP), which had operated as an Executive Agency of the DWP since its creation, was fully incorporated into the DWP's operational activities in 2011. This development was intended to encourage a 'streamlining' of the management of JCP. It was also a result of efforts by the DWP to reduce its corporate running costs by 40 percent, as required by the government's 2010 Spending Review. This development can therefore be understood in part as a consequence of the imposition of austerity rather than as an attempt to improve coordination.

5.3 Coordination in Federal countries

Particular coordination issues arise in federal systems, in which states or regions enjoy considerable autonomy in respect of decision making. In principle, the existence of substantial administrative apparatuses at sub-national level provides an opportunity to decentralise service provision so as to ensure that it is more responsive to the needs of workers and employers at local level, which might vary considerably across different parts of a country. However, there is a need to ensure that the objectives of the national government and of the local authorities and service providing bodies remain aligned.

In North America, planning agreements have been used to establish clear requirements for the delivery of services at sub-national level:

- Canada: From the mid-1990s Canada began to decentralise the provision of public employment services, which until that time had been delivered directly via Government of Canada offices. This shift represented an attempt to better address the needs of unemployed workers and enterprises in different regions and do so more rapidly. The Government of Canada entered into Labour Market Development Agreements with provinces and territories, providing funding to support the design, delivery and management of skills and employment programs for unemployed Canadians, focusing

on those who were eligible for Employment Insurance (Koeltz 2015). In 2007 the government entered into six-year Labour Market Agreements with all provinces and territories to provide funding for programs and services for unemployed persons who were not eligible for Employment Insurance (EI) benefits and those with low levels of education, skills and qualifications. The agreements expired in 2014 and were replaced with new six-year Canada Job Fund Agreements. Central to these agreements is the *Canada Job Grant*,⁴ which is intended to enable employers to train new or existing employees to fill vacant posts (Koeltz 2015). In an effort to ensure that private and third sector organizations comply with requirements, the Labour Force Development Agreements contain indicators and targets which help to establish clear and transparent expectations (Koeltz 2015).

- USA: Similar coordination issues arise in the USA. Provisions of key federal acts relating to the labour market are administered at the level of the state, requiring coordination between the USDOL and state level authorities. The Workforce Investment Act authorises the creation of state and local Workforce Investment Boards (WIBs). State Governors make appointments to the state WIB, which is responsible for developing a state plan to deliver workforce development services. This plan is submitted to the US DOL for approval.⁵ Each plan must include a strategic plan, an operational plan and ‘assurances’ (i.e., state affirmations that key obligations of the law have been met). States must also include an analysis of the state economy and the skills base and skill requirements using labour market information. The aim is to inform how the state will align policy, operations and administrative systems to meet the identified needs.

Until July 2015, the state governor was able to require the state WIB to develop a Unified Plan to promote joint planning and coordination across various employment and training programs. From July 2015, the creation of a Unified Plan will be made a requirement. This is intended to improve coordination of programmes and stakeholders (Heinrich and King 2015).

Spain provides a further example of a country in which the distribution of authority between national and sub-national levels creates additional vertical coordination challenges for labour administration. Spain contains 17 Autonomous Communities, each of which has substantial scope for self-governance (Daza 2015). The state has exclusive competence on Labour legislation and social security and the role of the Autonomous Communities is to ensure the provisions are enforced. However, the Autonomous Communities have their own competence with regard to the application of labour legislation, especially the performance of inspection visits and the implementation of procedures for the enforcement of penalties imposed by the Labour and Social Security Inspectorate. Both the state and the Autonomous Communities are involved in the preparation of plans relating to Labour Inspection, including the development of objectives and programmes of action. The Director General defines the common technical and operational criteria relating to the inspection function. However, Territorial Committees of Labour and Social Security Inspection act as a mechanism for coordination between the Ministry and the Autonomous Communities. The composition, powers and rules of operation for these Committees are established by means of bilateral agreements between the general administration of the State and each Autonomous Community. Under these agreements, both the national authorities and Autonomous Communities define rules for technical support and expert collaboration, and for programming and follow-up regarding enforcement of the labour legislation (Daza 2015).

⁴ For more details on the Canada Job Grant see http://www.esdc.gc.ca/eng/jobs/training_agreements/cjg/index.shtml

⁵ The current WIA state plans cover the years 2012-2016 and can be accessed via the USDOL’s Employment and Training Administration (ETA) website: http://www.doleta.gov/performance/results/AnnualReports/annual_report.cfm

5.4 Cooperation and coordination with local stakeholders and providers

Increasingly, private and third sector organizations are involved in the delivery of the services provided by national systems of labour administration, particularly in relation to employment services. The relationship between Ministries/PES and service providers is to a great extent managed on a contractual basis (Koeltz 2013), but other coordinating mechanisms may be beneficial. Furthermore, employers, trade unions and civil society organizations are key stakeholders in systems of labour administration and may be involved in national, regional and local fora that provide opportunities for consultation and information exchange (these relationships are also discussed in Section 6, which discusses ‘partnerships’).

In the Czech Republic, there are relationships between local stakeholders and the organizations charged with implementing employment policy (the Labour Office branches and regional labour inspectorates). The Labour Office cooperates with all labour market entities that help design and implement measures to increase employment. At regional level, there is cooperation with territorial self-governing units and their bodies and with the social partners in providing employment, labour force mobility, human resources development and social protection. In the regions, the Labour Office signs sectoral agreements with employers through regional chambers of commerce. Meetings and cooperation between LO CR representatives and employers are relatively regular at this level and regional branches can request information from employers regarding their employment plans (Lehmann and Kyzlinková 2015: 20).

The LO CR can create advisory bodies composed mainly of representatives of trade union organizations, employers’ organizations, cooperatives, organizations representing the disabled and territorial self-governing units. The purpose of the advisory bodies is to coordinate the implementation of public employment policy and human resources development policy in the administrative district in question. The representatives provide opinions in relation to subjects such as the provision of contributions to employers under active labour market policy, re-training programmes, the organization of consultancy work, measures to promote equal treatment and collective redundancies (Lehmann and Kyzlinková 2015: 20).

As noted in Section 5.3., each US state has established a State Workforce Investment Board (WIB), which includes the Governor, members of the state legislature and representatives of employers, unions, economic development agencies and community-based organization. These boards play a central role in determining target groups for services, the types of services that should be provided and how these should be provided. Each WIB is required to operate at least one One-Stop Career Center (also known as American Job Centers). The local WIB enters into a ‘memorandum of understanding’ with the One-Stop partners that sets out the services to be provided through the One-Stop delivery system, how the service and operating costs will be funded, and methods for referral of customers between the One-Stop operator and the partners. The One-Stop Centers are supposed to coordinate and strategically combine the federally-funded education, workforce and worker support programs of the USDOL, Department of Education, Department of Health and Human Services and Department of Housing and Urban Development (i.e. employment services, unemployment insurance, vocational rehabilitation, adult education, welfare-to-work and postsecondary vocational education). However, the coordination and alignment of services has not always been achieved in practice. In an attempt to improve local coordination, the Workforce Innovation and Opportunity Act (WIOA), which will become effective in July 2015, will require (rather than encourage) One-Stop Centres to co-locate the Wagner-Peyser Employment Services and Temporary Assistance for Needy Families (TANF) programme alongside the programmes that it currently administers. States will be required to develop a unified four-year strategic plan for these core programmes with the aim of preparing an educated and skilled workforce that can meet the needs of employers (Heinrich and King

2015: 19). The core programmes will be need to report against common performance measures

US States are also being encouraged to better align their workforce development activities with state and regional economic development plans, so as to ensure that the training and employment services offered are linked to expected industry growth, the related skill competencies required, and anticipated employment opportunities (King and Heinrich 2015). The USDOL is urging state and local workforce development agencies to work toward developing comprehensive regional partnerships to facilitate this alignment. One of the mechanisms for this greater level of coordination and planning is the formation of industry or sector partnerships and corresponding sectoral training programs (see Section 6).

Germany provides a further example of a country that has attempted to improve local level coordination with stakeholders. The German government recognizes that tackling skills shortages is a particularly substantial challenge for smaller and medium sized enterprises (SMEs). To assist firms, the government created an ‘innovation bureau’, which brings together regional and local players in a more systematic way, raising awareness of already existing regional networks, and supporting the development of regional alliances. In addition, the Ministry for the Economy and Environment promoted the establishment of a ‘competence center’, located at the Cologne Institute for Economic Research, which offers practical, hands-on advice and guidance to SMEs on a wide range of skills-related issues.

5.5 Trends and lessons learned

The examples discussed in this section point to the importance of finding effective ways of linking together the aims, strategies and implementation plans of the various bodies involved in national systems of labour administration. Cross-departmental coordination meetings involving ministers or civil servants can help to ensure that the objectives, policies and timetables of different ministries do not conflict and can help to improve inter-departmental communication and understanding of priorities and perspectives on labour market matters. At local level, there are examples of attempts being made to ensure that programmes are tailored to local circumstances and involve key stakeholders. Many labour market issues can be more effectively tackled where employers, unions and NGOs play a role. This implies some decentralization of responsibilities, which can come into conflict with the desire of ministries and agencies to exert control and ensure good coordination. Effective planning processes, local accountability and simple and reliable lines of communication and reporting are essential.

6. Partnerships

The coverage and effectiveness of national systems of labour administration can depend greatly on the ability of public authorities to form strong partnerships with a range of stakeholders. The need for cooperative relations can come about as a result of decisions taken by governments in relation to the method of providing services, notably in the case of employment services, which increasingly involve service providers from the private and non-for-profit sectors. More generally, involving the social partners and other civil society organizations in the development of policies and programmes can help to ensure that services meet the needs of users and are responsive to changes in the labour market at national, regional and local levels.

Example 6: Partnerships for workforce development in the U.S.

Partnerships are central to the way workforce development programs operate in the US. In particular, sectoral partnerships are increasingly important. Sectoral partnerships may be initiated by a public program entity such as a local Workforce Investment Board or by a community-based organization, labor union, group of employers or other organizations (Mangatt, 2010). They form in order to address pressing labor demand and supply issues involving a particular industry sector (e.g., manufacturing, healthcare). These partnerships often tackle problems arising in the training pipeline in the industry sector, but more mature partnerships also delve more deeply into the causes and consequences of labour turnover.

Career pathway approaches are a prominent feature of many sectoral partnerships. Career pathways are clear, structured paths for participants to pursue from program entry through the attainment of a series of labour market credentials, certificates and/or degrees that are valued by employers in a field or sector. Many of these pathways are established in community and technical colleges around the country and often feature 'bridge' programs to help participants with basic skills and language barriers acquire the skills necessary to succeed in the career pathway. Emerging evaluation evidence suggests that sectoral partnerships, career pathways and 'bridge' programs are effective workforce development strategies when measured in terms of programme progress as well as employment and earnings impacts (see Maguire et al., 2010; King, 2014; Roder and Elliott, 2011, 2014; Zeidenberg et al., 2010).

6.1 Cooperation, consultation and negotiation between the State and social partners in relation to labour administration

Social dialogue is an important feature of labour administration and employment relations in many countries. In Spain, an Economic and Social Council (ESC) acts as an advisory body. It is attached to the Ministry of Employment and Social Security and is composed of 61 members appointed by the government. It includes members designated by the most representative trade unions and employers' organizations, as well as representatives of consumers, farmers, fishermen, cooperatives and worker-owned companies. The functions of the ESC include issuing opinions on draft legislation and drawing up surveys and reports.

In the case of the Czech Republic, cooperation with non-state entities takes place mainly in the context of subsidy programmes designed to support organizations contributing to the department's strategic activities. At a national level, cooperation with the social partners is mediated through the tripartite Council of Economic and Social Agreement (CESA).

The Czech Labour Office cooperates with stakeholders across localities, including territorial self-governing units, NGOs, charities and employers. Cooperation with national NGOs or with churches is sometimes mediated by the Directorate of the Labour Office. The Labour Office also creates advisory bodies composed of the social partners and other cooperative bodies to aid cooperation on labour market issues.

