



"Strategy for Strengthening the Mediation Function at Public Employment Services in the Federation of Bosnia and Herzegovina"

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List of abbreviations

APZ – aktivne politike zapošljavanja (Active Employment Policy)
AT – Austrija (Austria)
BDP – bruto domaći proizvod (Gross Domestic Product)
BE – Belgija (Belgium)
BG – Bugarska (Bulgaria)
CARDS - Community Assistance For Reconstruction, Development and Stabilisation
CCI - Centri civilnih inicijativa (Centre for Civil Initiative)
CISO – Centri za informiranje i poslovno savjetovanje (Centre for Information, Counselling and Training)
CV – Curriculum Vitae
CY – Kipar (Cyprus)
DCS – Djikić Consulting Services
DE – Njemačka (Germany)
E – elektronsko (electronic)
EE – Estonija (Estonia)
EIS – Ekonomski institut Sarajevo (Economic Institute Sarajevo)
ES – Španija (Spain)
ESIA - Europa, Srednji istok i Afrika (Europe, Middle East and Africa)
EU – Evropska Unija (The European Union)
FBiH – Federacija Bosne i Hercegovine (Federation of Bosnia and Herzegovina)
FI - Finska (Finland)
FPU – Federalna poreska uprava (Federal Tax Administration)
FR - Francuska, (France)
FZZZ - Federalni zavod za zapošljavanje (Federal Employment Bureau)
HR – Hrvatska (Croatia)
HU – Mađarska (Hungary)
ICT – informacijska i telekomunikacijska tehnologija (Information and telecommunication technology)
IKT – informaciono-komunikacijske tehnologije (Information and communication technology)
ILO - International Labour Organization
IP – informatička podrška (IT support)
IS – informacioni sistem (Information system)
IT – informacione tehnologije (Information technology)
JSZZ – javna služba za zapošljavanje (Public Employment Service)
KM – konvertibilna marka (Convertible Mark)
LFS - Labour Force Survey
LT – Litvanija (Lithuania)
LV - Latvija, (Latvia)
M&E – monitoring i evaluacija (Monitoring and Evaluation)
MBO - Management by Objectives
MSP – mala i srednja preduzeća (Small and medium-sized enterprises)
MT - Malta,
NEET - not in employment, education or training

NL – Nizozemska (The Netherlands)

NVO – nevladine organizacije (Non-governmental organizations)

OECD - Organisation for Economic Cooperation and Development

PC – per capita

PESTL - Politika, ekonomija, društvo, tehnologija, pravo (Politics, Economy, Society, Technology, Law)

PIO – penziono-invladisko osiguranje (Pension and Disability Insurance)

PIU SESER - Jedinica za implementaciju projekata socio-ekonomske podrške, obuke i prezapošljavanja (Project Implementation Unit for Socio-Economic Support, Training and Re-Employment)

PL – Poljska (Poland)

PT – Portugal

RO – Ruminija (Romania)

RS – Republika Srpska

SAD – Sjedinjene američke države (United States of America)

SE - Švedska (Sweden)

SI - Slovenija (Slovenia)

SWOT – snage, slabosti, prilike i prijetnje (Strengths, weaknesses, opportunities and threats)

UK – Velika Britanija (United Kingdom)

VDAB – Flamanska javna služba za zapošljavanje (Belgija) (Public Employment Service of Flanders) (Belgium)

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1. INTRODUCTION

The Economic Institute Sarajevo (as the leader) in the consortium with DCS doo Sarajevo signed an agreement on October 4, 2013 with the Federal Ministry of Labour and Social Policy (Project Implementation Unit of the Socio Economic Support, Education and Redeployment Project- PIU SESER) on the provision of consulting services regarding the development of the document "Strategy of Strengthening the Mediation Function in Public Employment Agencies in the Federation of BiH". This agreement is part of the "Social Safety Nets & Employment Support Project" financed by the World Bank.

The goal of the project was to prepare the Strategy of Strengthening the Mediation Function in Public Employment Agencies in the Federation of BiH". The activities for the preparation of documents started on October 4, 2013. The head of the team charged with the development of the Strategy was Muamer Halilbašić, PhD, Assistant Professor, Head of the Economic Institute Sarajevo.

The Strategy was developed in cooperation with the key users: Federal Ministry of Labour and Social Policy, Federal Employment Institute and cantonal employment services. The work on the preparation of the document was organized in the form of focus groups that included representatives of the mentioned institutions. Focus groups were introduced for the following segments: law and procedures, active labour market policies and IT support to employment services. Working materials of individual parts of the Strategy were presented during meetings of focus groups in which focus group members had the opportunity to make comments, proposals and suggestions.

During the process of development of the Strategy, service users of employment services, unemployed persons and representatives of the business sector were consulted through a survey. The obtained findings, together with detailed analyses of functioning of public employment services in comparable countries were used for the preparation of the first draft document.

The first draft strategy was presented during the regular monthly meeting of heads of the Federal Employment Institute and cantonal employment services. Two roundtables were organized after that (in Mostar and Sarajevo) during which the document was presented also to representatives of the NGO sector. Proposals and suggestions from these gatherings were evaluated and incorporated in the final version of the draft strategy that was presented to the public during the conference held on April 2, 2014 at Hotel Europe in Sarajevo.

The Strategy consists of the following parts: regulatory framework and institutional mandate of employment services, key challenges in the functioning of public employment services, situation analysis conclusions, strategic part: goals, priorities and measures, frame action plan.

In the analysis of the existing situation at public employment services it was stated that the exercise of rights resulting from the unemployment status is a great problem for employment services. This is particularly applicable to the administration of health insurance of unemployed persons, obtaining material and social security (allowance in case of unemployment), but also many other rights resulting from the unemployment status (from 27 to 31 different rights depending on cantons). The scope of these functions simply does not allow the employment services to dedicate themselves to their primary function – employment mediation. For this reason the first strategic goal for the development of the public employment mediation function in FBiH is identified as *fast and accurate exercise of rights resulting from the unemployment status*. Division of active job seekers from those recorded for the purpose of exercising other rights and equal distribution of resources in compliance with the institutional mandate of public employment services were identified as priorities for the purpose of achieving this goal.

One of the key challenges faced by the public employment services in FBiH over the coming period is *efficient integration of unemployed persons in the labour market* – which is the second strategic goal. This is extremely important in order to reduce the currently very high share of long-term unemployed persons and ensure that as few persons as possible become long-term unemployed in future. The priorities in the achievement of this goal were identified as the improvement of the selection procedure and ensuring an adequate intensity of counselling at public employment services, improvement of efficiency of active employment measures and intensifying cooperation with employers and other relevant institutions. It was emphasized that the above mentioned goals cannot be achieved without the establishment of a new labour organization at public employment services. General principles that constitute the basis for the future labour organization are as follows:

- Division of administrative and IT activities from counselling and mediation services by introducing a counter system and specialization in counselling services;
- Introduction of a funnel system in the treatment of unemployed persons by introducing the method of group information and fast identification of individual needs prior to individual counselling, which will reduce the necessary time for the performance of individual interviews;

- Development of standardized tools that counsellors will use at all phases designed in such a manner that they "guide" the unemployed person in providing data on skills, aspirations, personal requirements for accepting a job, etc.;
- Development of supporting IT tools that will reduce the pressure on "physical forms" of information, basic counselling and mediation;
- Reduction of all types of reporting and contacts of unemployed persons for formalities and focus on development of services that lead to their self-activation and prevention of illegal employment;
- Development of new forms of cooperation with key target groups of employers and adaptation of services to their specific needs;
- Establishment of cooperation with external institutions and organisations specialised in training and counselling and social economics institutions in order to improve the possibilities for faster employment and self-employment of long-term unemployed persons;
- Introduction of permanent employment fairs and other forms of mutual contacts among employers and active job seekers;
- Systematic work on recognising and developing potentials of unemployed persons for individual and/or group self-employment (e.g. youth, female cooperatives, etc.) and cooperation with all government levels in adapting the supporting instruments (adequate expert and financial assistance);
- Directing the program of active employment measures primarily towards the needs of different target groups of long-term unemployed persons, except for the target group of youth, who seek first-time employment and need to be included as soon as possible by applying the measures.

And finally, the third strategic goal is the need to simultaneously work on the *development of human and other capacities at public employment services in compliance with new work methods and building of reputation capital of these institutions*. This primarily relates to the improvement of knowledge and skills of employees of public employment services, introduction of goal-oriented management system and performance management, development of a modern IT support and positioning of the institute as the expert and relevant institution in the labour market in FBiH.

2. REGULATORY FRAMEWORK AND INSTITUTIONAL MANDATE OF EMPLOYMENT SERVICES

2.1. ILO Convention 88

Public employment services (PES) are primarily public institutions in charge of labour market policies implementation, with a special focus on management of changes and imbalances that occur. In order to fulfill this complex task, PES have to continuously reexamine the set goals and services they provide. Due to market conditions in services provision, working methodologies and technologies are continuously changed and improved for just one purpose – to achieve the greatest possible integration of unemployed persons in the labour market. Although there is no single model of functioning of PES, 89 countries of the world ratified the ILO Convention 88 on the organization of public employment services defining the main functions of PES (International Labour Organization, 1948: No. 88).

The General Assembly of the ILO adopted proposals on the organization of employment services in the form of an international convention entitled "Employment Service Convention" during its 31st session in 1948. The Convention was ratified by Bosnia and Herzegovina on June 2, 1993. The signatories of the Convention agreed to ensure the maintenance of the public and free employment service (part of the public system of institutions). The main task of an employment service is the best possible organization of the mediation function for the purpose of ensuring and maintaining full employment. Services should be provided through a network of local offices and, if needed, regional offices, in order to provide services in all parts of the country in a satisfactory way, with adequate locations for both employers and workers.

An employment service should be organized in such a manner that it sends workers as potential candidates to the available jobs, but also provides support to employers in finding workers that fulfill the needs of the company.

For this purpose, it is necessary to register candidates seeking jobs, with special monitoring of their expert qualification, experience and affinities, physical and professional abilities, professional orientation, professional training and re-training. Specialization trainings should be conducted by professions and industries, but the services should also be adapted to the needs of special categories of job seekers, such as disabled persons. In addition to the profiling of candidates, an employment service should also participate in the administration of unemployment insurances or provision of other social measures for assisting unemployed persons.

In order to make mediation possible, in addition to information on candidates, it is necessary to obtain from employers information of vacant positions and requirements to be met by workers they are looking for.

Employment services should organize compensations for offer and demand, i.e. if an employment service that was consulted was unable to find adequate candidates, other employment services should be contacted in order to find them.

Employment services must render expert and geographical mobility easier for the purpose of harmonizing the labour force offer with the possibilities of employment in different professions, regions or countries. In order to avoid imbalances, it is necessary to take measures related to the professional orientation of university and secondary school students that are making decisions on their future professions.

It is necessary to simultaneously monitor trends in the labour market throughout the country and in different industries, professions or segments in order to prepare adequate policies and social and economic plans for reducing imbalances.

In order to perform these duties in a good way, the personnel of employment services should consist of civil servants whose status and service conditions do not depend on political changes and other negative impacts. The personnel of employment services should be hired only based on the ability of the candidate to perform complex mediation tasks in employment. The personnel of employment services must be fully able to perform its duties.

Employment services and other authorities should take all necessary measures in cooperation with associations of employers and workers in order to stimulate employers and workers to voluntarily use the services of employment services. The competent authorities should take all necessary measures to ensure an efficient cooperation between public and private employment services for non-for-profit purposes.