The Czech labour inspection office liaises with external entities in an educational and advisory capacity. It organises seminars, training sessions (sometimes co-devised with help from the social partners) and other educational activities in the fields of legislation, occupational injury/illness prevention, occupational safety, labour relations and working

conditions. These events are designed for personnel managers working in central public administration and local government authorities, trade unions, regional chambers of commerce and other entities.

In South Africa, the DoL has taken steps in recent years to help develop partnerships further. With respect to regulating the informal economy (discussed at greater length in Section 8), the Inspection Enforcement Services (IES) work closely with a number of government departments, including Health; Environmental Affairs; Social Development (for Child Labour), Justice (prosecution); Mineral and Energy Affairs; Trade and Industry; Stats SA (for data) and the South African Police Services (SAPS – for child labour). The DoL assists the Department of Home Affairs

The most important instrument of social dialogue in South Africa is the National Economic development and Labour Council (NEDLAC: established in law via Act 35 of the same name, 1994). NEDLAC is the main vehicle by which government, labour, business and community organizations cooperate. NEDLAC permits problem-solving and negotiation on a range of economic, labour and development issues. NEDLAC conducts work in four areas: public finance/monetary policy; labour market policy; trade and industry policy and development policy.

The DoL also works closely with the South African Institute of Occupational and Safety and Health (SAIOSH), the National Institute of Occupation Health (NIOH), the Construction Industry Development Board (CIDB), the South African Bureau of Standards (SABS), the South African Council for Project and Construction Management (SACPCMP) and the South African Women in Construction Association (SAWIC). In addition, the DoL has entered into a partnership with Rhodes University, which has developed the country's first ergonomics postgraduate programme as part of its Human Kinetics and Ergonomics Honours.

In South Africa, one of the sub-programmes of Inspection and Enforcement Services is that of Statutory and Advocacy. This programme gives effect to the legislative enforcement requirement to educate stakeholders on labour legislation. This is a recently created programme, which encourages greater public awareness of campaigns. Government departments also liaise through this body together with other stakeholders (this includes a practice of sharing data).

India's NSLA also operates with a tripartite structure and within the system, the Indian Labour Conference (ILC) is the most popular forum for developing partnerships among the stakeholders. Social partners (i.e. trade unions and employers' representatives) are consulted in both statutory and non-statutory forums.

6.2 Cooperation, consultation and negotiation between the State and social partners in relation to labour administration

In Spain, the National Advisory Commission on Collective Agreements is a tripartite body created by the Workers' Statute (1980). It provides counselling and consultation with the stakeholders of collective bargaining arrangements in order to determine the functional scope of the agreements. It was regulated by the Royal Decree 2976 /1983, of November 9, and its rules of operation were approved by Order on May 28, 1984. The Commission is composed of six representatives of the General Administration of the State, six of the most representative trade union organizations and six of the most representative Employers. In 2013 the Commission reported on 75 cases.

The Commission has been assuming other important functions, including the study and dissemination of results from research into collective bargaining arrangements across Spain

(assigned by Law 43/2006, of December 29, for the improvement of growth and employment). The Commission distributes information via a Collective Bargaining Observatory Bulletin, which provides detailed information – such as statistics and trend data - concerning recent collective agreements (in total since 2013 eight newsletters have been released). The labour reform of 2012 added to the traditional functions of the Commission, providing a new role for the resolution of discrepancies for lack of agreement on the procedures for derogation of working conditions provided for in the collective agreements in the event of economic, technical or organizational causes. The Commission may be called upon to intervene when the settlement procedures of the collective bargaining have not been applied or have not solved the discrepancy. In 2013, thirty cases were subjected to the Commission.

The maintenance of this forum comes in contrast to the breakdown of social partnership across most areas of labour administration in Ireland. Until recently (i.e. the start of the financial crash) the social partners in Ireland had nominated candidates for the majority of labour administration/relations bodies. Since the financial crisis, the appointment process has reverted to one of open-competition, without nomination from either union or employer association groups (i.e. the government does not have to prioritise advice from the social partners when selecting candidates for positions). Conversely in India trade unions and employers' representatives are part of tripartite committees in both statutory and non-statutory bodies at both Central and State level. For example, West Bengal maintains its own tripartite state level welfare boards for both unorganised workers and building and construction workers. At Central level, the Standing Committee on Labour and Indian Labour Conference are two tripartite forums where labour reforms are discussed in detail (Sarkar, 2015).

6.3 Labour administration services delegated to social partners

One pertinent example from Spain relates to the inter-confederal service of mediation and arbitration (SIMA). SIMA stems from an agreement of 25 January 1996, when the social partners agreed to establish voluntary procedures for the resolution of conflicts related and unrelated to the judicial and administrative systems. Conflicts arising in Public administration and entities of Public Law are not included in this system.

The objective of the SIMA Foundation is to settle collective labour disputes arising between employers and employees or their respective representative organizations via mediation and arbitration procedures. Initiation of the mediation procedure prevents the calling of strikes and the use of lockout measures, as well as any other legal or administrative action which aims to resolve the dispute (i.e. as long as the procedures lasts). The parties may agree on arbitration at any point in the mediation process (or indeed without mediation taking place). From the total of 537 conflicts handled during the year 2013, 132 were resolved (28 per cent).

In the different autonomous communities there are similar consultative bodies on labour relations (regional councils), with different titles or names (Councils, Institutes, Foundations or Tribunals) some of them with additional mediation functions.

In Germany, the BMAS launched an official Partnership for Skills and a new Alliance for Initial and Further Vocational Training in 2014. The partnership – which was already foreseen in the coalition agreement between the CDU/CSU and SPD – reiterated the commitment of all stakeholders to continue their efforts to address skills needs, while

identifying care target groups and priorities for action.⁶ On the other hand, a new Alliance for Initial and Further Vocational Training (2015-2018) was agreed upon, which outlined a series of qualitative and quantitative goals.⁷

6.4 Involvement of the social partners in the governance of labour administration bodies

Several bodies in Spain are worthy of attention here, beginning with the General Council of the National Employment System. The Council is composed of one representative from Autonomous Communities and by the same number of members of the General Administration of the State, business organizations and the most representative trade union organizations. The votes of business organizations and trade unions are weighted to ensure that they count equally, thus maintaining the tripartite nature of the Council. The Council also advises and reports on the Spanish strategy of employment and the Annual Plan of Employment Policy.

In addition, the National Commission on Safety and Health at Work (CNSST) is a consultative body advising public bodies on the formulation of prevention policies. The CNSST brings together all the agents of the Spanish State involved in the improvement of working conditions and the quality of working life. It is composed of representatives of the General Administration of the State, the administrations of the Autonomous Communities and the cities of Ceuta and Melilla and representatives of the most representative employers and trade union organizations. The CNSST works in Plenary, on the Standing Committee and Working Groups. Agreements are taken by majority voting based on votes cast from representatives of the Public Administrations (General Administration of the State and Autonomous Communities) and two votes from representatives of the business and trade union organizations.

The Governing Council of the Wage Guarantee Fund has a basic purpose to guarantee the payment of workers' claims against their employer when payment cannot be made because of insolvency. The fund covers workers' wages and compensation in case of dismissal. The Council is the tripartite governing body of the wage guarantee fund. It is composed of the Chairperson, a secretary, four representatives of the Public Administration, five representatives of the Trade Union Organizations and five of the employers.

The National Institute of Social Security (INSS) is an entity of the Social Security, with its own legal personality, attached to the Ministry of Employment and Social Security entrusted with the management and administration of the economic benefits of the Social Security system. Among the organs of government the INSS has a General Council composed of: thirteen representatives from the most representative trade unions; thirteen representatives of employers organizations; and thirteen representatives from the General Administration of the State. Its President is the Secretary of State for Social Security.

⁶ The partnership agreement can be downloaded here: http://www.bmas.de/SharedDocs/Downloads/DE/Thema-Arbeitsmarkt/2014-11-19-fachkraefte-erklaerung.pdf?__blob=publicationFile, last accessed on May 29, 2015.

⁷ The Alliance document can be found here: <http://www.bmwi.de/BMWi/Redaktion/PDF/A/allianz-fuer-aus-und-weiterbildung-2015-2018%2cproperty=pdf%2cbereich=bmwi2012%2csprache=de%2crgb=true.pdf>, last accessed on May 29, 2015.

The Commission of Labour and Social Security Inspection is a tripartite body, composed of representatives of the General Administration of the State and the most representative employers and trade union organizations. The role of the Commission is to advise and make proposals and reports on the plans of activities developed by the Central Authority of the Labour and Social Security Inspection.

Finally, the Council of the self-employment is a consultative body that aims to advise the Government on the socioeconomic and professional matters related to self-employed workers. The Council is attached to the Ministry of Employment and Social Security through the Secretariat of State for Employment.

6.5 Cooperation with NGOs

In Ireland, the inspectorate body NERA has faced (and continues to negotiate) barriers to inspection access with respect to workers operating in the domestic sphere. This matter has been formally raised as a concern by NGOs with respect to monitoring hidden work environments (e.g. domestic settings), which are more likely to involve exploitation of marginal segments of the labour force (including illegal migrant workers). With respect to access there remains a legal difficulty relating to a constitutional ban on entering private dwellings for inspection purposes. However, pressure from NGOs concerned with worker exploitation in these ‘hidden’ spaces has resulted in a partial solution: NERA now requests office appointments with the relevant parties outside of the place of work.

By contrast joint inspections between NERA and the Garda Síochána (police) have not avoided criticism, primarily in the form of NGO concerns over police presence at inspections. There is a feeling among some NGOs (e.g. the Migrant Rights Council Ireland) that the police services prioritize the removal of illegal migrants as opposed to addressing the circumstances of their exploitation. This issue, which is also referred to in Section 8, remains a moot point for inspection services in general.

Numerous civil society bodies have a stake in labour administration issues in Ireland, although limited formal relations between NGOs and government bodies have emerged. Civil society bodies maintain interests in tackling UDW by means of education and advocacy. At present it is understood that more could (and should) be done to coordinate the efforts of distinct campaign groups with interests in the human rights of migrant workers. This includes a number of NGOs that focus on aiding vulnerable and marginalised sections of Irish society (i.e. those liable for exploitation). For instance, The Migrant Rights Centre Ireland (MRCI) promotes and supports migrant worker participation in policy and decision-making arenas through advocacy and campaign efforts. The group has lobbied for forms of collectivisation and the development of migrant leaders, and also champions discrete campaigns on specific issues (e.g. the Domestic Workers Action Group: DWAG).

Similarly, the Irish Organization of the Unemployed (INOUE) pools related actors in civil society (e.g. community resource centres, information service, national NGOs and trade unions) with a view to improving the lives of the unemployed. The group provides support to local groups through the provision of training, information and analysis of Government policies. In addition, INOUE coordinates with the social partners through its membership of the Community and Voluntary Pillar, and continues to liaise with the Trade Union movement and other national/international bodies with related interests. Furthermore, the thinktank and justice advocacy organization *Social Justice Ireland* attempts to influence policy in areas of social justice and inequality, while The Integration Centre maintains a similar commitment to the integration and inclusion of migrants into Irish society. Recently (late 2014) the Integration Centre announced a merger with the Immigrant Council of Ireland, primarily to provide a focus on the monitoring of National and Local Government Integration Strategies.

Outside of these action and advisory groups/NGOs, the Citizens Information Board (CIB) is the national agency and statutory body responsible for supporting the provision of information, advice and advocacy on social services and for the provision of the Money Advice and Budgeting Service. The CIB also part-funds the aforementioned Integration Centre, and in this sense a forum of coordination is established between the Department of Social Protection and the aforementioned agency.