2.2. Laws

In compliance with the Constitution of the Federation of Bosnia and Herzegovina, the competences in the labour and employment sector were specified as the joint competence of the Federation of Bosnia and Herzegovina and cantons. In compliance with Article 11 of the Law on Federal Ministries and Other Federal Administration Bodies ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 58/02, 19/03, 38/05, 2/06, 8/06, 61/06 and 48/99), the Federal Ministry of Labour and Social Policy performs administrative, technical and other duties specified in the law and related to the competences of the Federation in the field of social policy, labour, retirement and disability insurance, namely: labour and employment policy, labour relations and labour relation rights, occupational protection,

retirement and disability insurance, international conventions in compliance with the Constitution of Bosnia and Herzegovina, agreements and bilateral agreements in the field of labour and employment, social security and solidarity, protection of civilian war victims, family protection, adoption and guardianship, social protection and other requirements specified in the laws regulating these fields. In compliance with the constitutional and legal framework, the Federal Ministry of Labour and Social Policy is competent for the segment of labour and employment in the Federation of Bosnia and Herzegovina, and at the cantonal level this segment falls under the competence of the relevant cantonal ministries.

Fundamental legal documents regulating the field of mediation in employment in the Federation of Bosnia and Herzegovina are:

- Law on Mediation in Employment and Social Security of Unemployed Persons;
- Rulebook on Employment Records.

As regards the research findings, it is necessary to mention the Decision on Basics of Internal Work Organization of Employment Services and Doctrine of Work of Employment Services in the Federation of Bosnia and Herzegovina.

2.2.1. Law on Mediation in Employment and Social Security of Unemployed Persons

The Law on Mediation in Employment and Social Security of Unemployed Persons (Official Gazette of the Federation of Bosnia and Herzegovina No. 55/00, 41/01, 22/05, 9/08) (hereinafter: the Law on Mediation), is a crucial legislative act in the Federation of Bosnia and Herzegovina in the employment sector. This Law (Article 1) regulates the rights and obligations of the Federation of Bosnia and Herzegovina in specifying and implementing the overall measures that improve the conditions for employment, basic principles in employment mediation, material and social security of unemployed persons during temporary unemployment, establishment, organization and work of the Federal Employment Service (hereinafter: FZZZ), cantonal public employment services (hereinafter: cantonal employment service), financing of the overall employment activities and other issues, in compliance with the competences of cantons and their differences.

The present law establishes the Federal Employment Service (FZZZ) with seat in Sarajevo, which has the status of a public institution.¹The Federal Employment Service has a director

¹Articles 4-20 of this law regulate the organization and work of the Federal Employment Service and cantonal employment services.

and Steering Committee, and its organization is specified in the statute that is approved by the Government of the Federation of Bosnia and Herzegovina. The law also specifies the competences of FZZZ, which, among other, include: monitoring and proposing measures for improving employment opportunities and social security of unemployed persons, monitoring and ensuring implementation of policies and measures in the field of labour and employment, management of funds for ensuring material safety during unemployment, and monitoring and coordination of employment services in the implementation of specified measures, provision of assistance in the implementation of the professional orientation program, training and re-training for unemployed persons, etc. The law provides that the Federal Employment Service cooperates with cantonal employment services, cantonal bodies competent for labour and employment issues in the preparation and implementation of framework employment programs that are in the interest of the Federation.

It should be emphasized that in compliance with the present law (Articles 7-12) and in compliance with the constitutional competence (divided competence) cantons are competent for the establishment, operations, cessation of operations and other issues related to employment services. The organization of employment services is specified in the statute and other acts of employment services, in compliance with the present law and cantonal regulations. Cantonal government approves the statute and other acts of employment services regulating these issues.

In compliance with Article 8 cantonal employment services are competent for:

- a) establishing rights of persons in case of unemployment, in compliance with the present law;
- b) implementation of professional orientation, training and re-training programs for unemployed persons and their re-employment in adequate positions;
- c) gathering of data on unemployed persons and submission of data to the Federal Employment Service;
- d) issuance of work permits to aliens and stateless persons based on approvals of the Federal Employment Service;
- e) other duties specified in the present law.

Cantonal employment services have employment offices at municipalities, so that the cantonal institutional framework consists of a total of 10 cantonal employment services with different structure and 79 municipal employment offices. Generally speaking, the institutional framework of the labour and employment sector in all cantons is very similar to the federal level. All cantons have ministries competent for labour and employment issues, and all cantons have established employment services that have the status of public institutions and their steering committees and managements. However, it should be

emphasized that the organization of work of cantonal employment services itself is not standardized, and jobs are not standardized either.²

It should be underlined that the Law on Mediation (Article 31) specifies the obligation of health insurance for unemployed persons in compliance with regulations on health insurance.³The Law on Health Insurance, Article 19, provides that unemployed persons registered at an employment service have the right to the obligatory health insurance. Unemployed persons thus may exercise their right to obligatory health insurance if they register as unemployed persons at employment services within a legal deadline at the municipality of their residence.

2.2.2. Rulebook on Employment Records

The Rulebook on Employment Records (Official Gazette of the Federation of Bosnia and Herzegovina No. 24/06), in compliance with the Law on Mediation in Employment and Social Security of Unemployed Persons, specifies: employment records, manners and deadlines for registering unemployed persons, means of records in the field of employment and other issues related to keeping of basic records. Employment records in compliance with this rulebook are: records on unemployed persons, records on jobseekers that do not have the status of unemployed persons and records on users of unemployment rights.

Articles 3-15 of the Rulebook specify the manner and deadlines for registration of unemployed persons at employment services.

The rulebook provides that all three types of records specified in the rulebook are kept in specified means (forms, files, registers) and books of records, and they may also be kept electronically. What should be emphasized is that the rulebook also regulates closing of unemployed persons' records.

2.3. Employment strategies

²Effikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse (Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>,

³In compliance with Article 19, Item 12 of the Law on Health Insurance ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 30/97, 7/02, 70/08 and 48/11), unemployed persons registered at employment offices have the right to the obligatory health insurance.

In the process of drafting of a Strategy for the Development of the Mediation Function in Employment it is necessary to consider relevant documents defining the goals towards which mediation in employment in the Federation of Bosnia and Herzegovina should be directed. These are primarily the strategy "Europe 2020", Employment Strategy in Bosnia and Herzegovina for the period 2010-2014, Employment Strategy in the Federation of Bosnia and Herzegovina for the period 2009-2013, and the adopted employment strategies at the level of cantons.

The Strategy "Europe 2020" specifies the achievement of goals in five fields (employment, education, research and development, climate change and energy efficiency, fight against the corruption and social exclusion) that lead to smart, sustainable and inclusive growth⁴. One of the basic goals of the Strategy "Europe 2020" is an increase in the employment rate of population between 20 and 64 years of age to 75% by 2020. The achievement of the mentioned goal is planned through major inclusion of women, youth and older workers in the labour force and implementation of steps defined in the initiative of the European Commission entitled "Agenda for New Skills and Jobs; European Contribution to Full Employment".⁵The first goal of this initiative is better functioning of the labour market through improvement of flexicurity policies or establishment a new balance between the flexibility of labour legislation and guaranteeing security of employees. The flexicurity policy is related to the combination of measures of easier dismissal and employment of workers and social security of unemployed persons and consolidated activities in the field of labour legislation, active employment policy, social security system and life-long learning. The goal of the flexicurity policy is to change the concept of "employment security" to "employability security".

The second goal of the initiative an Agenda for New Skills and Jobs is the increase in skills and knowledge of the labour force in order to successfully adapt it to new technologies and faster dynamics of the working environment. The mentioned goal is closely related to the reform of education policy and its better relatedness with market demand, but also with the forecast of future labour market needs and implementation of active employment measures that aim at the best possible matching of employers and job seekers.

An increase in mobility of the labour force and improvement of quality of jobs and working conditions have also been recognized as goals that may improve the harmonization of the offer and demand in the European labour market.

⁴In order to achieve the mentioned goals, the EU has launched 7 flagship initiatives that are to be achieved at the level of EU and Member States. These are: Innovation Union, Resource-Efficient Europe, an Agenda for New Skills and Jobs, Youth on the Move, an Industrial Policy for the Globalization Era, European Platform against Poverty, a Digital Agenda for Europe.

The goals defined in the Strategy "Europe 2020" do not mean additional criteria for EU membership, but its goals will be reflected in the policies of Brussels towards countries in the process of European integration. That means that Bosnia and Herzegovina should strive towards the adoption of goals and development of social policies that enable it to access the EU.

*The Employment Strategy in Bosnia and Herzegovina for the period 2010-2014*⁶ was adopted in July 2010 and constitutes a basic strategic document for giving impetus to employment at the state level. The formulation of the Employment Strategy in Bosnia and Herzegovina is the result of the obligations from the SAA and European Partnership Agreement and is a reflection of the efforts to include Bosnia and Herzegovina in the European economic and social space. By considering the EU employment framework (European Employment Strategy), the Strategy incorporates three comprehensive goals of the 2000 Lisbon Strategy that imply:

- full employment
- work quality and productivity
- social cohesion and incorporation in the labour market.

In compliance with the above named, three strategic priorities with a total of 13 measures were defined as part of the Employment Strategy in Bosnia and Herzegovina for the period 2010-2014:

- Promote inclusive and employment intensive growth and reduce the deficit in productive employment and dignified work (4 measures directed towards the improvement of business environment and stimulating SMEs, reduction of employment in the informal economy, productive use of money remittances and strengthening of the social dialog at the local level);
- Improve the employability of women and men, especially the most endangered (4 measures directed towards the harmonization of the formal education and training system with labour market requirements, inclusion of entrepreneurial programs in educational programs, establishment of intersectoral cooperation of social partners in the field of education);
- Improvement of efficiency, effectiveness and management of policies and labour market institutions (5 measures directed towards the improvement of monitoring and evaluation of interventions in the labour market, increase in the number of active employment measures, capacity building of employment services for more efficient and effective development and implementation of labour market interventions).

A comprehensive goal defined in the *Employment Strategy of the Federation of Bosnia and Herzegovina for the period 2009-2013*⁷ is the achievement of maximum employment and use of existing human resources with their development, full activation and inclusion in the labour market. Strategic guidelines and priorities specified for the purpose of achievement of this goal are as follows:

- Stimulating growth, employment and improvement of quality of jobs;
- Ensuring exclusive labour markets by preventing long-term unemployment, inactivity, social exclusion and poverty for the working population;
- Improvement of harmonization of offer and demand for new competences and skills in the labour market;
- Strengthening social cohesion and entrepreneurship;
- Strengthening institutional capacities for the implementation of the employment strategy and strengthening of the socio-economic dialog in the field of employment.

In compliance with the existing strategic framework in the field of employment, two employment strategies were adopted at the cantonal government levels in the Federation of Bosnia and Herzegovina: *Employment Strategy of Tuzla Canton for the period 2009-2013* and *Employment Strategy of Zenica-Doboj Canton for the period 2013-2020*. The goal of the mentioned strategies is to preserve a higher level of employment by making efforts towards reducing unemployment, improving efficiency of the institutional structure of the labour market at the cantonal level, long-term harmonization of the offer and demand in the labour market and increasing employability of vulnerable groups in the labour market.

All the analyzed strategic documents state that good management, based on openness, inclusion of all stakeholders, responsibility, efficiency and adjustment, constitutes the fundamental principle that should be the basis for preparing and implementing policies and strategies of employment. For the purpose of incorporating principles of good management, it is emphasized that it is necessary to strengthen institutional capacities on the labour market, strengthen the cooperation among institutions on the labour markets, establish a social dialog that will ensure active participation of social partners in the formulation of strategic priorities and measures in the field of employment.

In addition to the mentioned strategic documents, it is also necessary to point out the *Doctrine of Work of Employment Services of the Federation of Bosnia and Herzegovina*, which was adopted in 2011. It is a document defining the principles of work, mediation and counseling and methodology and labour profiles needed for the delivery of qualitative and quantitative results and constitutes a technical manual for employment services in the Federation of Bosnia and Herzegovina.

Although it was supposed to constitute the "law of professionalism", the visit to cantonal employment offices shows that most employees do not even know of the existence of this document. It is necessary to develop an Action Plan for the introduction of a Doctrine into the practice of the FBiH employment agencies.

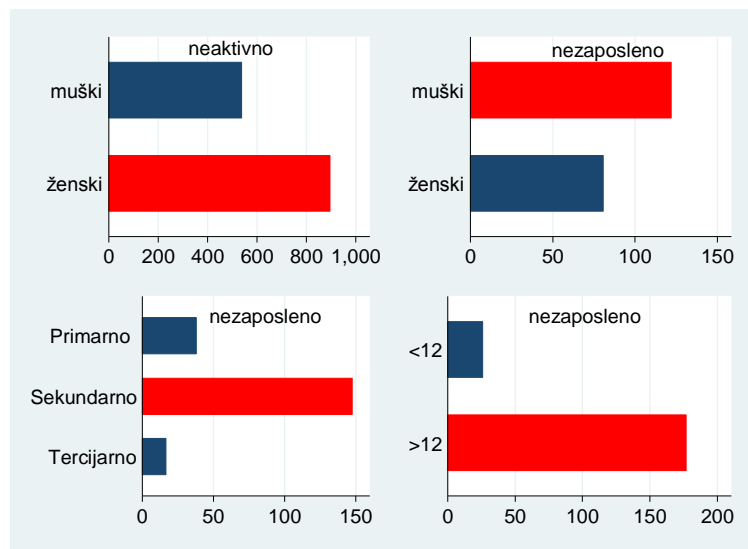
In relation to this, it is very important that employment services clearly define the function of mediation, by putting the adopted doctrine to use and defining clear medium-term goals to be met by every level (FBiH, cantonal, local level). Every level should then use this basis to prepare its annual goals and priority activities that will be measured based on international incoming/outgoing quality indicators.

3. KEY CHALLENGES IN THE FUNCTIONING OF EMPLOYMENT SERVICES

3.1. Economic environment

(F)BiH is faced with two great challenges: population inactivity and unemployment or more precisely the inactivity of women and the unemployment of men. The unemployment is of a long-term (structural) character since four fifths of the unemployed persons has been out of work more than 12 months. This notably relates to persons with secondary education (see Image 1).

Image 1. Profile of the inactive and unemployed population in FBiH (in 000)



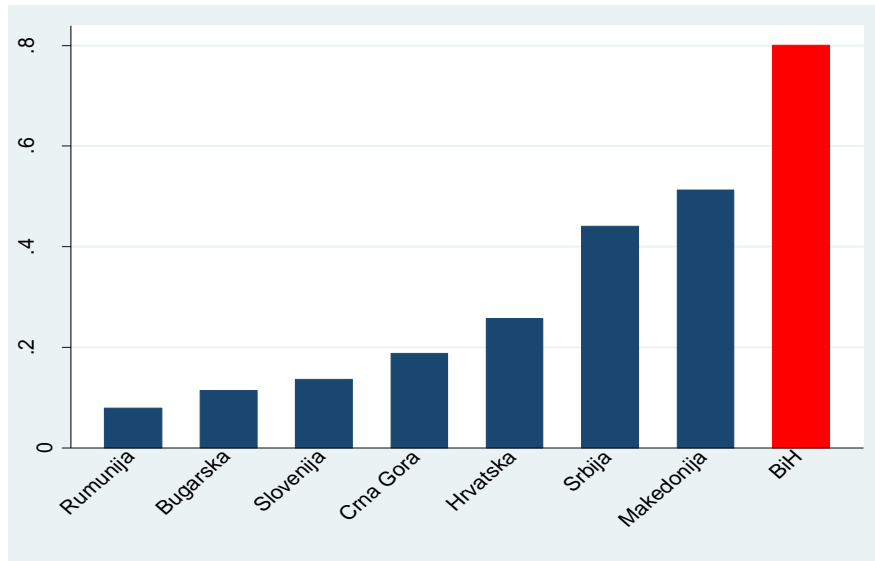
Source: authors processing of data on the basis of BHAS labour force survey

The inadequacy of policies in Bosnia and Herzegovina⁸ can easily be analyzed based on image No. 2, which shows the relation between the unemployed and employed population.

⁸J. M.Keynes' *A Programme of Expansion*, which he prepared for the elections held in the UK in May 1929, focused on unemployment as the fundamental issue. He noted that “more than 10% of the population of the working age in the country has been unemployed for more than eight years – a fact without precedent in our history. From 1923, when the Ministry of Labour began recording the first statistics, the number of unemployed has never fallen under a million. Today (April 1929) 1.140.000 workers are without work.”

On the basis of labour force surveys which have been conducted eight times until now i.e. from 2006 to 2013, we can say that that “more than 10% of the population of the working age in the country has been unemployed for more than eight years” or more precisely 12.4% of the population of working age.

Image 2: Relation between the unemployed and employed population; countries of Southeast Europe, 2012

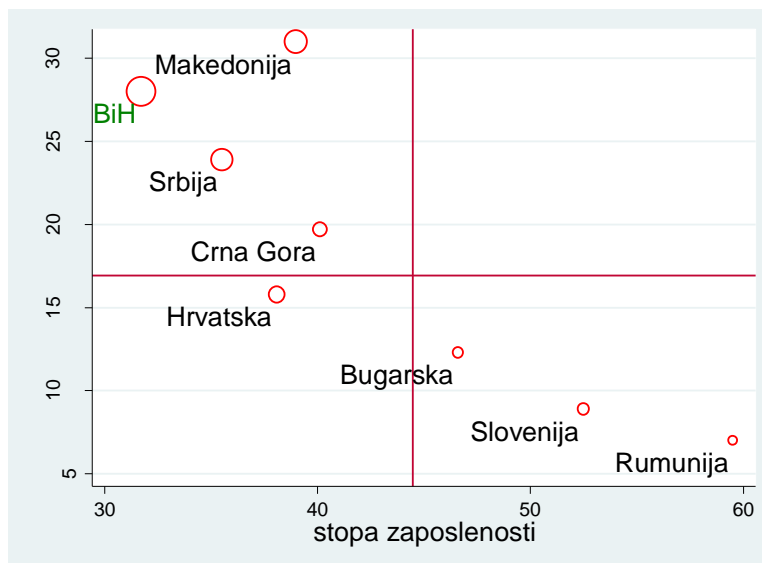


Rumania, Bulgaria, Slovenia, Montenegro, Croatia, Serbia, Macedonia, BiH

Source: Center of Public Employment Services of Southeast Europe, Statistical Informer No. 4/2013.

Based on Image No.2 it is evident that there are 80 unemployed persons per 100 employed persons in BiH, in Rumania, this number is 8, and the average of the region (without BiH) amounts to 25. What results from this is that the ratio between employed and unemployed persons is more than three times worse in BiH than in the countries of the region.

Image 3: (Un)employment rate; Southeast European countries, 2012



Macedonia, BiH, Serbia, Montenegro, Croatia, Bulgaria, Slovenia, Rumania
Employment rate

Source: Center of Public Employment Services of Southeast Europe, Statistical Informer No. 4/2013.

Based on Image No.3 it is evident that the worst situation in Southeast Europe in relation to unemployment is present in Bosnia and Herzegovina, Macedonia, Serbia and Montenegro (they are located in the upper left corner the borders of which represent the average employment and unemployment rates). The situation is particularly bad in Bosnia and Herzegovina, which has a relatively low employment rate (the lowest as compared to the countries of the region) and relatively high unemployment (the highest after Macedonia), so that it is mostly burdened by unemployment (the circle on Image No. 2 represents the ratio of unemployed and employed persons).

Box No. 1: Job – a global dream

Mass unemployment is not a phenomenon of (F)BiH or countries of the region, but rather a global challenge. According to research conducted by Gallup, out of seven billion inhabitants of the planet, five are able to work. Out of these five, three wish to work. Most of them, or more precisely, 90% would like to work full time in the formal sector of economy. However, there are only 1,2 billion jobs in the formal sector. Or, to put it in simpler terms, 1,8 billion jobs are missing in the world.

A good job has thus become a global dream – the social value number one for the humanity. That is one of the greatest findings of the mentioned research in general. To have a good job is more important than to have a family. That is more sought after than freedom, peace, etc. All these are important things, but they are all subordinated to the almighty good job, says Gallup.

Stimulating new jobs is the new currency of all leaders. If they are not created, instability, brain drain, and sometimes even revolutions occur – all of them being the results of poor country management. Failing to create jobs means losing supporters and elections.

However, there is a great global paradox in the modern economies. On the one hand, there is persistent, high unemployment, and on the other hand there is a pronounced lack of skills and empty positions at many companies in many countries. According to *A 2012 Talent Shortage Survey*, which was conducted by the ManpowerGroup (2012), 81% of employers in Japan, 71% in Brazil, 50% in Australia and 48% in India have difficulties in filling certain positions. According to the same survey, one out of four employer in the ESIA group of countries (Europe, Middle East and Africa) cannot find employees with the right skills.

The economic growth of an entity may be analyzed from the perspective of labour. The increase in GDP per capita of an entity may be divided into (1) improvements of the age structure (D), (2) activity rate (A), (3) employment rate (Z) and (4) productivity rate (P).

This may be shown mathematically in the following way:

$$R = D * A * Z * P$$

As shown by Table No.1, in the period 2010-2013, the age structure was improved, which contributed to the GDP growth per capita. However, it means little, since there was also a decrease in population. As shown by labour force surveys, the population of FBiH is decreasing due to a naturally low birth rate and emigration. In the period 2010-2013, the

population of FBiH decreased by 44.000 persons.⁹This reduces the decrease in the real GDP per capita, i.e. artificially increases the growth rate of GDP per capita.

Table 1: Economic growth in FBiH from the labour perspective

Ord. No.	Labour categories	2010	2011	2012	2013
1	GDP growth rate per capita (statistical data)	-0.3	6.1	0.3	0.1
2	Decomposition of GDP pc				
3	Age structure	0.2	0.9	0.7	1.3
4	Activity	3.1	-1.9	0.8	-1.5
5	Employment	-4.6	-0.2	-0.1	2.4
6	Productivity	1.1	7.4	-1.2	-1.9
7	Sum of growth components (= growth rate of GDP pc, i.e. 3+4+5+6)	-0.2	6.2	0.3	0.2
8	Deviation of the statistical and decomposed size of GDP pc	-0.1	-0.1	0	-0.1

Source: independent data processing based on data of the Federal Statistics Agency

There are two fundamental reasons for the existing dominantly structural¹⁰ unemployment in (F)BiH: (1) *poor quality of education*, which provides competences and skills that employers do not need, and (2) *inefficient companies*, which do not generate demand for new workers.

In order to analyze the poor quality of education it is particularly important to consider the youth unemployment rate. It was high even before the global crisis, but it rapidly increased from 47.5 % in 2008 to 63.3 % in 2012. The rate is 4.5 times higher than the global average, which amounted to 12.7 % in 2012. It is also 2.5 times higher than the average of the region, which has the highest youth unemployment rate, the region of Middle East.

The cause of the high youth unemployment rate is the poor quality of education, which is largely a consequence of the lack of formal relations between schools and companies. Schools do not ask employers for their opinion and what personnel they need. It is thus impossible to ensure high-quality practical classes for the students, which is – to the extent to which it is provided – ensured through informal ways and good will of the teaching staff and company managers.