In South Africa, the Minister of Labour has established an advisory council to try to bring in stakeholder businesses, unions, NGOs, business and labour. The aim is not just to discuss policy but also to engage stakeholders. This committee is served by a technical Committee for the entire department (the Advisory Council for Occupational Health and Safety - ACOHS) which is served by 6 businesses and 6 labour representatives (including the Chief Inspector). The department administers 25 regulations deriving from policy. This (potential) for interaction with NGOs is less evident in the case of India (NGOs have little role in tripartite negotiations), although the union SEWA (the Self-Employed Women's Association of India) arguably performs a similar function to an NGO in its promotion of women's employment rights. SEWA is part of select tripartite consultative forums (e.g. the Indian Labour Conference). Certain NGOs are also invited to voice their opinion at these and related tripartite forums; this includes, for example, the NGO 'Civic' (based at Bangalore, Karnataka) which represents the interests of construction workers and is frequently invited to give feedback to the policy-making framework and tripartite forums (Sarkar 2015, 28-29).

6.6 Involvement of the private sector and 'third' sector in labour administration and the consequences for service delivery

In Spain the framework agreement between placement agencies and public employment services is a highly relevant forum for the coordination of public-private partnership projects. The framework agreement (which last two years) allows for inter-mediation of all public employment services that have accepted the terms.

The tripartite foundation for training in employment is also relevant here, founded via a Sectorial Training Fund (STF). It is the only inter-sectoral organization responsible for fostering training initiatives among enterprises and workers. As the name implies, the foundation is governed on a tripartite basis and consists of representatives of the most representative Spanish business organizations (Cepyme and CEOE), unions (CCOO, UGT and CIG) and also public administration (INEM, which belongs to the Spanish Ministry of Employment and Social Affairs). The Foundation is assisted by the joint commissions, which are set up by representatives of employers and trade unions under sector social dialogue and collective bargaining processes. Their aim is, among other things, to fix the key criteria and priorities of the training activities of firms. The foundation conducts research and subsidises existing training activities carried out by companies.

In South Africa the DoL strives to make labour administration more effective through the use of Inspection Authorities, which are third party independent contractors. The OHS Act defines an Approved Inspection Authority (AIA) in section 1(1)(i) as 'an Inspection Authority approved by the Chief Inspector... with respect to any particular service shall be an approved inspection authority with respect to that service only'. Inspection Authorities are generally used by bigger employers to undertake voluntary inspections. They are registered by The South African National Accreditation System (SANAS) who issue them with certification.

Finally, Sri Lanka has recently had successful experiences of partnership, notably with the ILO, which has helped to deliver recent ICT developments. In the first quarter of 2014 the Sri Lankan DoL assisted ICT Consultants, helping to identify potential candidates for

training. Candidates were selected from the 30 district offices based on their existing computer skills and also their ability to adapt to new technologies. They were trained in Computer Fundamentals by Microsoft Sri Lanka as part of a CSR partnership with the Department. This was followed by onsite training of these personnel by Infoshare, covering a minimum of 5 persons selected from each district office. In India the involvement of the private/third sector is largely restricted to service delivery (e.g. the digitization of records, printing services, internet services, the hosting of web portals etc.).

6.7 Challenges associated with the involvement of non-governmental bodies (e.g. issues relating to contracting with private/third sector bodies)

In South Africa challenges have emerged in association with the Voluntary Protection Programme (VPP), which encourages employers to take responsibility for law compliance and so encourage self-regulation (in this sense companies themselves may be construed as non-government bodies involved in their own regulation). The companies ESKOM (a power company) and SASOL (a chemical company) have been cited as good examples of firms which have successfully engaged with VPPs, thus allowing labour inspectors to concentrate on other, potentially more relevant, inspection cases. However, one problem identified with the VPP concerns companies (including SASOL) which operate through multiple sites. Consequently, areas of work associated with major firms may be more or less compliant than others.

A further challenge of quality control has emerged with respect to the Inspection Authorities who fall within the remit of third party independent contractors in South Africa. These contractors require their own equipment and must internally keep up to date with labour legislation and regulation. However, a recent audit undertaken by the DoL found that a number of these units do not conform to statutory requirements. Accordingly, the number of registered Inspection authorities has, in recent years, reduced steadily from 100 to just 32.

The DoL has conceded (2014a: 10, 24) that there is a lack of adequate instruments for the monitoring and evaluation of labour policies and programmes over time. In particular, the system for monitoring and evaluating stakeholder participation and strategic partnership is seen to be lacking. This is due to problems related to the limitations of the manual case management system (in many cases there are different forms to fill in).

A further problem associated with the involvement of non-government bodies and private companies (as raised in the case of India, Sarkar 2015) concerns data confidentiality and risks associated with the conversion of hard copy material (e.g. social security records) into digital formats.

6.8 Trends and lessons learned

Social dialogue and tripartite governance systems remain key features of labour administration in the majority of countries considered. Social dialogue committees operate on either a statutory or a non-statutory basis, depending upon the national context. Consultation with social partners can help to ensure that policies are informed by the experiences and knowledge of those who are likely to be affected by them and in principle can help to ensure that policies are supported by both employers and trade unions.

Relationships with Non-Government Organizations (NGOs) also offer a number of potential advantages to effective labour administration. For instance, NGOs are often well placed to draw attention to high-risk employers and groups may be effective in accessing and supporting the most vulnerable workers in the labour market, such as migrant workers.

NGOs may also play an effective communication role, disseminating information to workers who may be wary of cooperating with formal government agencies. In such instances, NGOs may act as effective conduits for change and dissemination of information in partnership with national labour inspectorates. Relationships of this sort may nevertheless become fraught because of contrasting mandates and legal obligations: e.g. labour inspectorates may have an obligation to report illegal migrant workers to the authorities, whereas NGOs may prioritise the interests of these workers.

Collaboration may be improved through the inclusion of NGOs in tripartite forums. There are examples of both success and failure in relation to private and 'third' sector involvement in labour administration and service delivery, with examples ranging from the use of third party independent contractors in labour inspection to the delivery of ICT services. In such instances it is important for the government to monitor and evaluate relationships on an ongoing basis. This is important for a variety of reasons, including the possibility of improved quality control, the ability to improve knowledge transfer and the need to ensure data protection.

7. Use of Technologies

Information and Communication Technology (ICT) has a longstanding association with attempts to modernize public administration (Zouridis and Thaens 2003; Bhuiyan 2011; Taylor 2007; Bannister and Connolly 2014; Miscuraca 2012; Miscuraca et al. 2011). Bannister and Connolly (2014) have emphasized the transformative potential of ICT developments with reference to the creation or extension of values (e.g. transparency and responsiveness) in the public sector. More generally ICT enhancements have been linked with improved economic efficiency (e.g. via rationalization) and cost saving associated with a ‘more for less’ ethos in the public sector. Developments are also associated with the improved potential to help integrate and connect individuals and organizational units (e.g. Margetts 2012: 382).

7.1 Technology and labour administration

The use of technology is of central importance to labour administration. It can impact on the capability of labour administration to provide services (e.g. inspection visits; referrals to training programmes or placements on jobs) and also on policy-making. As Rychly notes, ‘In general, the absence of a reliable, up-to-date and comprehensive database covering all aspects of labour, working conditions and industrial relations is a common problem in labour administration; and the consequent lack of access to information that is relevant, reliable and recent has an adverse impact on decision-making’ (Rychly 2013: 37). Technology may be particularly important in the area of labour inspection and functions charged with regulating the informal economy. For instance, without some degree of technological investment, employment officers and labour inspectorates may be forced to manually gather information. Aside from the labour time, involved, rudimentary collection methods (i.e. without an electronic format) may severely damage the ability of different administrative functions to share data. Even when data is electronically gathered, it must be made available in a transferable format if other units/managers are to benefit. Obstacles to sharing databases kept by discrete public bodies remain significant barriers in many areas. Inadequate ICT remains a central problem for labour administration in ‘developing’ countries and many in the West (particularly in the context of post 2008 austerity and smaller state budgets). Inadequate communications technology can cause communication/coordination difficulties between the ministries, attendant agencies and field offices in all contexts.

7.2 The forms of technology that are used and how extensively they are used

In the US, technologies have long been used to aid the administration of Unemployment Insurance (UI). The 1993 Unemployment Compensation Amendments mandated the creation of a ‘worker profiling and reemployment services (WPRS) system’ for UI programs to use. This development proved the catalyst for UI experimentation with ‘big data’, used to identify workers who had exhausted their benefit entitlements and allow for tailored programme performance (e.g. factoring in programmes for those with similar characteristics for education, job tenure, industry and occupational backgrounds as well as the local unemployment rate). (Heinrich and King 2015: 46-47).

Spain maintains a considerable range of ICT initiatives geared to enhancing the effectiveness of labour administration. It deploys the ‘Observatory of e-administration and Digital Processing’ to periodically survey e-administration efforts. In addition, the IRIA Report ‘Information and Communication Technologies in the Public Administration’ analyses information on the technology, human, economic and procurement resources in information and communication technologies and systems. It covers the State Administration and Local Governments and is published by the Observatory every two years.

Data on ITC related to Autonomous Communities are disseminated in the Report ‘E-government in the autonomous regions’. In this report the Observatory integrates annually information on the subject provided by the autonomous communities through Sectorial Conference on Public Administration.

Until recently, Sri Lanka operated with a paper-based system of administration. In 2010, the DoL sought technical assistance from the ILO to develop an automated system through a private software development company. The end result was the development of the Labour Inspection System Application (LISA), which began to be implemented in 2013. LISA functions as a small unit of the PRTP division of the DoL in the Sri Lankan Government.

There have also been recent ICT developments in the Czech Republic, which have been designed to enhance labour inspection services. Efforts are evidenced by a recent project entitled ‘The Creation of a Central Register of the Electronisation of Labour Inspection Tasks’ (RELIT, 2010-2014) designed to create a central register to share data from multiple public administration bodies. This project included the use of mobile online access to data for inspectors, thus enhancing the overall infrastructure of labour inspection online. The system was officially launched in October 2014. Initial problems included the persistent slow transfer of data, although MoLSA anticipates that RELIT will eventually provide a faster information transfer from the field to head office. The system is also intended to improve the chances of creating a data archive relevant to inspection services. In India the national e-governance plan has focused on delivering improved accountability and transparency, underwritten by a budget of 200,00 lakh for IT infrastructure in the 2014-2015 period (Sarkar 2015: 31). This budget helped to enhance the Ministry of Labour and Employment’s website and was also used to upgrade the previous networking equipment and so the overall Local Area Network (LAN) facility.

7.3 Services provided electronically

In the UK, various services related to labour administration are mediated through ICT formats and initiatives. The DWP continues to invest in ICT, and in December 2012 published its Digital Strategy, setting out plans for continued enhanced digital service provision. Digital service offerings include a range of benefit schemes in addition to the online registration of Jobseeker’s allowance (which has risen from around 10 percent of new claims in September 2010 to over 80 percent by January 2014). The benefits include Universal Credit, Personal Independent Payments and Carer’s Allowance. Additional DWP digital services include:

1. Services allowing employers to advertise job vacancies via Universal Jobmatch (allowing employers to manage vacancies online); online features allowing unemployed workers to manage CVs online; and the ability for employers/workers to receive automated matches linking one another.
2. During 2014-15, 6,000 Internet Access Devices were made available at Jobcentres during 2014-2015. The devices were intended to assist those who do not have their own means of digital access.

The UK’s mediation body ACAS also maintains a website⁸ with an online helpline (including a chatbox). It also runs a telephone helpline.

In the U.S., the WHD, along with other agencies in the USDOL, has adopted an open-government position and posts planning and performance data on the USDOL website as part of its Enforcement Database. It has also made use of technologies, including smartphone

⁸ <http://www.acas.org.uk/index.aspx?articleid=4879>

applications, to broaden its reach. Two examples of this aspect of the WHD's efforts to use technology include the following (USDOL, 2014):

1. In May 2011, the USDOL launched its first free smartphone application: a timesheet. The timesheet, which is available in English and Spanish and compatible with the iPhone, iPod Touch and other platforms, helps employees independently track the hours they work and determine the wages they are owed. It has the potential to support subsequent WHD investigations if their employer has failed to maintain accurate records.
2. In July 2013, the WHD issued the DOL Fair Labour Data Challenge to encourage development of a smartphone application 'to inform consumers on proper business practices, including compliance in fair and equal pay for workers'. As conceived, the Challenge sought to create a smartphone app that would integrate WHD's publicly available enforcement data with consumer ratings websites, geo-positioning sites, and other relevant data sets, such as those available from state health boards.