⁹The Federal Statistics Agency provides data (assessments) in the 2013 Statistical Yearbook that the population of FBiH (in 000) amounted to 2.865 in 2010 and to 2.865 in 2012, i.e. that it increased by 1.0. At the same time, the Statistics Agency of BiH stated in the 2012 Labour Force Survey that the population of FBiH amounted to 1.999 in 2010, and to 1.955 in 2012, i.e. that it decreased by 44.

¹⁰It is structural in nature, since more than four fifths of unemployed persons are waiting for a job for more than a year.

Schools do not have feedback on the educational impact they achieve and cannot innovate school curricula based on that. As a result, additional training of at least six months is needed in order for a student to learn the job-related activities. Only students who are getting practical training at some companies are employed without additional training, because they have acquired the skills needed for the performance of daily activities.

Usually it is considered that it is necessary to educate persons in order to hire them, especially in case of well-paid positions. However, at the same time, it may be observed that there are highly educated persons who are unemployed or underemployed, which means that the possession of good education is not sufficient for high employability.

As regards the opening of new jobs, the situation is even more difficult than in case of education. In order for the economy of (F)BiH as one of the least competitive ones in Europe to create new jobs, deep structural reforms must be conducted, which are the pre-requisite for preparing the grounds for the achievement of high economic growth rates, needed for the increase in productivity (and increase in competitiveness in order to eliminate high foreign trade deficits) and increase in the employment rates (in order to decrease mass inactivity and unemployment).

Economic growth rates below 7% p.a. are not acceptable for (F)BiH. Work productivity must be increased in order to increase competitiveness by around 3% p.a. in order to meet the Copenhagen criteria for joining the EU, and to increase employment by around 4% p.a. in order to decrease inactivity and unemployment and prevent the collapse of retirement funds. As it may be seen based on Table No. 2, the employment growth rates have been extremely low, especially since the occurrence of the global economic crisis.

3.2. Legislative framework

In compliance with the constitutional and legal framework, the overall competence for the labour and employment sector in FBiH lies with the Federal Ministry of Labour and Social Policy, whereas in case of cantons this competence lies with the competent cantonal ministries and services. By analyzing the legal framework, the Federal Employment Service and cantonal employment services were identified as the key institutions in the labour market mediating between employers and unemployed persons and providing assistance to unemployed persons in order to find jobs as soon as possible and adapt their qualifications and skills to the requirements in the labour market. They provide services to employers in order to ensure adequate staff needed for business operations. The services are expected to be partners who should contribute to an increase in employment rates and development of an employment program.

A preliminary analysis has shown that there are numerous problems that we will elaborate below. The burden placed on employment services due to health insurance servicing for unemployed persons in compliance with regulations on health insurance¹¹ is one of the problems. The Law on Health Insurance provides that unemployed persons registered at an employment service have right to the obligatory health insurance. What should be underlined is that it is "de facto" irrelevant whether these persons are truly looking for a job or not, i.e. whether they register at employment offices only because they have no other grounds for health protection, or whether they could exercise this right in a different way.

The exercise of the right to obligatory health insurance (through continuous registration at employment offices every two months) creates an additional administrative burden for employment offices. The employment services are currently servicing health insurance for 245.601 persons in FBiH, which constitutes more than 60% of the total number of registered unemployed persons.¹²

The long-term goal should be the transfer of the right to health protection to where it naturally belongs, i.e. to the competence of the health sector. The evidence for the above claim may be best seen based on the implemented employment sector reforms of the neighbouring countries that have abandoned this system and adapted their legislation and practice to the needs of the market economy and labour market, so that the obligatory health insurance is obtained by an unemployed person from the Health Insurance Institute (Croatia) or by applying to the Health Insurance Fund (Montenegro), and employment services deal exclusively with employment mediation, counselling and other types of support to persons who are actively looking for a job.¹³

An alternative solution of the problem may be simplifying / alleviating the administrative procedures in the employment agencies (for example: continuous registration in the employment agencies every four months) as well as the reorganization of the record keeping system (applicable regulations provide that if an unemployed person does not meet the requirements to be an active job seeker, the sanction of removal from the register is applied, i.e. the person loses the unemployment-related right), since some unemployed persons are registered only for the purpose of exercising other rights. The above-mentioned issues result in the following identified problem – the system of indicating the number of

¹¹In compliance with Article 19, Item 12 of the Law on Health Insurance ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 30/97, 7/02, 70/08 and 48/11), unemployed persons registered at employment offices have the right to the obligatory health insurance.

¹²Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse (Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>

¹³Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse (Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>

unemployed persons. The assessments of public employment services show that around 50% of registered persons would not register as unemployed, if the registration did not enable them to exercise numerous rights related to the status of unemployment.¹⁴Based on this "registered or administrative" rate, the current unemployment in FBiH amounts to around 47%, whereas according to the official data of the Statistics Agency of BiH, the unemployment rate in BiH in compliance with ILO standards amounts to 28% (ARS).¹⁵Due to this, the manner of keeping and presenting unemployment registers gives an unrealistic picture of the true number of unemployed persons in FBiH. This has a direct impact on creating a negative picture of the economic situation in FBiH and practically renders the work of the services more difficult.

An unemployed person in FBiH¹⁶ is defined as a person that is not employed and is actively looking for a job. An unemployed person is actively looking for a job if:

- he/she regularly comes to the employment service (once every 60 days);
- he/she submits applications to employers or publishes advertisements or responds to advertisements and vacancy notices;
- he/she attends professional orientation, training and re-training programs.

If an unemployed person does not meet the requirements to be qualified as an active job seeker, the specified sanction is the removal from records or loss of the unemployment-related right. Due to the existing organization of the service, it is impossible to establish in practice whether a person is truly actively looking for a job, and the cases in which sanctions are applied are very rare. Due to this situation, the total number of unemployed persons also includes persons who are not actively looking for a job, but are rather registered at employment services for the purpose of exercising other rights, which is a direct violation of the law, but due to the social circumstances and sometimes the impossibility to establish/prove the motive of the registered person, such situation is being tolerated.

Such a practice can be changed by introducing in the law the category of persons who are registered but are not active job seekers. In accordance with this, it is necessary to introduce the category of persons who are registered for the purpose of exercising other rights in the law (the Institute and the employment services also keep records on unemployed persons

¹⁴Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse(Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>

¹⁵Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse(Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>, ARS – Labor Force Survey conducted every year by the Statistics Agency of BiH on a representative sample of the population in BiH.

¹⁶**The Law on Amendments to the Law on Mediation in Employment and Social Security of Unemployed Persons ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 22 dated April 6, 2005), Articles 3 and 3a.**

who are currently not ready for work.). It is also necessary to introduce a provision on the right to exercise other rights (health protection, etc.) that "such rights may also be exercised by unemployed persons upon their personal request who are currently not ready for work". Such a registration would make it possible to maintain the status of an "unemployed person" with facilitated administration (e.g. the obligation of one or two regular visits to the employment office per year), and the person would not be forced to actively look for a job. In the interim period until the amendment to the Law on Mediation in Employment and Social Security of Unemployed Persons, it is necessary to amend the Rulebook on Employment Registers (by introducing additional registers and subregisters). It is important to underline that the work of the services and the Institute is made more efficient by doing so, and at the same time it renders possible the legally guaranteed level of rights of unemployed persons. After the adoption of legislative amendments, unemployed persons should be encouraged to honestly declare their status and guarantee that their declaration will not be used against them, since it is to be expected that the initial period will cause scepticism and fear in these persons in relation to their registration-related declarations.

These measures would render possible an adequate allocation of the resources and potentials of employment offices in compliance with needs and interests of different target groups among the users of employment office services. At the same time, control functions (inspection surveillance and other checks by all competent bodies) must be strengthened in order to prevent the abuse of rights (illegal work, work abroad, work at international organizations, etc.).

The analysis has also identified the problem of issuance of a large number of certificates and administrative burdens related to keeping of different records (that to a certain extent, due to their complexity, i.e. internal organization of their keeping) at employment services prevent the services to focus their capacities on the basic mission related to employment mediation and individual counselling on the labour market.

Considering the fact that these administrative burdens take a lot of time for the personnel dealing with the issuance of such documents, it is necessary to conduct legal interventions in order to reduce the administrative burden placed on employment offices (in relation to official requests for information on persons registered at employment offices) and establish a direct cooperation and exchange of the necessary data (e-governance) between institutes/services and other administrative bodies in FBiH (a legislative intervention is needed in relation to all those regulations that prevent such an exchange of information). Only some of the formal pre-requisites for the development of e-governance have been met at the legislative level, and thus only part of the full IS support, through the adoption of the Law on Electronic Signature¹⁷ (2006), Convention on Cyber Crime¹⁸ (2006), Law on

¹⁷Law on Electronic Signature ("Official Gazette of Bosnia and Herzegovina", No. 91/06)

Communications¹⁹ (2002), Law on Personal Data Protection²⁰ (2006) and Law on Electronic Legal and Business Transactions²¹ (2007). From everything stated above, it is clearly visible how important the law is, since it is legally introducing the use of electronic documents. We believe that it has also to be adopted at the level of BiH and FBiH, since it constitutes a prerequisite for a successful implementation of e-governance.

This is needed in order to ensure a valid communication of citizens and administration bodies and to comply with procedures related to communication with administration bodies, especially for certain services provided by administration bodies and in order to accept the sent or issued electronic documents.

The existing legislation in this segment is only a partial solution of urgent issues. In FBiH, a whole set of legislation that would regulate this field is unfortunately missing:

- regulations on electronic documents;
- a regulation on security standards and security policies in the public sector, including instructions on authentication and authorization of electronic declarations (electronic communication);
- a regulation on data and meta data management in administration (considering the whole life cycle of electronic documents);
- regulations on policies of provision of administrative electronic services to citizens and business companies (manner of provision of services, manner of application for services, communication with specific user groups, connection to private sector services, responsibilities, sanctions, outsourcing, etc.)
- a regulation on electronic exchange of documents at different departments of administration bodies (instructions for the exchange of electronic documents, rules for the intra-register of exchanges, etc.);
- a regulation on the establishment of a national interoperability framework (instructions on registers, guidelines on e-governance architecture, methodologies for assessing the administration implementation system, etc.).

There is a pronounced need for establishing a modern and single IP that would render possible a continuous information flow on work and unemployed persons between the cantons, and between the cantons and FZZZ in such a manner to improve active mediation in employment throughout FBiH. The work organization system of the employment sector needs to be supported by an adequate information system. It should be considered that the IPs used by public employment services in FBiH are not adapted to the needs of the labour market and they differ from canton to canton. It is also necessary to adopt internal acts at institutes in order to adequately regulate internal labour policies applicable to the use, archiving, protection, security and integrity of data (decision on the use of electronic

¹⁸ BiH has ratified the Convention on Cyber Crime in 2006.

¹⁹ Law on Communications ("Official Gazette of Bosnia and Herzegovina", No. 33/02)

²⁰ Law on Personal Data Protection ("Official Gazette of Bosnia and Herzegovina", No. 49/06)

²¹ Law on Electronic Legal and Business Transactions ("Official Gazette of Bosnia and Herzegovina", No. 88/07)

documents, decision on the establishment of an electronic documents management system, etc.).

It is clear that under such circumstances it is not possible to establish an efficient mediation function of the office or adequate cooperation with employers, and basic functions are reduced to the registration of unemployed persons, verification of eligibility for unemployment allowance, health insurance, etc., i.e. passive measures. This segment thus also needs a legal intervention in order to simplify and reorganize the process by amending the Rulebook on Internal Organization and Rulebook on Employment Services Work Organization.

One of the identified legal problems is the ambiguity of Article 3, Paragraph f of the Law on Mediation in Employment in relation to who is considered an unemployed person, since this definition became problematic in practice in case of defining particularly what "income" means. We believe that defining income as a category from Article 3, Paragraph f, should be defined as follows: "a person who does not receive a monthly income from provision of services in compliance with special regulations or does not receive a monthly income from other independent activity in compliance with regulations on personal income tax, considering the information on paid contributions for obligatory insurance, which is higher than the average paid money allowance in the previous calendar year."

One of the problems that were also identified was related to requirements for obtaining an allowance and the problem of allowance amount and eligibility period. In compliance with applicable regulations in FBiH, the length of period during which an allowance is received depends on the seniority, and the amount of the money allowance in case of unemployment is the same for all persons and amounts to 40% of the average net salary paid in FBiH over the past three months prior to termination of labour relation of the unemployed person, as published by the Federal Statistics Agency.

It should be emphasized that all employed persons or their employers pay contributions during the complete seniority period of the employed person for insurance in case of temporary unemployment, which are charged on the amount of their personal income. We may thus state that the individual contribution of every employee to the total fund assets depends on the length of the period during which the employed person paid contributions and on the amount of their monthly payments. However, the existing model of allowances in case of unemployment in FBiH does not consider this individual participation of individuals in

the total fund assets, but the allowance is distributed equally to everyone in an amount that is almost equal to the minimum salary in FBiH.²²

In the countries of the region, the allowance amount is tied to the salary of a person who lost the job, and not the average salary in the country. It should also be said that in the countries of the region the minimum threshold for acquiring the right to the allowance is somewhat lower. The minimum threshold for acquiring this right constitutes a potential problem, since examples from practice show that a significant number of companies abuses this instrument for "seasonal" workers, keeping them temporarily employed for a minimum period needed to acquire the right to the money allowance (eight months) and terminating their contracts during the period in which they exercise the mentioned right.²³

In compliance with this, we believe that it should be harmonized with countries in the region and the other entity

- raise the lower threshold for acquiring the right to receive financial benefits;
- link the financial benefits to the users participation in the contribution;
- reduce duration for the period for which the user receives financial benefits;
- enable limiting of the highest amount of financial benefits;
- include a social element for persons with more than 32 years of service (for eg. extend the period of exercising of rights until the person acquires the rights for a pension).

An additional problem is the lack of application of systematization in compliance with the Doctrine of Work of Public Employment Services based on the division of counseling and recording of unemployed persons, and division of different categories of unemployed persons based on the periods of duration of unemployment and activity of unemployed persons in looking for a job.

This measure may be applied by adopting new job systematizations or amending job systematizations, rulebooks on work organization of employment services and amendments to rulebooks on employment records (by introducing additional records and subrecords).

An additional problem is the absence of an adequate legislative framework for the education of adults which hinders additional qualification and change of qualifications of the existing staff in BiH as the choices and opportunities for the change of qualification of adults are still minor and limited. Moreover, it is evident that the employment institutes play an insufficient role in this process while adult education centres need to be recognized. The situation is

²²Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse(Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>,

²³Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse(Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Civil Initiatives Centers,<http://www.posaonarodu.ba/files/preview/123/45>,

further complicated by the fact that the certificates received after the completion of training in the existing centres are either unrecognized or partially recognized. In view of this fact, it is necessary to perform legislative interventions by adopting an adequate legislative framework for the education of adults which would appropriately recognize the systems/centres of informal education which are already recognized by the employers.

3.3. Structure and number of clients

Specifying the status of persons that constitute the labour force is the basis of labour market statistics. Definitions of employed persons, unemployed persons and inactive persons include several generally accepted definitions, and these are the definitions of the Labour Force Survey and definitions from the national legislation (Statistics Agency of Bosnia and Herzegovina, 2013a).

As stated before, an unemployed person in FBiH²⁴ is defined as a person that is not employed and *is actively looking for a job*. An unemployed person is actively looking for a job if:

- *he/she regularly comes to the employment service (once every 60 days);*
- *he/she submits applications to employers or publishes advertisements or responds to advertisements and vacancy notices;*
- *he/she attends professional orientation, training and re-training programs.*

If an unemployed person does not meet the requirements in order to be classified as an active job seeker, regulations provide for the sanction of removal from records or loss of unemployment-related rights. In practice, with the existing organization of services it is impossible to establish whether a person is truly an active job seeker or not, and the cases in which sanctions are applied are very rare. Due to this situation, the total number of unemployed persons also includes persons who are not active job seekers, but are rather registered at employment services for the purpose of exercising other rights, which constitutes a direct violation of law, but due to social reasons such a situation is being tolerated. Such a practice has also been recognized at the Employment service of RS, so they made possible legal registration "for the purpose of exercising other rights"²⁵ Such a registration renders possible the maintenance of the status of an "unemployed person" with only two regular visits to the employment office per year, without the obligation to actively look for the job. However, this reform has never been fully implemented, since in Dobož, for example, 90% of unemployed persons still declare themselves as active job seekers due to fear that by applying for other rights they will no longer be able to exercise their rights. On

²⁴The Law on Amendments to the Law on Employment Mediation and Social Security of Unemployed Persons ("Official Gazette of the Federation of Bosnia and Herzegovina" No. 22 from April 6, 2005), Articles 3 and 3a.

²⁵The Law on Employment Mediation and Rights during Unemployment of RS ("Official Gazette of Republika Srpska", No.30/10), Articles 4, 5 and 35.

the other hand, it is impossible to monitor who is truly actively looking for a job, because the counselling function of the Employment Service has never been effectively established.²⁶

LFS defines statuses based on the subjective work status, or based on subjectively presented answers to survey questions. According to LFS definitions, working population includes all persons that are 15 years old or older, divided into two basic categories: labour force and economically inactive population. The labour force consists of employed and unemployed persons, or active population²⁷.

Unemployed persons are persons belonging to the group of working population that have not performed any paid duty in the analyzed period, and have been actively looking for a job over the past four weeks or would accept a job within two weeks if they were offered a job. Looking for a job implies taking specific steps in seeking employment or self-employment (ILO, 1982., par. 10.), or applying to notices of private or public employment services, application to published vacancy notices, contacting potential employers without published vacancy notices, applications to newspapers advertisements, looking for support from friends or family, research and activities for the purpose of self-employment, etc.

Inactive population consists of the age group of people who are 15 years old or older and have not worked in the analyzed period, and have not been looking for a job over the past four weeks, and persons that would not be able to accept a job two weeks after it was offered. Discouraged and inactive persons are inactive persons who have fully lost the motivation and trust in the possibility of finding a job, i.e. have not been looking for a job in the analyzed period because they believe that they cannot find it, and would accept a job if they were offered one²⁸.

The registered unemployment rate is the share of registered unemployed persons in the labour force and it is very important from the perspective of employment services because it practically reflects the number of clients with whom the employment services are working. This rate is comparable at the level of several countries due to difference in regulations

²⁶Markuš, R. *Anketiranje klijenata javnih službi za zapošljavanje: očekivanja nezaposlenih u funkciji njihovog zadovoljstva*. Ekonomski vjesnik. - ISSN 0353-359X. God. XXVI, BR. 2/2013, Osijek, prosinac 2013, str. 457 (Markuš, R. *Analysing Public Employment Agency clients: expectations of the unemployed persons in the function of their satisfaction*, Ekonomski vjesnik – ISSN 0353-359X. Year XXVI, No. 2/2013, Osijek, December 2013. p.457)

²⁷These definitions are in compliance with the ILO *Resolution of the 13th International Conference of Labour Statisticians*) from 1982, the so-called ILO guidelines. In order to improve the comparability of data in the EU, and in order to remain fully compatible with ILO guidelines, the European Commission adopted the *Commission Regulation (EC) No. 1897/2000 of 7 September 2000 implementing Council Regulation (EC) No. 577/98 on the organization of a labour force sample survey in the Community concerning the operational definition of unemployment*. Available at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000R1897:EN:NOT>

²⁸These definitions are in compliance with EUROSTAT definitions: *Statistics in focus Theme 3 – 11/1999: Labour force survey – Principal results 1999 p.3*.

applicable to registration, deregistration and qualification for the use of unemployment allowance and other types of allowances, as well as the availability of training and other services offered to registered unemployed persons.

The peculiarity of registered unemployment is that it is more important that a person meeting requirements is registered than whether the person is truly economically active.

There are several requirements that the person must meet:

- legally specified requirements for registering at the employment office (described above);
- official application and submission of the necessary documents;
- meeting the legally defined activities, out of which the most important one are regular visits within the specified deadlines.

A person stops being registered by deregistering, which enters into force when the person has the necessary age for retirement, finds employment, faces sanctions due to illegal labour, is inactive in finding employment, is unable to accept the offered job, etc. (Hazans, 2006).

According to the last available data, at the moment of research, the number of registered unemployed persons in BiH amounted to 548.300 (June 2013). If we compare June 2013 to June 2012, we will perceive an increase in unemployment amounting to 1.9 index points or an absolute number of persons who are registered as unemployed increased by 10.149 (Statistics Agency of Bosnia and Herzegovina, 2013b, 1).

In addition to this unemployment rate, the Statistics Agency also monitors survey unemployment. The labour force survey in Bosnia and Herzegovina is implemented on a sample of 10,000 households, which are evenly distributed in Bosnia and Herzegovina (FBiH 6.000, RS 3.500, Brčko District 1.000). According to data gathered in April 2013, the labour force consisted of 1.133.091 persons: 821.600 employed persons and 311.491 unemployed persons. The unemployment rate amounted to 27,5%, whereas in the same period of 2012, it amounted to 28%. The unemployment rate was the highest among youth (15 to 24 years of age) and it amounted to 59,1%.

These two methodologies result in two unemployment rates, which rarely match, so that the number of registered persons kept as unemployed at employment services is higher by around 200,000 persons out of the surveyed persons mentioned as unemployed, many of whom are registered as unemployed. It may be said that it is typical that the number of officially registered unemployed persons is much higher than the number of surveyed persons mentioned as unemployed.

**Table 2: Comparison of LFS and registered unemployment
(Statistics Agency of BiH, 2013a, 6)**

	Surveyed unemployed persons that are not registered = X	Surveyed unemployed persons = U1 = X + Y
Registered unemployed persons = U2 = Y+Z	Surveyed unemployed persons that are registered = Y	
	Surveyed employed persons who are registered = Z	

As opposed to the survey concept, the concept of registered unemployment is closely related to employment services and precise, but the key question is – who are the clients of employment services? Are these persons truly interested in finding employment (e.g. due to the fact that many of them are employed, many of them are unqualified women, many of them are more than 55 years old) or they are registered for some other reason.

According to the definition, an unemployed person in BiH is a person who is not employed, is actively looking for a job, reports regularly to the employment service, applies to vacancy notices and competitions and complies with the professional orientation, training and re-training programs. Persons who do not meet these obligations cannot be seen as unemployed persons in legal terms, i.e. are not entitled to be registered as unemployed.