Spain provides a further example of a country that has enhanced provision of services through ICT. From the Electronic Office of SEPE, workers, employers and jobseekers can access a list of administrative procedures that enable, among others, to:

- Perform the full process online, download, and complete forms through an electronic registration system (when applying for unemployment benefits and subsidies)
- Request and query data online (certificates) and perform simulations (benefits calculations).
- Complete online and print forms for later delivery in the offices of the SEPE.
- Employers can also communicate to the Public State Employment Service (SEPE) the information relating to the measures of collective dismissal, suspension of the employment relationship and reduction of the working time.

In the field of Social Security⁹, the TGSS's 'RED System' offers companies, business groups and professionals a means to exchange information and documents between both parties (TGSS and users) via the internet. Areas covered by the RED System include:

- Affiliation: affiliation, termination of affiliation and data changes for workers, as well as requesting and viewing reports on workers and companies.
- Contributions: submitting documents (Payroll Report), processing of balances owed, and paying in contributions by direct debit or electronic payment.
- Processing medical reports beginning and ending medical leave. Submission of maternity/ paternity certificates (RECEMA).

In the field of OSHA, there is a public advice portal named 'Prevention 10', which is a tool that was designed by the National Institute for Health & Safety at Work to help employers with fewer than 10 employees to carry out occupational risk assessment of their premises and processes, using various methods of self-evaluation.

'Prevention10' has been recently structured into four areas, as follows:

⁹ http://www.seg-social.es/Internet_6/Masinformacion/SistemaRed/index.htm

- ‘Evalúa-T’ (‘Evaluate-Yourself’): its objective is to encourage companies to assess risks establish a prevention plan, and organize prevention activities.
- Servicio ‘STOP riesgos laborales’ (‘STOP occupational risks service’): a telephone support service that assists and guides firms.
- ‘Instruye-t’ (‘Train Yourself’): a platform to develop training plan for the employer so that can personally assume the prevention management.
- ‘Autoprevent’ (‘Self-prevent’): a tool designed for advising and specific training self-employed workers without employees.

During the year 2012 more than 58,000 visits to the page of “prevencion10.es” were registered, with close to 7,000 downloaded forms of self-evaluation. A total of 2,700 employers have also benefited from an assisted version (“Evalua-t”) to perform the assessment of risks in their business.

A further good example of the use of ICT to provide services is provided by Ireland. The OECD has cited Ireland’s BeSMART.ie initiative as an instance of innovation in the Irish public service. The service is designed to assist SMEs who previously were likely to have no risk assessments or else paid for the services of a consultant to prepare risk assessments at substantial costs. Accordingly, BeSMART is intended to encourage SMEs to understand and develop risk assessments at little or no cost, thus encouraging health and safety compliance.

Example 7: BeSMART.ie (the Business Electronic Safety Management and Risk Assessment Tool for small businesses)

BeSMART.ie:

- Offers free (comprehensive) online resources to businesses so that they can proactively manage health and safety within their workplace.
- Allows small businesses to prepare site-specific risk assessments and a safety statement using a simple four step process (content written in lay English).
- Covers 200 business types in the retail, hospitality, manufacturing, service industry and private healthcare and enables 320 hazards to be risk assessed. Accordingly, BeSMART.ie allows business owners and managers to take ownership of their workplace health and safety.
- It is also viewed as a useful educational tool that contains information, guidance and templates (free to download).

7.4 Use of new technologies in relation to the management of labour administration bodies

Spain has successfully promoted numerous e-government functions vis-à-vis common infrastructures and services managed by the Directorate General for Administrative Modernisation. The main common services of e-government in Spain includes:

- The *Network SARA* is the communications network that links all the Spanish Administrations within a private network system. It enables any government agency to communicate with any other and use all the electronic services they offer. This network connects the Ministries and its public bodies, all the Autonomous Communities, entities of constitutional nature or with functional independence, as well as local entities through the networks of the Autonomous Communities. It covers 92 percent of the Spanish population. SARA is also connected with the ‘sTESTA’ network of the European Union.

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- *Platform for validation of certificates and electronic signatures (@signature)* is designed to automatically check the revocation status of digital certificates and digital signatures, for all the telematics transactions between citizens and Spanish Administrations.
 - *The TS@ Platform* provides services to 157 agencies from all of the Spanish authorities. In 2012 it facilitated a total of 20,075,000 sealed electronic transactions between Administrations.
 - *The intermediation Platform Data* avoids the need for citizens to produce administrative certificates attesting data already in the possession of the Administrations. With this intermediation platform the agencies can obtain online validation, by electronic means, of data relating to a citizen (photocopy of the ID card, registration certificate, certificate of working life, birth certificate, etc.).
 - *ORVE/SIR (Virtual Registry Office and System for Registries' interconnection)*, which interconnects the registration offices of Public Administrations by telematics means, making use of the Common Electronic Registry.
 - *Human Resources Management Systems in the General Administration of the State*. This provides an integrated systems of personnel management, supports administration of the payroll, and provides civil servants with information about career opportunities, training, retirement and so forth.
 - *Electronic Invoice*. There is a single point of receipt for electronic invoices. It is estimated that each electronic invoice results in savings of €3.
 - *SOROLLA2 system* supports the management of budgets by enabling, among other things, the generation of electronic records of expenditure and the presentation of accounts by electronic means.

UK labour administration has benefited from the use of ICT, with notable improvements in terms of planning and enhanced transparency. This is epitomised by the Health and Safety Executive, where all staff complete work-recoding returns to a Corporate Operational Information System (COIN). COIN provides 'real time' information about the performance of individuals and divisions of the HSE. It also contains information about progress in relation to individual cases. Accordingly, the COIN system provides numerous performance benefits to the HSE by effectively capturing information, which can be retrieved at any time (thus feeding in to operation management and planning processes). In addition, the system has facilitated a degree of standardisation in respect of agent processes whilst allowing inspectorate to exercise discretion (augmenting this process agents are required to consider a range of assessments relating to risk and related strategic factors before arriving at decisions).

The HSE also maintains an Operational Information and Intelligence team (OIIT) that may provide information from COIN for the purposes of crosscutting operational work, inspection and enforcement. Data is instantly available via a software package known as 'QlikView' for selected users across HSE. This allows relevant actors (e.g. the Directorate/division planners and performance managers) to verify that inspection work has been carried out on particular sectors.

With specific reference to the informal economy, India's Ministry of Labour and Employment has also integrated smart card technology (e.g. the Samajik Mukti Card or SMC in West Bengal) to record and track the personal data of workers (this includes photo integration, a Unique Workers' Identity Number or UWIN and data relevant for the social security system). Technology has also supplemented the PES, for instance through the use of employment portals (e.g. the National Career Service Portal) useful for job advertising and matching, and so relevant for jobseekers, prospective employers and government data

sources. This case is well evidenced in West Bengal where the Employment Bank (i.e. a specific example of an employment portal) has assisted employers, placement agencies and jobseekers (inaugurated in July 2012).

7.5 Main benefits

In the US, unemployment insurance (UI) benefits are delivered via the internet. This is a major innovation that has occurred over the past decade or so with great implications for staffing, training and performance. States have almost completely transformed their claims process from traditional in-person to a mix of telephone and online claim filing. This has made it possible for states to deal with large numbers of UI claimants without hiring additional staff (except during the early period of the Great Recession), but it has also delinked benefit receipt from job search activity to a significant degree. Recently, adverse effects begun to surface in the form of identity theft and fraudulent benefit provision, partly related to the lack of in-person service (Texas Workforce Commission Staff Interviews, 2014). It may also have diminished the effectiveness of activation policies in the U.S. as UI recipients have not been personally connected to One-stop Centres and the services they provide.

In Spain the savings generated from the use of the '@signature' and the 'TS@ Platform' schemes amounted to more than 26,000,000 €. However, there has not been a detailed study of productivity growth in the scope of the General Administration of the State in relation to e-government. Electronic administration has allowed savings in terms of paper consumption and a reduction of travel to perform the administrative processing of services or procedures. Electronic notifications are now configured as one of the main performance metrics with respect to environmental impact. It is understood that electronic processes saved approximately 8.3 tonnes of paper in 2013.¹⁰

One of the greatest ICT success stories under review is provided by the Sri Lankan case of the LISA programme, which has offered a facility to automate inspection schedules as opposed to the laborious manual system. This has enabled a faster collection of more accurate labour inspection data, storage through secure systems, and the ability to share and analysis data between divisions. This in turn has allowed more efficient follow-ups and enforcement (particularly with reference to prosecutions). The quality of evidence should also improve as LISA enables DOLs to upload both documents and other evidence (e.g. photographic and audio material). This material will be readily accessible in electronic form to those dealing with prosecutions, and obviate the costs of storing and transporting files relating to cases. LISA will also generate statistical reports with accurate information that senior management of the DoL can use for supervision and management processes.

The South African DoL entered into a ground-breaking information and technology partnership deal with Siemens Business Services in 2002. Based on a Public Private Partnership, this contract was worth initially a total of over R1.2 billion (over a period of 10 years), the first of its kind under South Africa PPS regulations. It had been estimated that it would have cost the DoL around R250 million more had it implemented the IT system itself (Cameron 2015). The partnership was intended to deliver numerous benefits, including opportunities for business process improvement, upfront capital investment and, importantly, access to private sector expertise with a view to knowledge transfer. This was further intended to enhance possibilities for effective and rapid alignment to e-governance and the associated service benefits of this on end-users. The drawbacks and risks associated with this (ultimately disastrous) partnership are further detailed in the report.

¹⁰ Report to the Council of Ministers on the situation of the e-government p. 84

7.6 Costs (financial and other) and related drawbacks

As Margetts (2012) notes, the uptake of ICT in public administration has not been without (in many cases substantial) financial cost. Since the 1980s and 1990s many governments have sought the expertise of ICT professionals, contracting out support services in the name of ‘systems integration’ (ibid: 387). This is particularly the case in the USA and UK, coupled with a trend of oligopolistic computer services provision with a relatively concentrated market for major ICT contracts. This trend has been less extreme in most EU member states outside of the UK, where NPM trends have involved less outsourcing as a solution to ICT delivery. Most famously this involved the ‘Rhineland model’ of smaller contracts based on more consensual relations (ibid: 388).

Arguably one of the main drawbacks for all countries negotiating with third party suppliers of ICT is the co-dependent nature of contractual relations and the loss of control this implies. The costs of these initiatives (like many ‘mega-projects’) are also hard to predict and forecasted bills often fall substantially short of the real costs. Contracted ICT firms may also gain an unhealthy influence over policy innovations (Margetts 2012: 388; Dunleavy 1994, Margetts and Dunleavy 1995).

In the case of Sri Lanka, the LISA project still lacks necessary administrative support and infrastructure development. It is estimated that this, and the formal establishment of a LISA-supported data-base system, will cost around \$140,000 (U.S.). It is estimated that the project itself will cost around \$44,000 per annum (i.e. this is the cost to maintain the project). In the case of the Czech Republic the total budget for the data-sharing of inspection programme (RELIT) was CZK 54.4 million (nearly €2 million). However, costs of €1.7 million were met by the EU for this objective. Accordingly, in both of the above instances (Sri Lanka and the Czech Republic) it is clear that outside funds offer a vital stream of support for labour administrations in clear need of ICT developments. India has also struggled to invest the necessary funds needed to comprehensively introduce ICT developments in a range of labour administration contexts. Added to this there has been no comprehensive cost-benefit analysis for labour administration bodies and service users.

7.7 Preconditions for effective use of new technology

The effective use of new technology in labour administration depends on a number of factors. These include the amount of governmental investment in equipment, training and information. There are also important society-wide factors to bear in mind, for instance the proportion of citizens who have access to the internet and related telecommunications (e.g. mobile phones). Factors such as these may explain why cost reductions do not automatically follow from investment in ICT infrastructure. Results from Galazka’s (2015: 25) report on an ILO global survey of ICT use indicate that 15 percent of national respondents reported that the implementation of new technologies did not result in a cost reduction.

Based on problems encountered in the case study countries, several lessons may be drawn:

7.7.1 *The need to outline appropriate terms of reference with third party suppliers*

The South African case study points to the need for Government to outline specific terms of reference, codes of practice and related technical requirements for third party ICT providers. This view was echoed by the South African Treasury review of the Siemens case, which found several flaws in the PPP. In the main, criticisms centred on the insufficient monitoring and contract management by the Department of Labour. Overall, the department was seen to lack a consistent change management approach (i.e. implemented by the department) required for the integration of the business into the new IT environment. There was also

found to be a lack a contract understanding by Department of Labour officials, which resulted in contractual remedies not being identified or used in the face of poor performance.

When ‘swapping’ between ICT service providers, it is often beneficial for governments to follow PPP agreements (e.g. in the South Africa case) which use a transitional termination process covering various services, contracts and assets for the department. This is necessary in order to ensure a smooth transition without disruption to services. In the case of South Africa, this involved a role for consulting firm Accenture to ensure a smooth takeover in addition to advice services from PricewaterhouseCoopers (PWC).

7.7.2 Phased development plans are necessary

In the case of Sri Lanka, it is possible to outline three major phases of the state’s move to an ICT-based labour administration system. Although the transferability and relevance of these stages for all developing countries may be open to debate, Sri Lanka’s procedural map worked as follows:

1. A period of around 12 years spent on initial attempts at computerization and on feasibility studies, policy debates and case specific experimentations.
2. A second period in which ILO intervention and technical support enabled the development of the LISA system.
3. Completion of the initial phase of project implementation.

The Sri Lankan case indicates the slow (and sometimes arduous) process of applying modern technology to labour administration in a highly orthodox, departmental type, public sector organization. This trend is likely to be mirrored in similar ‘developing’ countries undergoing substantial ICT investment. In such cases, poor infrastructure facilities, inadequate policy support at the national level, and question marks over the funding of future phases of the project all threaten the efficacy of investments (and indeed, this is true for the Sri Lankan case study). Accordingly, institutional stability is necessary and the absence of this is a major risk to all ICT endeavours.

7.7.3 Trial systems and studies

In the UK trial systems have been important in ensuring the effective uptake of IT initiatives. This has included the Department for Work and Pension’s IT team working with select Jobcentre Plus offices (London Bridge, Newport and Rusholme) to identify and discuss how to run Digital Jobcentres. These activities included working out how to source hardware and provide support at the same time as staff and claimants learning how to use the new technologies. Accordingly, experimentation is often an important pre-requisite for effective technology transfer; in this instance including the use of self-check-in, video-conferencing (to cut costs of travelling to interviews) and diagnostic questionnaires to assist unemployed workers to identify the types of work for which they would be best suited.

Studies were also conducted at JCP offices in Clydebank and Leicester in the UK to help formulate a new processing approach (launched nationally in November 2013) to make better use of technology. Outcomes from this process included the use of Short Message Services (SMS) to text appointment times and other information/scanning evidence at Jobcentres. This has helped to enable faster sharing of information by cutting down on more cumbersome faxing/courier transit methods.

7.7.4 Impact on training needs

There are also clear impacts on training needs which stem from ICT investment and the development of more up-to-date administrative infrastructures, which use modern technology. These typically includes the need to train officers in the use of ITC. In addition, ICT itself may be used effectively in training purposes.

The need for well-trained staff is well demonstrated in the case of Sri Lanka, where initial engagement with LISA proved challenging for many staff lacking basic IT skills and knowledge. Training may also need to incorporate a means of overcoming staff inertia, particularly in those overly accustomed to past norms and ways of working. Such employees may be reticent to adapt to modern administration practices and ICT developments. As the following cases demonstrate, there are several potential solutions to training dilemmas.

7.7.5 Government-led training provision

In the case of Spain, a Civil Service training school is provided through the National Institute of Public Administration. This school offers specialist training in “e-government” and attendant training in computing tools. In addition, the Spanish government also trains labour inspectors through a ‘School of Labour and Social Security Inspection’ which uses on-line training for staff. The School developed 184 courses throughout the year 2013 in the two areas of activity of the Continuous Learning Plan (centralized and territorialized). Up to 25 of the 56 courses centralized were offered online. This platform also allows the School to offer courses with high interaction and participation of the trainees. In addition to the highly interactive content, the students have supplementary materials, forums, chat, etc. that facilitate high-quality education continuously supported by tutors. The ‘Course Catalogue’ includes technical, procedural, legislative and methodological issues, is periodically adapted according to the needs of the personnel.

Similar developments elsewhere include the UK’s creation of ‘Digital Academies’ to train staff (first launched in February 2014). Participants in the Academy are involved in an 8-week intensive training programme.

7.7.6 Training through third parties

When soliciting third-party suppliers, it may also be possible to secure training benefits from these firms as part of the contractual arrangement. In South Africa, the Department of Labour partnership with Siemens included a responsibility on the part of Siemens to provide IT architecture, systems development (including training services) for the new systems, the design, construction and implementation of new systems. Department IT staff were transferred into the Siemen’s operation where they received training in the appropriate skillsets. The Department also developed an ICT Skills Factory, which enrolled qualified individuals in junior positions with a view to upskilling for the future.

7.8 Trends and lessons learned

Research has demonstrated that the use of the ICT in labour administration systems is increasing (Galazka, 2015). As illustrated above, this has brought both benefits to labour administration as well as fresh risks and challenges. ICT has enhanced the information flows between officials across different levels of labour administration hierarchy, facilitating easier collections and transfers of relevant data, presentations and the provision of work-related information to employees (Galazka 2015). There has been a widespread introduction of websites, email and social media use, and the uptake of software-enabled tablets in labour

inspection, although a digital divide still persists between developed and developing countries.

Significant challenges remain in developing countries, which experience a general lack of technological connectivity and a widespread lack of technological literacy. However, as noted above, it is also the case that implementing ICT does not necessarily result in significant cost reductions. This word of caution is especially pertinent when considering the large costs that can be involved when implementing ICT, the unpredictability of these costs, and the variable reliability of suppliers, to whom labour ministries may have to make a long-term commitment (as in the case of South Africa, Cameron 2015). Priority issues identified by Galazka (2015) also include a need to identify the most pertinent needs for the use of new technologies (e.g. training, infrastructure development) which are likely to enhance both service management and delivery. Financial costs and difficulties in achieving a knowledge transfer of ICT skills (also witnessed in South Africa) may be reduced through organization-wide planning and efforts to encourage the development of an ICT culture across public administration bodies.

8. Extending Labour Administration to the informal economy

This section of the report examines various attempts by national governments to extend the scope of labour administration to the informal economy. Particular attention is paid to undeclared employment. Efforts to tackle undeclared employment often involve a variety of ministries and measures can relate to taxation and business support as well as to measures that more obviously fall within the scope of labour administration. Although this section will place emphasis on those activities that are most clearly connected to labour administration, the informal economy is a policy issue that calls for joined-up activity across government and it therefore be necessary to consider connections between labour administration and other parts of the national public administration system. All of the themes discussed thus far in the report (particularly partnership, coordination and ICT) have implications for measures relating to the informal economy and this section therefore returns to them, focusing on those aspects that are most relevant to the informal economy.

Governments have adopted a variety of strategies for dealing with the informal sector. While some of these approaches (e.g. detection and enforcement activities) are common, it should be emphasized that measures should be tailored to the specific conditions within the economy in question: there are no 'off the peg' solutions. Moreover, measures need to be considered in combination: no single policy can be expected to be effective in isolation. For example, the government of Sri Lanka has developed a strategy which involves, firstly, encouraging the growth of firms in sectors that add more value to the economy and, secondly, enhancing the employability of workers in more skilled, better paying occupations. Its plan involves a mix of entrepreneurship training, skills development programmes, and the provision of credit and business development services (Chandrasiri and Gunatilaka 2015: 59).

8.1 Legal definitions and coverage of regulations

A prerequisite for the extension of labour administration to the informal economy is that work in the informal economy be conceptualised and captured in legal definitions. For EU member states, the European Commission's definition of 'undeclared work' provides a common standard. The Commission defines undeclared work as any paid activities that are lawful as regards their nature but are not declared to the public authorities, taking into account differences in the regulatory systems of member states. Criminal activities fall outside of the scope of this definition.

However, member states (and countries outside of the EU) have their own legal definitions of work in the informal economy. The Czech Republic, for example, defines illegal work as 'the performance of dependent work by a natural person not in employment or the performance of work by a foreign national in contravention of the issued work permit or without this permit or without a valid residence permit' (Lehmann and Kyzlinková 2015: 34). The definition was broadened with effect from 2012 to take into account illegal employment in the form of a de factor employment relation disguised by a different agreement (the so-called Švarc system). In addition, the Labour Code was amended in 2011 to make it unlawful for agreements on 'work activity' (short-term employment) to be concluded orally. The reason is that some employers had used oral agreements to disguise illegal work. It is now the case that all employment contracts must be concluded in writing (Lehmann and Kyzlinková 2015: 36).

8.2 Registering employment contracts

In an effort to reduce the extent of undeclared work, many countries have introduced new requirements relating to the registration of employees. Spain, for example, has a comprehensive approach to the registration of employments. Employers are required to maintain and keep up-to-date a Personnel Registration Book (in paper or electronic forms), in which all new employment must be recorded from the time when workers commence providing their services (Daza 2015: 72). All categories of employers and workers should be registered, including street vendors.

In the Czech Republic, by contrast, there is no legislatively defined obligation to report agreements on the performance of work (i.e. employment relationships) to the Czech Social Security Administration. This means there is little to prevent the practice where documents confirming the conclusion of an employment relation are created only when an inspection takes place (Lehmann and Kyzlinková 2015: 38).

8.3 Licensing

Labour market intermediaries, such as employment agencies, can pose particular difficulties in relation to the informal economy. Agency employment has been a particular focus in the Czech Republic, where it has been associated with an increase in illegal work by foreign nationals. In the Czech Republic, any organization that mediates employment must have a licence. However, some entities continue to operate without a licence, engaging in ‘disguised mediation of employment’, which is illegal. For example, they may try to conclude a ‘commercial legal relation’ between two ‘employers’ as a way of disguising a de facto employment relationship. According to Lehmann and Kyzlinková (2015: 36) this practice is often an attempt to get round the obligation to comply with requirements relating to equal working and pay conditions.

Since January 2012, employment agencies have been banned from employing and supplying to their clients third-country nationals who do not have permanent residence. The conditions for obtaining a licence have also been tightened. Now both the MoLSA and the Ministry of Interior have a say in the awarding of licences (Lehmann and Kyzlinková 2015: 36).

The UK provides a further example of an approach to licencing focused on labour market intermediaries. The Gangmasters Licensing Authority (GLA), which was established in 2006 In the UK the GLA issues licences to labour suppliers in the agricultural, shellfish and food processing and packaging sectors. All labour suppliers operating in these sectors, from established employment agencies to individual ‘gangmasters’ are required to apply for a license. Successful applicants have to satisfy a number of licensing standards, examples of which include having appropriate systems for the collection of tax and national insurance (social security) contributions, paying wages that are no lower than the NMW, employing only those who are legally entitled to work in the UK, no ‘bonded debt’ and adherence to health and safety requirements. However, numerous sectors and occupations, including warehousing, cleaning, hospitality and catering, healthcare, office workers, factory work and transport are not covered by the GLA.

Example 8: The licensing standards of the Gangmasters Licensing Authority, UK

The GLA licensing team is responsible for making decisions on new and existing licenses. The team checks that the labour supplier meets the conditions set out in the GLA's Licensing Standards. The checks are based on information gathered during inspections, supplemented with information from government departments (e.g. HMRC) and enforcement agencies including the police. The licensing standards cover eight areas:

- Fit and Proper Test
- Pay and Tax matters
- Prevention of Forced Labour and Mistreatment of Workers
- Accommodation
- Working conditions
- Health and Safety
- Recruiting Workers and Contractual Arrangements
- Sub-Contracting and Using Other Labour Providers

Each area is associated with a number of standards to which labour suppliers must comply. Points are attached to each standard. The number of points varies according to the GLA's assessment of the relative importance of the standards. For example, withholding wages results in a score of 30 points, which is the highest number of points. A majority of standards are associated with a score of 8 points. In arriving at a licensing decision, the points associated with any standards that have not been met are added together. Any labour supplier who receives a score of 30 or more points will be refused a license. A supplier who scores less than 30 but who has failed to meet some standards can be granted a license but with 'Additional License Conditions (ALCs)' attached. The ALCs highlight the issues that need to be addressed within an agreed period of time.