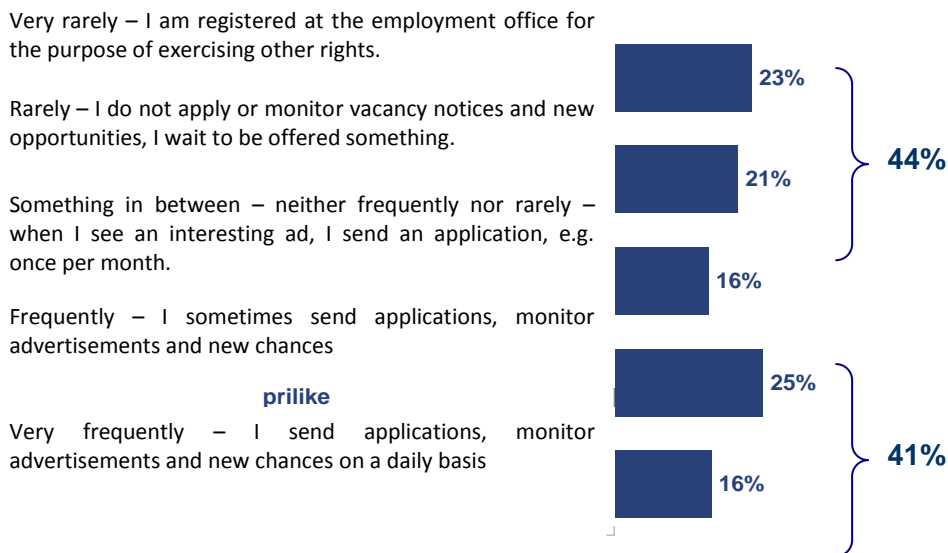
In order to examine the activity of unemployed persons²⁹, a test survey among unemployed persons registered at the Novo Sarajevo Employment Office was conducted in cooperation with the Swiss Youth Employment Project (sample of 628). The participants were asked questions related to the intensity of applying for a job over the past three months. That data is very interesting and important from the perspective of profiling of clients of employment services.

Almost a fourth (23%) of the total number of participants stated that they registered for the purpose of exercising other rights, although it is illegally impossible. An additional percentage of 21% are those users who expect that others will find a job and offer it to them, which constitutes 44% of inactive unemployed persons in total. There are somewhat fewer active unemployed persons – 41%, out of which 16% tries to find a job on a daily basis, and 25% of them only occasionally. Although these results are better than the results from Dobož, the register of unemployed persons in Novo Sarajevo had to be reduced by at least a

²⁹Youth Employment Project (YEP) and Swiss Agency for Development and Cooperation (SDC), for more information please visit www.yep.ba. Information also partially published in (Markuš, R. Analysing Public Employment Agency clients: expectations of the unemployed persons in the function of their satisfaction, *Ekonomski vijesnik* – ISSN 0353-359X. Year XXVI, No. 2/2013, Osijek, December 2013. p.457)

half in order to adjust the records with the legal provision according to which unemployed persons have to be active job seekers.

Image 4. Novo Sarajevo: How frequently have you applied for vacancies or looked for a job over the past three months? (n=628)



Source: The survey was conducted in cooperation with the Youth Employment Project (YEP) and the Swiss Agency for Development and Cooperation (SDC)

The analysis of the age structure and activity of unemployed persons gives only a partial answer to the question of the background of behaviour of employment service clients or their inactivity.

The attitudes of unemployed persons may be analyzed in more detail by examining their work on the improvement of skills or volunteering in the community. A huge percentage of unemployed persons (87% in Novo Sarajevo) over the past 12 months have not attended trainings for the purpose of improving their own knowledge or skills, in order to improve their competitiveness in the market. A smaller percentage of them (13% in Novo Sarajevo) attended trainings. The trainings attended in Novo Sarajevo are more diversified, related to IT, quality systems, foreign languages (German, English), SME management, accounting, and one of the participants mentioned also tourism and catering training.

What is particularly indicative is the fact that most unemployed persons do not wish to attend training in the near future in order to improve their skills and acquire additional knowledge (58% in Novo Sarajevo). The remaining 42% in Novo Sarajevo state that they would like to attend trainings in different fields³⁰.

³⁰Foreign languages (English, German, Arabic, French), IT and programming, painting, work with children, accounting, finance, management, electrical engineering, technical drawing, multimedia, sewing, horticulture,

Although they are unemployed, 93% of unemployed persons in Novo Sarajevo over the past three months have not volunteered. Only few of them (7% in Novo Sarajevo) have contributed to the community in such a way through an organization or independently. Volunteering implies investing personal time, effort, knowledge and skills in performing services or activities for the well-being of other persons or for the general well-being.

Table 3. Activity of unemployed persons in increasing competitiveness in the labour market

		Sarajevo %
Have you attended a training that is not part of regular education over the past 12 months?	Yes	13
	No	87
Would you like to attend a training in the near future?	Yes	42
	No	58
Have you volunteered over the past three months, i.e. made a contribution through voluntary work for the community as part of an organization or independently?	Yes	7
	No	93

Source: The survey was conducted in cooperation with the Youth Employment Project (YEP) and the Swiss Agency for Development and Cooperation (SDC)

It can be stated that the analysis shows that most of the persons registered at employment services are not active. A particular economic problem is the fact that a large number of unemployed young persons is not in education or training (NEET – *not in employment, education or training*), and many of them are not looking for a job, which reduces their employment chances over the long term, but it also reduces their chances to find employment in their profession or have a competitive salary.

PES has to ask itself a strategic question – who are truly clients of employment services and what is the role of employment services in the labour market?

When analyzing the attitudes of clients of employment services, it is very important to analyze the reasons due to which they accept to use the services, especially having in mind the fact that the use of services implies investing time and money, especially if they need to travel to the employment office. Some of the reasons due to which unemployed persons apply for registration are the following ones:

- in order to receive the unemployment allowance upon loss of job,
- in order to be entitled to other benefits (primarily health insurance, and in some cases also the assistance of the community),
- in order to obtain assistance in looking for a job.

preparation of EU funded projects, security guard trainings, standards and food quality training, typing trainings, etc.

Considering the legal framework in Bosnia and Herzegovina, almost all persons who are unemployed register at employment services in order to have health insurance. In addition to this, the registration ensures an unemployment benefit, which is mostly paid only during a short period of time to persons who lost their employment after several years of employment.

In order to discover the motivation of unemployed persons to be registered, the survey included the question of spontaneous information on services provided by employment service, and immediately after that also the question with prompted answers.

In case of spontaneous questions, the participants are not offered any answers, in order to examine their knowledge on the service and the answers that are most frequently obtained are those that come to their mind first. In case of spontaneous questions, participants frequently forget something or give the most important answer and do not wish to try anymore, so that in Novo Sarajevo spontaneously expected services, in addition to health insurance (99%), they also include issuance of certificates (89%), money allowance (77%), individual counselling (30%), seminars and financial support for self-employment(30%), and activities of re-training and additional training (30%).

Table 4: Spontaneous knowledge of services provided by employment offices

	Novo Sarajevo
Exercise of the right to health insurance	99%
Issuance of certificates, requests and other administration	89%
Use of money allowance	77%
Individual counselling for the purpose of finding a job and entering into contact with employers	30%
Group counselling for the purpose of finding a job and entering into contact with employers	26%
Seminars, workshops or financial support related to self-employment	33%
Organization of re-training, additional training and professional training	30%
Other active measures	1%

Source: The survey was conducted in cooperation with the Youth Employment Project (YEP) and the Swiss Agency for Development and Cooperation (SDC)

3.4. Limited human and financial resources

Cantonal employment services in FBiH employ 541 persons, out of which 243 are employed in the administration (seats of services), whereas 298 are employed at municipal offices. The available analyses show that out of the total number of employed persons at cantonal PES only around 50% work with unemployed persons.

If July 2013 is taken as the basis of the analysis, when FBiH, according to data of the Labour and Employment Agency, had a total of 385.253³¹ registered unemployed persons, that means that there are approximately 1300 unemployed persons per employee of the employment office. Due to this situation, the PES are focused on enabling unemployed persons to exercise their rights, until they develop the capacities needed for mediation in employment and provision of individual counselling services, which is practically their primary function. In view of this, it is important to set up an advisory function and the counselling should be offered to persons who are assessed to be the ones who will have the most effect from integration on the labour market. The personnel standard for counselling should be in accordance with the European standards which will only include at the beginning a small number of unemployed persons.

By ignoring the primary function at cantonal employment services, goals are not being set in the right way, so that it is difficult to monitor their implementation or performance of services. A visit to employment offices has shown that most part of the funds of local employment services is still distributed to the administration of rights resulting from the status of unemployment, and mediation and counselling, including also the work with employers, are mostly left to a single person. Cooperation with employers together with counselling are not proactive but rather a reaction to the initiative of individual job seekers or employers. Crowds of more than 100 clients per day are mostly part of the formal registration or confirmation of the unemployment status, health insurance or obtaining of different certificates needed for maintaining different social allowances.

The staff of employment offices does not have defined priorities for the inclusion of unemployed persons in active employment measures (including group work and individual counselling), except for general criteria defined in public notices. The needs of certain groups need to be analysed individually and the agencies should be involved in the design of the measures so as to adapt the measures to the needs of the clients (unemployed persons and counsellors) so as to have maximum benefit from them.

Monitoring and reporting of local offices is quite detailed for registration, issuance of certificates, gathering of requests for unemployment allowances and inclusion of unemployed persons in employment measures, whereas the supervision of counselling of job seekers and employees was not recorded as an important part of the information system and is not reported on regularly.

3.5. Active employment policies – an overview of the situation in FBiH

The goal of employment policies implemented in the past hundred years in Europe is to increase employment and social inclusion – provide protection from labour market risk,

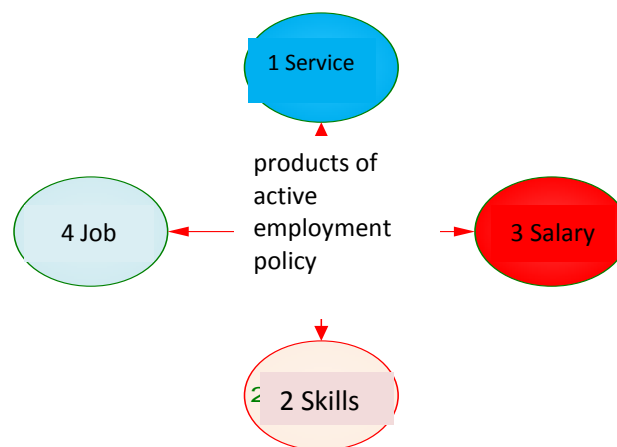
³¹http://arz.gov.ba/publikacije/statisticki_informatori/default.aspx?id=1224&langTag=bs-BA

encourage inclusion in the labour market and reduce poverty and inequality. When it comes to employment, it should be kept in mind that jobs in the market economy are not created by companies (they exist in order to create clients or demand), and even less by the state (that creates the basis and rules for the market game and supervises the implementation of these rules).

Public employment services should deal with transitions in the labour market. These transitions are becoming increasingly different, since the very nature of jobs and employment is changing. Life-long jobs are gradually disappearing and labour force mobility is increasing. The mission of public employment services changes accordingly; they help individuals in their search for jobs and development of their competences, i.e. conduct activation policy.

When conducting activation policy,³² public employment services may offer four basic products: services (counselling, assistance in the search for a job, etc.), skills (different types of training), salaries (subsidies) and jobs (public sector employment, public works, etc.).

Image 5. Products of active policy of public employment services



According to certain research,³³ active policies implemented by employment services in FBiH over the past years are mostly focused on employment, self-employment and training co-financing programs. Over the past three years, public employment services have improved the creation and implementation of programs for different target groups (women, Roma, youth, disabled persons, returnees, unqualified persons, etc.).

Due to an increase in the costs of passive measures caused by the increase in the number of unemployed persons and introduction of new categories of right users such as demobilized

³²In transitional countries, and thus also in (F)BiH, public employment services provide all types of employment programs and services: registration of unemployed persons, payment of fees to unemployed persons, provision of guidelines and counselling services to job seekers and provision of active policies such as training, subsidies for salaries and provision of public works.

³³ Civil Initiatives Centers, 2013. Efikasnost politika zapošljavanja u Bosni i Hercegovini : Prepreke i šanse (Efficiency of Employment Policies in Bosnia and Herzegovina: Obstacles and Chances), Tuzla: CCI.

veterans, the use of funds for active policies has decreased since the occurrence of the global crisis.