Source: Heyes and Hastings (2015)

Spain provides an example of a country that has extended licensing requirements to street vendors. According to Law 7/1996 of 15 January, regulation of retail trade, street vendors must have a licence. Persons who engage in street vending must, in a manner easily visible to the public, display their personal details and the document attesting to the relevant municipal authorization, as well as an address for the receipt of possible complaints.

8.4 Facilitating formalisation

Spain has progressively simplified the process of formalisation. A process that had previously required entrepreneurs to seek permission to open establishments has been replaced by a simple declaration that a business is opening. Commencement of activities must be notified to the labour authorities of the Autonomous Community within 30 days. Companies, individual employers and self-employed workers register with the Social Security General Treasury by submitting an official form and documentation identifying the company. Employees must be declared using an official form of notification. Notifications can be made electronically, using an electronic document submission system, thus making it unnecessary for entrepreneurs to travel to Labour or Social Security Offices or post the forms (Daza 2015: 72). The Treasury of the Social Security has introduced several mechanisms to facilitate the monthly declaration of payroll and contributions. Using an internet-based 'RED System' (compulsory since 2010), employers submit documents (Payroll Reports); process balances owed, and pay contributions by direct debit or electronic payment (see Section 7).

In Sri Lanka, several schemes have been implemented to help SMEs access finance. The key interventions include the Small and Medium Sector Development Project (2002-2007), Small and Medium Enterprise Regional Development Project (2008-2011), Small and Medium Enterprise Development Facility Project (2010-2015), New Comprehensive Rural Credit Scheme (1994- to date), Local Funded Projects, Investment Fund Account (IFA), and

SME Bank Branches. The total amount of loans granted under these schemes reached Rs. 21,071 million by the end of 2013. Similarly, there have been various measures to support SMEs in relation to access to technology and tax-related concessions (Chandrasiri and Gunatilaka 2015: 62).

The complexity of legal regulations may discourage growth of formal sector jobs, as in the case of Sri Lanka (Chandrasiri and Gunatilaka 2015: 63, 68). It is therefore important that employment law be as simple as possible to understand and implement. Employers also require access to reliable and authoritative information and advice in relation to the steps they need to take to ensure that they comply with their obligations under the law.

8.5 Prevention through awareness raising

Many workers, particularly migrant workers, can find themselves working informally simply because they do not have a firm understanding of their host country's employment laws or do not have access to support, information and advice. In the Czech Republic, foreign nationals are informed in several key languages about labour law (this is done by SLIO and the Ministry of the Interior) and about possible pitfalls relating to unlicensed employment agencies (the Ministry of the Interior and NGOs take responsibility for this). NGOs and the Ministry of the Interior also work together to minimise human trafficking and forced labour via awareness-raising and other measures such as sheltered housing. The Office of the Government of the Czech Republic, through the Agency for Social Inclusion, strives to provide information about, and prevent, illegal work in socially excluded localities (e.g. through campaigns, supporting the creation of subsidised jobs, intensive cooperation with employers, creating business plans for larger employers, honouring and advantaging employers in public procurement, introducing alternative remuneration methods etc.). Prevention also takes place at various levels of the education system, where SLIO representatives seek to draw students' attention to the hazards and disadvantages of undeclared work (Lehmann and Kyzlinková 2015: 41).

Due to the vast scale of the informal sector in India (which accounts for roughly 93 per cent of the total workforce; Sarkar 2015), the government has sought to improve the coverage of social insurance protection for those working in non-formal arrangements. One notable example is the State Assisted Scheme of Provident Fund for Unorganized Workers (SASPFUW), first implemented by the Labour Directorate in West Bengal via the Labour Department's Resolution No. 180-IR (January, 2001) and Resolution No. 305-IR (February, 2001). SASPFUW essentially offers an insurance scheme – subscriptions are available for Rs 25/ month, which are match-funded by the government – for those working across 46 unorganized industries and 12 self-employed occupations.¹¹ Those eligible must be aged between 18 and 55 with a family income at or below 3,500 Rs/month.

8.6 Reporting suspected violations

Reactive inspection activities are triggered by the receipt of a complaint or expression of concern from workers, employers or concerned citizens. Typically, these complaints can be made to a telephone 'helpline'. Some countries also make it possible for citizens to complete an on-line form. The UK has a single reporting form, which is available from www.Gov.uk for all complaints relating to the National Minimum Wage, employment agencies,

¹¹[http://www.wblc.gov.in/sites/default/files/ckfinder/userfiles/images/SASPFUW%20%26%20WBUSWHSS\(1\).pdf](http://www.wblc.gov.in/sites/default/files/ckfinder/userfiles/images/SASPFUW%20%26%20WBUSWHSS(1).pdf)

gangmasters or working hours. Similarly, Ireland's NERA has recently introduced a single complaint form.

It is essential that the reporting process be made as straight-forward as possible. This is particularly necessary, given that workers in the informal economy are often migrants who may have an imperfect grasp of the native language and may therefore find the process of finding information particularly difficult.

Example 9: Spain's MBOX

In 2012, Spain made available to all citizens an electronic mailbox ('MBOX of the Struggle Against Labour Fraud'), which enables any person who knows of any breach of the rules relating to labour, social security or the prevention of risks, to provide information to the Labour and Social Security Inspectorate (ITSS), by filling out a form which is made available on the Ministry's website. Workers can also confidentially report suspected fraudulent activity. As a result of information provided through this channel, 4,359 inspections were undertaken, resulting in the discovery of 1,097 undeclared jobs.

Source: Daza (2015: 77, 79)

8.7 Sanctions

The use of sanctions in the form of fines and prosecutions is widespread. Sanctions can play an important role in deterring illegal activity and undeclared employment. If they are to act as a deterrent, the penalties must be sufficiently strong. Those who might be tempted to transgress must also believe that there is a reasonable chance that their activities might be detected. In the absence of an effective means of detecting illegal practices or undeclared employment, sanctions are relatively worthless. However, it is also important that sanctions be proportionate.

The Czech Republic provides an example that illustrates the importance of these considerations. The Czech Republic significantly increased sanctions in 2012, mainly for employers making use of bogus self-employment (i.e. disguised employment relationships). In addition to fines, the tax offices can be expected to demand payment of calculated unpaid tax, including penalties and interest. The health and social insurance companies can be expected to do the same. However, it has been recognised that the authorities should be able to take into account the gravity of the wrongdoing and the firm's wealth when determining the level of fines. In 2014, the lower limit for fines was abolished. The Constitutional Court pointed out that most cases present a low social risk and that the level of the minimum fine that was previously in place could wipe out a number of firms, a disproportionate punishment that would likely cause more harm than good. Consequently, administrative authorities can now set fines taking into account all the relevant circumstances (Lehmann and Kyzlinková 2015: 43).

The upper limit of fines can have a deterrent effect even for larger, more profitable firms. One problem that has become evident in practice, however, is the difficulty in collecting imposed fines. Most firms appeal against decisions and take legal action against the fines (Lehmann and Kyzlinková 2015: 43).

8.8 Labour inspection activities

Labour inspectorates play a vital role in addressing issues relating to the informal economy. The most fundamental requirement is the existence of a labour inspectorate that is well supported and adequately resourced.

Ireland provides an example of a labour inspectorate that is insufficiently resourced. In 2008, Ireland created a National Employment Regulation Authority (NERA) to strengthen inspection and enforcement powers and make other necessary provisions to secure compliance with employment law generally. NERA was formed in response to heightened pressure for state action to address illegal working practice. NERA was initially intended to employ 90 inspectors. However, the imposition of austerity meant that the number only reached 84 (in 2008/2009) and then fell to 56 by 2015. Austerity has therefore negatively affected the capacity of NERA to respond to illegal activities and further the compliance agenda. Staffing cuts have led to ‘agent swapping’ between regions, in order to facilitate inspections in regions that are particularly under-resourced. Given the constraints on its capacity to inspect and prosecute, NERA has focused on education and awareness raising in relation to employers’ obligations under the law. Information is provided via a call centre information service (Hastings and Heyes 2015).

The Czech Republic, by contrast, has been developing the capacity of its labour inspection service. It recently transferred responsibilities for illegal employment inspection and checking compliance with the regulations on work by foreign nationals from the LO CR to the State Labour Inspection Office (SLIO). This has enabled the LO CR to focus on employment services and has also resulted in an improvement in legal awareness among employers and workers. All of the SLIO’s inspectors who specialize in illegal employment are funded via a European Social Fund project. Thanks to the project finances, inspectors specializing in illegal employment have been equipped with mobile offices (a total of 180 motor vehicles and the necessary technology (i.e. a laptop, printer, scanner, remote internet connection and GPS). Funding for training and re-training of employees was set aside under the project. While the project is due to finish in September in 2015, it is anticipated that the existing staff base will be maintained and will be funded by the MoLSA (Lehmann and Kyzlinková 2015: 41).

Germany too has developed its capacity over time. A special customs unit, the Financial Monitoring Unit was founded in 2004 when a new law to combat illegal employment came into force (Weishaupt 2015). Customs units are part of the Federal Finance Administration (FFA), in charge of administering and enforcing federal taxes and associated tax laws. The (in 2014) approximately 6500 FKS officers are specially trained civil servants. They are responsible for identifying illegal employment practices. Since 2015 they have also been empowered to enforce compliance with minimum wages. The law to combat illegal employment grants the FKS the right to inspect firms, review firm documents and talk to employees and contracted workers. If the FKS suspects irregular activities, legal proceedings can be initiated. The FKS acts ‘on demand’ (i.e. in response to concerns raised by a worker, employer etc.) and also on its own initiative, basing its proactive work on statistical ‘risk assessments’.

It is also vital that there be a clear methodology for inspection. SLIO inspectors in the Czech Republic follow a recently introduced methodology for inspections of illegal employment. The methodology, which represents an attempt to establish ‘best practice’, contains a detailed description of the three fundamental inspection phases: preparation; the need to properly document and demonstrate the inspection findings; and closing the inspection record and the result of the inspection. One reason for making the change in inspection methodology was that inspection work had previously been very unevenly spread between regions, in terms of both the number, structure and focus of inspections and the results as expressed in the size of fines. The repeated targeting of certain entities was a particular

problem in this context. The new methodology therefore places greater emphasis on coordinating activities and a more balanced selection of inspection targets. Regular annual assessments of the application of the methodology and subsequent modifications are envisaged (Lehmann and Kyzlinková 2015: 42).

The SLIO has also introduced a new information system to support its new methodology for inspection work. The new information system is intended to result in inspection records that are clearer and easier to complete. It should make it possible to generate selected inspection statistics that are compatible with generally used metrics (e.g. size of establishment, sector). This had not previously been possible (Lehmann and Kyzlinková 2015: 36; 42).

In Spain, it has been a common practice to organize every year inspection campaigns focused on sectors and regions, such as hotels, bars and restaurants in coastal touristic zones in summer time; footwear apparel production; and construction in all regions. Nevertheless, unions and politicians have expressed concerns about the efficacy of ordinary or periodically conducted actions, asking for further better-organized mechanisms to combat irregular employment (Daza 2015: 75).

A further requirement is the existence of adequate information sources. Ensuring adequate information will often require cooperation with other bodies within the national labour administration system. Sri Lanka's Department of Labour updates its list of establishments based on information supplied by labour officers as and when they either find new enterprises when visiting old ones in the vicinity, or else when the ones they go to inspect are found to be no longer in existence. There is at present, however, no mechanism by which the list of establishments is updated according to the information available in other government institutions, such as the Registrar of Companies, the Department of Inland Revenue, or the Department of Census and Statistics. Therefore, the list of establishments maintained by the DoL which is used for inspections by labour officers, represents a (probably unrepresentative) fraction of the entire population of establishments covered under the regulations. Moreover, none of the listings of establishments corresponds to the zones or districts covered by each Labour Office. This also makes it difficult to carry out inspections efficiently (Chandrasiri and Gunatilaka 2015: 15). Furthermore, the inspections database is not based on a standard database management system and as a consequence the data cannot be easily accessed and used with standard statistical packages. Nor is the database linked with any of the other database systems maintained by the Department of Labour or any outside organization. Thus the existing database management system does not facilitate analysis of data, and as a result, there is no analysis in inspection reports, particularly in relation to reasons for non-compliance (Chandrasiri and Gunatilaka 2015: 49). The introduction of LISA may lead to these problems being addressed (see Section 7) although obstacles remain at the present time (Chandrasiri and Gunatilaka 2015: 51).

8.9 Coordination and cooperation

The informal economy is an area where collaborative relationships are particularly important. In addition to issues relating to labour standards, the informal economy has implications for government bodies with responsibility for the collection of tax and social security (e.g. Tax inspectorate) contributions and, to the extent that migrant workers are frequently engaged in informal work, the regulation of cross-border labour flows (e.g. Ministry of the Interior). Given that work in the informal economy can also be associated with illegal practices, the police force may also be involved.

There are many examples of cooperation in practice. In the US, the WHD has worked with the joint USDOL-U.S. Department of Treasury initiative 'to detect and deter the misclassification of employees as independent contractors and to strengthen and coordinate federal and state efforts to enforce labor violations arising from misclassification', a situation

which precludes workers from receiving their rightful benefits under the Fair Labor Standards Act and the Family and Medical Leave Act. The initiative has been conducted jointly because such misclassification also leads to large losses in the form of taxes not paid to the Treasury, Social Security, Medicare and Unemployment Insurance programs (Heinrich and King 2015: 44).

The UK provides a further example. The GLA often has to act in concert with other government bodies. For example, there have been cases of labour suppliers being involved in VAT fraud, which has resulted in the GLA working closely with HM Revenue & Customs (HMRC, the tax authority) and the police. Memoranda of Understanding (MOUs) exist between the GLA and the bodies with which it needs to cooperate. For example, if the GLA believes it needs to work with the police force of a particular locality, it has an agreement with the Association of Chief Police Officers (ACPO) that facilitates communication between the GLA's intelligence section and the intelligence bureau of the police force in question. In cases where another body (e.g. the police or tax authorities) identify an issue that appear to have relevance to the GLA, information should be passed to the GLA's intelligence unit. The intelligence unit will put the item on the agenda for the fortnightly tasking and co-ordination meeting, which is attended by the operational heads, the chief executive, the director of strategy, the deputy director of strategy (business development) and the crime manager. These individuals review progress on current cases and identify, allocate and decide on the appropriate course of action on particular new cases. However, if a case arises that appears to be urgent, it will be dealt with on the day by whoever is available and prioritized (this is referred to as 'hot tasking'). The GLA has a good relationship with HMRC and, in particular, the UK Human Trafficking Centre (HTC). If it comes across a health and safety related issue it will liaise with the HSE, although the overlap in activities is not substantial as the GLA's remit extends beyond health and safety to encompass exploitation.

In Germany, the German Social Security Office screens firms when they submit their payroll contributions for fraud or for not paying minimum wages. These auditing officers regularly review firms' social security contributions, which in turn are based on wages. If fraudulent or incorrect behavior is detected, the Social Security Office contacts either the FKS (if there are suspected minimum wage violations) or the public prosecutors at Land (regional) level (if there are suspected public procurement violations). Similarly, when the FSK detects minimum wage violations, it informs the Land-level finance ministries, the regional finance administration, the Social Security Office and the respective trade licensing offices (Weishaupt 2015).

In the Czech Republic, a number of government departments are involved in combating illegal employment (especially illegal employment of foreign nationals). Of particular importance, is the relaying of SLIO information about inspection results to the Labour Office, which can use this information to detect abuses of social support benefits, and the flow of information from the CSSA to the SLIO comprising information on employee registers. The LO CR also passes on information to the SLIO when it suspects illegal activity and its regional branches provide the SLIO with the identification details of employees posted to perform work in the territory of the CR and their employers in the CR. This information is necessary for ensuring compliance. Information is exchanged between the SLIO and the police and between the LO CR and the Ministry of the Interior (for example, the LO CR provides the MoI with information on employment mediation licences and fines imposed on employment mediation entities). Some inspections by the SLIO are performed in cooperation with the police, most notably the Foreigners Police Service, which will sometimes suggest premises that might be inspected. The MoLSA and its subordinate bodies also cooperate in respect of inspection work with institutions in the department of the Ministry of Finance (MoF) (particularly the customs and tax offices). Again, this takes the form of information exchange and making suggestions for inspections. The Trades Licencing Authority of the Industry and Trade Department also plays a role in inspection

work and receives inspection suggestions from the SLIO. Cooperation with these various authorities is rated very positively. The effectiveness and speed of active cooperation is often largely based on informal cooperation by the responsible persons in each institution (e.g. ‘help over the phone’ etc.). This approach is conditional on stable staffing, however (Lehmann and Kyzlinková 2015: 40). The SLIO and RLIs also cooperate with the tax offices, trades licensing offices, registry courts and the Public Defender of Rights. Cooperation with these institutions is not highly developed, however, and takes place solely on a very formal level. The institutions do not have clearly defined powers and conflicts can arise during investigations (Lehmann and Kyzlinková 2015: 40). This points to the importance of having clearly delineated areas of responsibility.

In Ireland, NERA inspectors participate in Joint Inspections on an ad hoc basis via Joint Inspections Unit (JIUs) which pool officers from NERA, Revenue and Social Protection. The Inspection Service are empowered to carry out employment rights compliance inspections with reference to a series of employment related Acts. NERA can draw on the social welfare database (overseen by the Department of Social Protection) and can also access the Revenue’s database (Hasting and Heyes 2015: 17). Joint inspections between the police and NERA officers have acted as a forum for knowledge sharing between the two bodies since 2009 when NERA officers were appointed to enforce the employment permits Act of 2006. Joint inspections have not avoided criticism, however, with NGO groups voicing concerns over police presence at inspections. Concerns in the main refer to the police’s priority to minimise illegal immigration over and above defending vulnerable segments of society from exploitation (Hasting and Heyes 2015: 18).

The importance attached to close cooperation has led many countries to institute measures to place cooperation of a formal basis. For example, and as already mentioned above, the UK’s GLA has established Memoranda of Understanding with the other agencies with which it needs to collaborate. Spain provides an example of a country that has taken a number of steps to provide collaborative efforts with firm institutional foundations. In 2012 Spain approved a Plan for combating irregular employment and social security fraud, which established mechanisms of stable cooperation between the State Public Employment Service, the Wage Guarantee Fund, the National Institute of Social Security, the Social Institute of the Maritime Workers and the General Treasury of Social Security. Spain also created a Sub Director General of Inspection on Social Security, Irregular Economy and Immigration, with the functions of developing plans, programs, actions, research methods and protocols for the detection and prosecution of fraud and breaches in terms of social security, irregular economy and foreign workers, as well as the coordination of actions with other administrative bodies with competence in the field of immigration and with entities and services of the Social Security (Daza 2015: 76-77).

Example 10: Collaboration agreements in Spain

In Spain, collaboration of key agencies is ensured by a 1997 Act (article 10 of Act 42/1997), which requires any organization that performs a public function to provide the Labour and Social Security Inspection service all relevant data, reports and background information that it requires and to collaborate in relation to inspection activities. The Labour and Social Security Inspection Service is required to reciprocate. Recently, however, collaboration has been formalised through signing of agreements. The Directorate General of Labour and Social Security Inspection and the Social Security Treasury, signed a Joint Statement for the eradication of ‘shell companies’, which are established solely to facilitate access to various allowances, benefits and residence permits.

A subsequent agreement, signed in 2013 by the Ministry of the Interior and the Ministry of Employment and Social Security, promotes coordination between the Labour Inspectorate, the State Security and Police Forces. Joint actions increased by 30% in the year the agreement was signed.

A further agreement enables the Labour and Social Security Inspection service to request from the College of Registrars information relating to any company listed in its records (Daza 2015: 77-78, 79).

In 2015 plans were made for a new National Office for the Fight against Fraud. This body will be located within the new Autonomous Agency of Labour and Social Security Inspection and will comprise all of the agencies involved in the fight against fraud. It will be responsible for the detection of fraud, the programming and implementation of inspection activities and evaluation of results. The new National Office will also serve as a liaison with the ‘European Platform against undeclared work’ (Daza 2015).

Spain’s new initiative is intended to focus efforts and ensure that agencies’ activities are aligned. There are other mechanism, that may serve to help improve alignment and inform actions in relation to the informal economy. The following illustrations represent examples of regular fora established to address particular issues relating to the informal economy:

- i. The US’s WHD is engaged in efforts (along with the Office of the Secretary, the Solicitor’s Office, the Office of Public Affairs, and the Employment and Training Administration in the USDOL) to address Questionable Employment Tax Practices (QETP). It is part of a QETP Oversight Team that seeks ‘to promote information sharing initiatives’ between the Internal Revenue Service (IRS) and State QETP members and participants. The broad-based QETP Oversight Team also includes representatives from the IRS, the not-for-profit National Association of State Workforce Agencies (NASWA), and state unemployment insurance trust funds (Heinrich and King 2015: 44).
- ii. In the Czech Republic the SLIO is a member of several interdepartmental commissions and working groups. These include the Interdepartmental Body for Combating Illegal Employment of Foreigners (IBCIEF),¹² the Government Council for Occupational Safety and Health Protection, the Analytical Centre for the Protection of the State Borders and Migration (ACPSBM)¹³ etc. Within these groups, there is cooperation between the departments, the non-profit sector and other entities (Lehmann and Kyzlinková 2015: 39).
- iii. Ireland has established a Hidden Economy Monitoring Group (HEMG). The group was established in 1990 and represents a collaboration between the Office of the Revenue Commissioners, the Department of Social and Family Affairs, NERA, ICTU, IBEC, the Small Firms’ Association (SFA) and the Construction Industry Federation (CIF). Since its creation, the HEMG has undergone internal reviews aimed at enhancing its effectiveness. The social partners actively collaborate at both national and regional levels in the HEMG.

¹² Interdepartmental coordinating bodies are set up to deal with longer-term problems, such as illegal work. The IBCIEF was set up under the MoLSA, and the SLIO cooperates with the Office of the Government through it.

¹³ The ACPSBM deals with residence issues linked to the employment of foreign nationals, including the abuse of residence to perform illegal employment

Example 1: Hidden Economy Monitoring Group (HEMG) in Ireland

Objectives

The central remit of the HEMG is to encourage better compliance with legal requirements, if necessary through increased enforcement. The terms of reference are 'to provide a forum for the exchange of views on the effectiveness of measures introduced in combating the "black economy" between the Revenue Commissioners and Department of Social and Family Affairs and representatives of employers, trade unions and the construction industry'.

Examples of achievements of the HEMG:

- Its initial achievement following its launch in 2007 was to sponsor legislation providing for the exchange of employment information on the earned income of individuals between the Department of Jobs, Enterprise and Innovation, the Department of Social Protection and Revenue.
- The production of an updated 'Code of Practice for Determining Employment or Self-Employment Status of Individuals' issued to all principal employers and sub-contractors in a total of 15 languages.
- New procedures to strengthen the employment vs. self-employment distinction in the construction, forestry and meat processing sectors

Source: Hastings and Heyes (2015: 19)

8.10 Data sharing

The ability to share data is essential if cooperation between bodies is to be effective. Problems can occur where databases are not shared. For example, in Sri Lanka, the MLLR and DoL maintain three database systems without using an integrated system of information sharing (Chandrasiri and Gunatilaka 2015: 48). Furthermore, labour inspectors in Sri Lanka manually record labour inspection data. This can result in delays, inaccuracies, and information that is difficult to analyse and use for planning and performance management purposes. It can also result in information that cannot be effectively shared with other bodies and reports that can be excessively time-consuming to process (Chandrasiri, and Gunatilaka 2015: 19).