The funds for active policies amounted to around 20 million KM in 2010 and 2012, whereas in 2011, the allocated amount was 30 million KM. If compared to the number of unemployed persons in FBiH over the past three years, they show that around 64 KM per unemployed person were allocated on the average per year for active measures. In percentages, allocations for active policies amounted between 14% (2010) and 17% (2011 and 2012) out of the total funds of public employment services that were spent.

There is a pronounced need for the assessment of the effectiveness of active employment policies and labour market programs and establishment of success indicator systems in order to monitor whether the programs are adequately designed, targeted, linked and implemented.

In general, there are certain positive results of certain active employment policies, but many programs do not have positive impacts – and are not cheap.³⁴ Empirical analyses of employment policies are focused on the employment rate and the impact of active measures of employment policy, and the efficiency of programs is variable, depending on the program, current phase of the business cycle and level of complementary activities with other institutions and policies related to the employment program.

Active employment policies (APZ) aim at the removal of the lack of stimulation of passive employment policies (provision of allowances, etc.) and weaknesses in the effects of the market, such as lack of transparency and discrimination due to lower productivity of certain social groups. The most frequent forms are trainings, stimulations for the private sector (subsidies, grants to entrepreneurs-starters, etc.), direct employment (in the public sector) and services (counselling, etc.).

The key question in this is: *which program is effective for which group under the given circumstances*³⁵? There are numerous empirical studies of program assessments on this, mostly microeconomic ones, but very few macroeconomic ones. In any case, it is important to analyze programs and assessments of their effects for the purpose of effective targeting and design of policies in the coming period.

³⁴ Research shows that what is applicable to OECD countries in relation to active employment policies, is also very much applicable to transitional countries such as Bosnia and Herzegovina. There are two basic, completely opposite ways towards high employment within OECD countries – one, which is represented by the USA with the neoliberal policies, and the other, which is represented by Denmark, with very low contributions for social insurance, medium legal protection of labour rights, strong programs of active employment policy and high levels of coordination of wages and neocorporativism.

³⁵ 'Circumstances' are related to the existing institutions and the current economic situation of the relevant country.

According to the assessment of a EU project,³⁶ which gathered experts from different countries for the purpose of analyzing active employment policies implemented in EU Member States:

"There is a significant number of assessments of active employment policies of EU Member States (...) with the focus of most of them being on the assessment of short-term effects on employment. The analysis of positive or negative interactions of participants in active policies and interactions of all employed and unemployed persons (the so-called effect of 'general balance') are being neglected. In spite of the narrow focus, the evidence is still missing. *There is little agreement on whether the policies truly reduce unemployment or increase employment and which program gives the best results in this respect* (comment of the author). It is also not visible whether a country can learn from the experience of use of policies from another country. There are few overviews of studies, and their largely descriptive nature makes drawing of conclusions even more difficult."

According to data of public employment services of Southeast European countries, in Bosnia and Herzegovina, just as in other countries of the region, the most frequent active employment policies are career management and counselling. Out of 46,644 unemployed persons included in active measures in 2012, counselling was provided to 32,241 persons or 70% of the unemployed population.

Table 5. Types of active measures, Southeast European countries, 2012

	Counselling	Training	Entrepreneurship and employment	Public works	Employment of target groups	Total
BiH	32,241	1,056	7,124	-	6,223	46,644
Bulgaria	179,460	37,075	39,398	28,416	9,027	293,376
Montenegro	10,387	1,767	100	543		12,797
Croatia	1,034,871	7,990	938	15,953	3,926	1,063,678
Macedonia	450	1,942	1,225	2,083	1,192	6,892
Rumania	242	12,179	-	-	323,510	335,931
Slovenia	-	12,368	14,933	-	11,010	38,311
Serbia	131,750	9,228	32,333	4,115	115,309	292,735

Source: Centre of Public Employment Services of Southeast Europe, Statistical Informer No. 4/2013.

Based on Table No. 6 it is evident that Bosnia and Herzegovina and Macedonia belong to the group of countries that allocate the lowest amounts for active employment measures that (if counselling is included) are applied to only 2,6% of unemployed persons.

³⁶RWI, 2005. *Study on Effectiveness of ALMPs*. Research Project for the European Commission, DG Employment, Social Affairs and Equal Opportunities – Final Report. Essen: RWI.

Table 6: Overview of active employment measures, Southeast European countries, 2012

Country	Unemployed persons included in active measures	Unemployed persons included in active measures (excluding counselling)	Unemployed persons included in active measures / unemployed persons (in %)	Included in active measures (excluding counselling) / unemployed persons (in %)	Costs of measures (in % GDP)
BiH	46,644	14,403	8.5	2.6	0.09
Bulgaria	293,376	113,916	78.1	30.3	0.24
Montenegro	12,797	2,410	41.0	7.7	
Croatia	1,063,678	28,807	296.9	8.0	0.14
Macedonia	6,892	6,442	2.8	2.6	
Rumania	335,931	335,689	68.0	68.0	
Slovenia	38,311	38,311	34.8	34.8	
Serbia	292,735	160,985	38.4	21.1	0.10

Source: Centre of Public Employment Services of Southeast Europe, Statistical Informer No. 4/2013.

When designing active employment policies in (F)BiH, the following issues should be considered:

- Have the fundamental economic development pre-requisites been achieved (practically is the investment climate favourable or not);
- Is the public administration (the competent ministries and public employment services) able to maintain an active employment policy;
- Is it possible to finance employment programs without increasing the contributions/taxes and endangering financing of other priorities;
- Do the benefits of the employment program exceed their costs; do the achieved benefits match the expected benefits, i.e. are program monitoring and evaluation reliable?

When analyzing the relevant questions, it should be kept in mind that a favourable investment climate is crucial for creation of new jobs. *An active employment policy in general cannot be a replacement for the improvement of the business climate or create jobs.* At best, it can contribute to the inclusion of certain social groups in the employment.

It should particularly be kept in mind how necessary it is to further improve the mechanism of horizontal and vertical coordination of activities of the public, private and civil sector for the purpose of building and developing the public employment system. From the horizontal perspective, it is necessary to coordinate the work of cantonal employment services with the activities of institutions and organizations operating in cantons (cantonal government, educational institutions, employers, trade unions, unemployed persons, private employment

agencies, local and regional development agencies and chambers, business infrastructure institutions, such as zones, start-up centres, accelerators, technopolies, etc.).

As regards the improvement of vertical coordination mechanisms, attention should be devoted to the coordination of not only institutions of public, private and civil sector, but also to the coordination of cantonal employment systems in FBiH.

It is necessary to be particularly proactive in the inclusion of social partners, i.e. associations and organizations of employers and workers, in drafting of active policies and employment programs. Their activity, which is largely limited to the segment of collective agreements (e.g. specifying salaries and other employment requirements) should be considerably improved. This requires the expansion of the social dialog and formulation, implementation, monitoring and evaluation of employment policies. One of important steps in that direction is the signing of the Cooperation Agreement between the Federal Employment Service and Association of Employers of FBiH.

3.6. Information system

Public employment services in FBiH do not use IPs adapted to the needs of the labour market and vary from canton to canton. There are at least four different IT systems by cantons. All these systems should be replaced due to a lack of functions or impossibility of upgrade, errors in the application or insufficient efficiency. The mentioned different systems also use different platforms (dBase, MS-SQL, Oracle). None of the systems renders possible finding a job, but are rather used in practice almost exclusively for record keeping. Even the information coding system is different, although all institutions use the same form for gathering of data (E-1). There is no exchange of information between these systems, and not even between the same systems that are used by individual services in their communication with municipal and federal bodies, or between cantonal services. Data gathered from these services thus cannot ensure a reliable picture of the situation in the labour market.

The need for establishing a modern and single IP that would render possible a continuous information flow on jobs and unemployed persons between cantons and between cantons and FZZZ was emphasized. That would improve active mediation in employment of persons throughout FBiH, irrespectively of the canton in which they live. It is necessary to provide an information system support for the work organization system in the employment sector in order to divide counselling and recording of unemployed persons and classify unemployed persons more specifically (e.g. by the period of duration of unemployment and activity in employment seeking). A more modern IP is not needed only from the aspect of communication in the employment system, but also for the purpose of an efficient data

exchange with other institutions in FBiH, such as the Health Insurance Institute, Pension and Disability Insurance Fund, Tax Authority, etc. In addition to this, work procedures at services are not standardized or harmonized among them, which is one of the key pre-requisites for a single IP and higher level of automation of work. IP tools should reduce the pressure to "physical forms" of information, basic counselling and job search. It is necessary to use means of IS to reduce all types of contacts of unemployed persons in relation to formalities and redirect the resources of employment service to service development that will lead to self-activation of unemployed persons and reduction of work in the gray economy.

The introduction of new information system support to the public employment system in FBiH should aim at improving the provision of services and reduction of costs. Based on the experience of developed EU Member States, a more significant decrease in costs is frequently not achieved anywhere. The use of social networks is currently a very interesting option, but it should be carefully monitored whether these forms of communication are only a temporary hit/fashion and whether they can be relied upon over a longer term.

The role of a new IP over the coming period (until 2020) should be continuously adjusted and measurable parameters of its impact should be monitored. A successful approach to the introduction of the new IP support implies a close relation with precisely defined goals of the public employment system.

The successfulness will largely depend on the level of participation of users in the process of IP introduction and satisfaction of users with the new system. In addition to this, measurable parameters (such as the number and percentage of successfully provided services in a certain period) have to be combined with subjective data (such as the satisfaction and new needs of users).

Self-assistance tools can contribute to the increase in efficiency and effectiveness. Since more and more interested persons are able to use on-line applications for e-banking, self-assistance tools are becoming more and more accessible in order to decrease the burden placed on the existing front office infrastructure. It is clear that this will require a repositioning of the role of the existing infrastructure from provision of services to support for users using self-assistance tools. A direct access to data bases for employers and job seekers is another potentially efficient way to simplify the process.

Personnel training would greatly facilitate the transition to a new IP in the public employment system by improving individual competences, learning how to use new information tools and reducing the resistance to changes.

Having in mind the above named, over the coming period it is necessary to:

- purchase modern computer and communication equipment adapted to the needs of public employment services in FBiH,

- purchase (or develop) adequate program support that would help the automation of selected business processes (this activity must include all stakeholders – investors, development team, future users – operators and users of services of public employment services),
- continuously invest in the maintenance of computer equipment and program support with an active involvement of all interested parties (in a contrary case, the possibility of use of IP will drop down until it becomes unusable, which happened with the previous computers system), and
- continuously invest in the education of IT experts and other users of the new IP (employed at employment services at all levels, as well as employers and unemployed persons).

When purchasing computer and communication equipment, exotic solutions should be avoided, and its capacity should be planned in compliance with clear requirements of the future users. When developing or purchasing program support, rarely used solutions should also be avoided, and (whenever possible) preference should be given to standard packages of open-source and free software.

During the implementation of a new IP for public employment services in FBiH, particular attention should be devoted to an adequate data protection and ensuring their availability (existence of a detailed protection plan, including a whole reserve system in a distant location and a recovery plan from possible system failures).

The new IP system of public employment services in FBiH should be designed and developed having in mind the future needs for consolidation and interoperability of resources and data with other public services of e-commerce and their unification for more efficient maintenance and replacement.

4. CONCLUSIONS OF THE SITUATION ANALYSIS

The findings of the situation analysis are presented in the form of a SWOT-PESTL matrix(see table 7).