Several countries have taken steps to improve their ability to share data. For example:

- i. In the Czech Republic, an interconnected information system for the SLIO, LO CR and CSSA has been in place since 2015, giving staff of one institution direct access to relevant data from the other institutions' databases. The creation of the shared electronic register, which is accessible via remote access, has substantially improved communication between the various bodies. Labour inspectors regard it as a fundamental step to ensure more effective work. The law also now permits the transfer of selected information from the police and the interior ministry to the MoLSA and its organizational components (SLIO, RLIs, LO CR) (Lehmann and Kyzlinková 2015: 36; 40).
- ii. In Germany, cooperation between the FKS and the DRV has included the development of access to a joint database and information platform (also when by mobile FKS officers through remote access), which has proved to be highly effective in fraud detection and law enforcement (Lubinski, 2013; cited in Weishaupt 2015).
- iii. In Ireland, the Revenue section of the Department of Finance has promoted an approach to data sharing in cooperation with other authorities including the Department of Social Protection (DSP) and the National Employment Regulation Authority. This consultation process is designed to identify non-declared and under-declared incomes, fraudulent DSP claims and related non-compliance issues. A High Level Revenue/DSP Liaison Group strives to maintain this cooperation, and conducts meetings on a quarterly basis. The aim is to enhance the scope and depth of the data exchange between

DSP and Revenue. (Hastings and Heyes 2015: 15). Ireland is also considering the development of a National Data Infrastructure to support evidence-based policy making and evaluation (Hastings and Heyes 2015: 16).

- iv. Also in Ireland, laptops have been replaced by iPads to help inspectors to access databases whilst operating in the field. The iPads are also used as navigational tools to help inspectors find premises (Hastings and Heyes 2015: 20).
- v. In Spain, under a Collaboration Agreement between the College of Registrars of Spain and the Ministry of Employment and Social Security, the Labour and Social Security Inspection service may request access to data relating to particular companies, which can help them to identify potential cases of non- or under-payment of social contributions.
- vi. In the UK, the DWP receives a ‘real time information’ (RTI) feed from HMRC. This allows HMRC and DWP to synchronise their systems in order to determine whether people are receiving income from the state. The RTI might show that someone is claiming benefit when the DWP’s systems show that they are not.

Example 12: Examples of data-sharing in Ireland

- (i) In 2009, a Memorandum of Understanding was signed between the Revenue Commissioners and the Central Statistics Office (which conducts statutory surveys of Irish businesses) to allow for the exchange of business data. This data-sharing arrangement reduced the need to survey businesses directly, while generating statistics in support of evidence based policy making.
- (ii) The Department of Social Protection, in conjunction with the Revenue Commissioners, developed data exchanges to enhance the detection of fraud and control compliance. The legislative basis for the exchange of information is contained in Section 261 of the Social Welfare Consolidation Act 2005. In one such exchange, information was provided by Revenue on persons who had received large amounts of interest on investments made. This data was matched with Department of Social Protection records to identify individuals who had failed to disclose large personal investments when applying for welfare payments. As a direct result of this data-sharing, millions of Euro in overpayments have been recovered.
- (iii) A Memorandum of Understanding is in place between NERA and the Health and Safety Authority (HAS).
- (iv) NERA is in the in process of developing a Memorandum of Understanding with the Gangmasters Licensing Authority in Northern Ireland. At the present time, exchange of information remains informal and ad hoc.

Source: Hastings and Heyes 2015: 17-18

8.11 Cross-border collaboration

Many of those who work in the informal economy are migrant workers. Some work in the informal sector of their own volition while others are victims of trafficking and forced labour. Cross-border flows, which may be facilitated by labour market intermediaries such as employment agencies, imply a need for cross-border cooperation involving labour ministries and labour inspectorates in different countries. Several countries have taken steps to develop such cooperation. In the Czech Republic, for example, close cooperation in relation to measures to tackle illegal employment takes place with bodies in neighbouring countries (e.g. the National Labour Inspectorate of Slovakia, the Bavarian Chamber of Commerce).

A Memorandum of Understanding exists between the UK and Irish Governments regarding matters of mutual interest in areas of social security fraud. The Memorandum of Understanding is supplemented by the Cross-Border Operational Forum, which comprises senior fraud managers from the Republic of Ireland and the UK. The Forum’s modus operandi is to ensure effective cooperation at an operational level to prevent/detect fraud between the three jurisdictions (Ireland, Northern Ireland and Great Britain). This involves

case data-matching to identify cases with the potential for social welfare fraud/abuse. The respective ministries with responsibility for social benefits conduct checks on each other's behalf (Hastings and Heyes 2015: 20).

In the UK, the GLA is developing connections with labour inspectorates in other EU countries. The GLA informs overseas labour inspectorates of licences they have issued to labour suppliers from those countries. In some cases, for example, Lithuania, the labour inspectorate in the 'sending' country has carried out inspections on behalf of the GLA (Heyes and Hastings 2015).

8.12 Trends and lessons learned

The vulnerability of those who work in the informal economy and the widespread failure of employers to respect national labour laws and treat their workers decently mean that the informal economy is an important issue for labour administration.

Clearly the adequacy of the funding that governments provide to labour inspectorates is an extremely important influence on their ability to address problems associated with employment in the informal economy. Inadequate funding will result in inadequate staffing and other resources, such as information and communications technology. In many developing or transitional economies the informal economy is the main source of employment, which can mean that the resources available to labour inspection services are dwarfed by the scale of the problem that confronts them. This can encourage a focus on the formal sector, which might be further reinforced by performance targets that inspectorates and individual inspectors are required to meet and against which their performance is evaluated. Quite simply, it is easier to conduct inspections, detect non-compliance and enforce labour legislation in formal sector enterprises than in informal sector enterprises. Inspection in relation to the latter is hampered by the low visibility and sometimes peripatetic nature of informal businesses and also by a lack of evidence about the scale, characteristics and distribution of informal businesses and undeclared employment by formal sector enterprises. It is therefore vital that labour ministries and labour inspectorates seek to gather this information, even though its accuracy may be limited.

The effectiveness of labour inspectorates also depends on their mandate. In some countries the mandate of the main labour inspection service is oriented towards health and safety while in others it is more encompassing. Some countries have formed specialised units or teams that focus solely on the informal economy. The degree of success is also likely to depend on the strategies that are pursued. Traditionally the focus of inspection activity has been on enforcement and compliance. While this remains important, there are other approaches to regulation, such as preventative and awareness-raising activities, that might be used alongside traditional methods.

It is important to recognise that labour inspectorates cannot be expected to tackle informal economy problems on their own. The informal economy has implications for policy and administration in respect of employment, social security, health and safety, migration, education, employment relations and macroeconomic policy. Responsibilities for these different areas are typically distributed across a number of government ministries and agencies. Governments must find ways of joining-up the activities of the various ministries and agencies so as to ensure coordination of actions, coherence of policies and sharing of information. Data sharing should not be ad-hoc but should be a normal activity that may require formal understandings between different government departments. Several countries have moved towards having shared databases, that can be accessed by all ministries and bodies that have an interest in the informal economy.

9. Conclusion

Effective labour market regulation requires a national system of labour administration that is well organized, well-resourced and well managed. The achievement of economic and social objectives, such as tackling unemployment, upholding labour standards, reducing inequality and promoting social cohesion depends not only on good policies but also on good governance and appropriate institutions. However, in many countries labour ministries and associated agencies are under increasing pressure as a consequence of cuts in the resources, or increases in their responsibilities without a commensurate expansion in their capacity. This has further underlined the need for good management, robust procedures and an ability to demonstrate effectiveness.

There can be no blueprint for the organization of national labour administration systems. They will differ depending on factors such as the size of the country, whether it is a federal or unitary system, the capacity of the social partners and the financial resources available to the government. However, this report has discussed a number of issues that are likely to affect all labour administration systems and has identified a number of lessons that point to how the effectiveness of labour administration might be strengthened.

Planning is at the heart of any system of labour administration, encompassing the development and implementation of the government's policy agenda and the specific programmes, actions and timescales of ministries and agencies. Plans need to be regularly reviewed and informed by performance data and data relating to the labour market. The quality of plans is likely to be directly influenced by the quality of the data that inform them.

Reliable means of ensuring ongoing coordination of activities are also essential. While labour ministries obviously bear primary responsibility for labour and employment issues, other ministries may also have an interest or may have responsibility for issues (such as education, welfare, or the economy) that have implications for labour-related matters. Inter-ministerial coordination is therefore required, which may be facilitated by cross-departmental coordination committees and a requirement that all departments be given an opportunity to comment on new policy proposals. Horizontal coordination is also needed within ministries, to ensure that civil servants do not work in silos and have an understanding of the objectives of different parts of the ministry. Effective vertical coordination is also important. Devolution of service delivery responsibility to semi-autonomous agencies and decentralisation of service delivery to local bodies can encourage greater flexibility and attention to local circumstances, but potentially weakens the ability of ministries to control and coordinate activities. As far as possible, mechanisms of vertical coordination need to ensure transparency and accountability, but minimise bureaucracy.

The report has also demonstrated that there are various approaches to performance management and different management systems designed to maximise productivity, transparency and accountability within labour administration. Performance indicators are commonly used at different levels (i.e. individual departmental, organizational) within national systems of labour administration, although approaches to target setting vary (e.g. targets may be orientated to achieving overall outcomes rather than the accumulation of micro-targets). In the post-crisis era several governments have faced questions over whether to adjust performance management systems and targets in response to budgetary constraints. In some cases workload intensification has resulted where budgets have been cut or frozen without an adjustment of targets.

The evidence suggests that partnerships continue to play an important role in increasing the effectiveness of labour administration. The impact of partnerships often depends on their coverage and the willingness of public authorities to engage and secure collaboration with stakeholders. In countries which have a strong tradition of social partnership, tripartite arrangements commonly play a role in the governance of labour administration bodies across

a range of administrative areas. Conversely, in other countries with less well-established traditions of social partnership, collaboration with unions and employer organizations may take place on a more ad hoc basis. Cooperation with NGOs can also be beneficial (e.g. with charities and third sector organizations that have an interest in vulnerable workers), while the involvement of the private sector has become common, particularly in relation to employment services. Governments face an important decision when deciding which services may be adequately outsourced to private or third-sector providers, and which provisions should remain 'in-house'. Contracts with service providers need to be clear, ensure transparency and accountability and commit providers to ensuring that their services are of a high quality and are available to all who are eligible to receive them (Koeltz 2013).

The use of private service providers is also common in relation to the implementation of ICT reforms aimed at improving the accessibility, transparency and efficiency of services. New technologies have the potential to benefit numerous labour administration activities, such as the administration of benefits, the registration of unemployed workers, labour inspection (the development of mobile technology and tablet software) and management functions (for example, online Human Resource Management systems). However, several challenges remain. Cost can be a substantial problem as ICT expenditure can be difficult to predict, and this risk is not necessarily mitigated by the use of third party suppliers. A phased approach to implementation can help to ensure adequate training of staff and transfer of knowledge from the supplier to the ministry.


In many ways efforts to tackle the informal economy highlight the importance of all of the other issues discussed in this report. Although labour ministries and labour inspectorates may have primary responsibility for improving the enforcement of employment rights in the informal economy, other ministries and agencies also have an interest in improving regulation of the informal economy and there is much that might be achieved by different ministries and agencies cooperating and coordinating their activities. For this to happen, there must be clear understandings, open lines of communication and shared access to data. Local authorities and social partners can also play important roles in disseminating information and detecting non-compliance with labour legislation, which again underlines the potential importance of partnerships. ICT is also important, as it has the potential to improve data storage and the accessibility of data, which can help in the identification of informal sector employers and aid labour inspectors in the field.

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International Labour Office (ILO)
GOVERNANCE
Route des Morillons 4
CH -1211 Geneva 22
Switzerland

www.ilo.org/governance

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