Table 7. SWOT matrix of the employment mediation function in FBiH

List of fields	STRENGTHS	WEAKNESSES
Resources, organization and past results	<ul style="list-style-type: none"> • Human capital – expert staff hired at employment services that recognizes the need for strengthening the mediation function • Budget structure – availability of relatively important amounts of funds for financing the activities of employment services • Devotion of the management of employment services to a reform of the work of employment services, especially of the sector defining the segment of exercise of rights or legal intervention for the purpose of simplifying and reorganizing the process. 	<ul style="list-style-type: none"> • No operationalisation of goals from the Employment Strategy in PES's plans • Records take up 70-80% of capacities of services • A great number of certificates are issued and numerous rights are exercised based on the status of unemployment • The system of presentation of unemployed persons that gives an unrealistic picture of the true number of unemployed persons • Inability of declaration of persons that were entered in the records only for the purpose of exercise of rights • The existing model of allowances in case of unemployment does not consider the individual participation of individuals in the total funds of the fund • Insufficient level of infrastructure investments (physical infrastructure, IS support and training of IT staff) • A relatively high level of ineffectiveness and inefficiency of the work of employment services in FBiH (there are no effectiveness and efficiency studies assessing the work of employment services and their programs) • Insufficient number of staff at employment mediation departments. • Insufficient capacities for the absorption of funds and projects offered to the employment service • Non-satisfying coordination of vertical planning • Traditional “rigid” management organization • Coverage of expenditures based on (legally defined) priority ranking • Insufficient connections to other institutions (tax authority, pension insurance fund, etc.) • Insufficiently developed identity of employment services as labour market mediators (a negative image)
	OPPORTUNITIES	THREATS

Political	<ul style="list-style-type: none"> • Application and adoption of international standards in the process of EU accession, whereby employment services should be reformed in compliance with the most modern services of Western Europe 	<ul style="list-style-type: none"> • Political priorities are obstacles for reforms, such as the Law on Veterans • Political cycles (election process every two years) slow down the needed long-term reforms
Economic	<ul style="list-style-type: none"> • Possibility of use of international funds, programs and projects • Introduction of employment packages as instruments of strong binding of labour force offer and demand 	<ul style="list-style-type: none"> • Failure to take the needed structural reforms • Insufficient level of infrastructure investments (physical infrastructure, IS support and training of IT staff) • Rising unemployment in (F)BiH
Legal	<ul style="list-style-type: none"> • Possibility of creating a public employment system • Possibility of amendments to regulations in phases – testing of rulebooks, and in case of positive effects, introduction of amendments to laws 	<ul style="list-style-type: none"> • The legal framework is not directed towards a reform • Lack of harmonization between laws and secondary legislation • Impossibility of employment services to have impact on creation of policies or amendments to the legislative framework • Amendments to the Law on Employment Mediation and Social Security of Unemployed Persons should be made in phases with the political support which is frequently questionable
Social	<ul style="list-style-type: none"> • Global orientation towards social inclusion and the quality of human capital • Existence of institutions and funds that can provide financial and technical support 	<ul style="list-style-type: none"> • Unmotivated and uninformed users
Technological	<ul style="list-style-type: none"> • Use of information and communication technologies in the management of employment services (a modern IP for the automation of business processes) 	<ul style="list-style-type: none"> • Insufficiently developed technical infrastructure for the improvement of employment services • Insufficient transfer (application) of new technologies in the work of employment services

In the strategic sense, the focus in the forthcoming period should be on elimination of identified PES weaknesses.

The situation analysis may give the following conclusions:

1. The medium-term employment strategy of FBiH, except for the legal framework, lists in quite detail the strategic goals and sets a basis for a reform of employment mediation and counselling as the key development priority of employment services in order to ensure the achievement of goals. The big question that remains is whether the goals were planned realistically having in mind the political, economic, legal, institutional and financial environment. However, they provide relevant strategic guidelines for the development of employment services.

2. Strategic goals are not adequately operationalised in the plans of PES, which shows quite a big gap in the management of capacities of PES. Employment institutions management – employment offices have kept functions that are not basic functions of employment institutions. In case of these institutions it is possible to use outsourcing.
3. There is an evident poor internal coordination of vertical planning, so that the situation analysis has led to the conclusion that every level is left to itself in terms of achievement of any results.
4. Provision of passive measures is a characteristic of inadequate goal setting and low efficiency, but also of the lack of interest of PES in preventing long-term unemployment, i.e. to reduce the number of users of this right by motivating unemployed persons.
5. Significant funds are used for active measures of the labour market, but these policies do not lead and do not result always in the desired results. PES need to redefine planning, goal setting, monitoring and evaluation of active measures in the labour market.
6. The internal vertical monthly reporting system is quite detailed, but it is mostly related to the quantity of different administrative tasks and it has no focus on the assessment of quality and provision of counselling services.
7. There have been no significant efforts in establishing a goal-based management system, which is the key modern management system and development of public institutions. The mediation and counselling functions mostly lack goals and efficiency indicators, which is quite surprising if we consider that they are seen as the key functions.
8. Several international projects have particularly been on the improvement of position of individual groups of unemployed persons over the past years, but that has not significantly improved the total capacity for changes at PES in order for them to start acting as active labour market mediators.
9. The annual plans are of different quality in FBiH and at the cantonal level, but in the field of labour and mediation, counselling remains at a very general level, and activities are not harmonized between FBiH and cantonal levels. This is particularly important, since they deal with the same clients and need to achieve the same strategic goals. An organizational solution depends in part on the constitutional structure, but even within the existing structure, there is sufficient space for rationalization and saving of costs. In addition to this, the functional (office) organization of most employment institutions results from the "traditional" strict organization of public management and functions defined by employment laws may be subject to modernization and restructuring.

10. One of the arguments on why regional and local management does not improve the mediation function is the lack of personnel. A decrease in personnel costs in the performance of existing functions by means of digitalization of activities through a modern IT platform might be the solution. Part of the functions that are not key functions of employment institutions, such as security, cleaning, catering, and even more progressive functions such as accounting and IT system of the administration, should be ensured through subcontracting, and additional staff might be given the task of employment mediation.
11. Even certain types of mediation and counselling might be digitalized, especially for the use by employers and youth. On the other hand, the introduction of group counselling (job seeking clubs) in combination with standard tools for self-assessment and writing CVs might improve the performance without medium-term consequences for financial funds.
12. The information system of unemployed persons in FBiH is integrated, but it should ensure the division between active unemployed persons and persons registered for the purpose of exercising their rights, who are assessed to be around 40 to 50% of the total number of unemployed persons. There is no operational IS on employers and vacant positions.
13. As regards budget and financial planning, PES mostly apply the "traditional" linear budget system. The system uses historical (previous year) expenses and adapts them to the projected long-term fiscal frames and other factors (labour market forecasts, etc.). The expenses are covered based on the (legally defined) priority rank – expenses of the management, passive measures of the labour market ("social security of unemployed persons") and active labour market measures. In practice, these results in the fact that funds planned for active measures are frequently used to cover unplanned increase in passive measures, and active measures are planned reactively based on clearly defined plans beforehand.

All the mentioned lacks in the work of PES must be resolved by drafting a medium-term institutional development strategy in FBiH, and then turn into a well-designed reform project and annual plans.

5. STRATEGIC PART -OBJECTIVES, PRIORITIES AND MEASURES

In the part of the analysis on the existing state of public employment services (PES) it was stated that exercising of rights stemming under the status of an unemployed person represents a large problem in the work of the public employment services. This notably relates to the administering of health insurance for the unemployed persons, collecting material and social welfare (financial reimbursement in case of unemployment) and a number of other rights stemming under the status of an unemployed person (from 27 to 31 different rights depending on the canton). The scope of these activities simply does not allow the employment agencies to devote time to their primary function – mediation in employment. For this reason, *fast and accurate exercise of rights stemming under the unemployment status* was identified as the first strategic aim of the future development of the mediation function in the public employment agencies in FBiH. The priority in the implementation of the afore objective is separation of active jobseekers from those registered at PES in order to attain other rights and equal distribution of the resources in accordance with the institutional mandate of the public employment services.

One of the key challenges faced by the PES in FBiH in the upcoming period is the *effective integration of the unemployed persons onto the labour market* - the second strategic objective. This is significantly important in order to reduce the high rate of long-term unemployment and to ensure that in the future as few persons as possible gain the status of a long-term unemployed person. The priorities in the implementation of this objective are identified in the form of optimization of the triage procedure and ensuring adequate intensity of counselling in PES, increasing the efficacy of active employment measures and intensifying cooperation with the employers and other relevant institutions. It was stressed that would not be possible to implement the above listed without setting up a new organization of work in PES.

General principles on which we base the proposal for the future work organization are the following ones:

- Along with the division of references, information activities and counselling services and mediation services, introduction of a counter system, the counselling services need to be specialized;
- The introduction of a funnel system in the treatment of unemployed persons, through the introduction of methods of group information and fast identification of the needs of individual persons prior to individual counselling, which will reduce the time needed for individual interviews
- Development of individual and group services (e.g. job-seeking club) and specialized (legal, for example) and rehabilitation (for long-term unemployed persons) counselling; Development of standardized tools that counsellors will use in every phase and that will be designed in such a way to "guide" the unemployed person when filling out data on skills, aspirations, personal conditions for accepting a job, etc.;

- Setting up IT tools for support which will alleviate the informational pressure in the agencies, general counselling and mediation (web page, social networks, setting up new channels for online communication is a new development trend in PES³⁷);
- Reduction of all types of visits and contacts of unemployed persons for formalities and focus on development of services that lead to their self-activation and prevention of work in gray economy;
- Development of new forms of cooperation with key target groups of employers and adaptation of services to their specific needs;
- Establishment of cooperation with external institutions and organizations specialized in training and counselling and institutions of social economy in order to improve the possibilities of faster employment and self-employment of long-term unemployed persons;
- Introduction of permanent forms of employment fairs and other forms of contact between employers and active job seekers;
- Systematic work on recognizing and developing potentials of unemployed persons for individual and/or group self-employment (e.g. youth or female cooperatives, etc.) and cooperation with higher levels in adapting support instruments (adequate professional and financial assistance);
- Focusing programs of active employment measures primarily on the needs of different target groups of long-term unemployed persons, except for the target group of youth that are looking for a job for the first time and need to be included as soon as possible by means of these measures.

Compliance with these principles will enable standardization of services provided by the employment agencies in FBiH which will be in accordance with the modern practice of PES, the legislative framework, international conventions, minimal personnel standards and the Work Doctrine of PES in FBiH.

Parallel to the aforementioned activities, it is important to actively work in the upcoming period (third strategic objective) on the *development of personnel and other PES capacities in accordance with the new work methods and building of the reputational capital of these institutions*. This primarily relates to the development of knowledge and skills among the PES staff, introduction of the management by objectives system and performance management, positioning of the agency as an expert and relevant institution on the labour market in FBiH and BiH.

An overview of the set strategic objectives, priorities in their implementation and the key measures by individual priorities is presented in Table 8.

³⁷E.g. „e-agency“: Online preparation, creation and implementation monitoring of the job search plan.

Table 8. An overview of set strategic objectives, priorities and measures related to individual priorities

	Strategic objective	Priority	Measure	
1	Fast and accurate exercise of rights resulting from the unemployment status	1	Division of active job seekers from those who are registered exclusively in order to exercise other rights	
		2	Introduction of several types of records	
			Changes to the job classification in accordance with the new work methods	
			Performance of all administrative duties with the use of the minimum needed resources	
2	Efficient integration of unemployed persons in the labour market	1	Improvement of the processing procedure and ensuring an adequate intensity of counselling	
		3	Development of efficient and active measures	
2	Efficient integration of unemployed persons in the labour market	1	Defining the processing procedure methodology	
			Ensuring that counselling includes persons with the greatest potential for labour market potential through an adequate processing procedure	
			Development of counselling services that render possible a treatment in compliance with the needs of candidates and adequate intensity of counselling	
		3	Development and implementation of participative methodology for the development of active measures	
			Change of focus of active measures for the purpose of higher presence of so-called "cheaper" measures, such as work preparation, re-training and additional training	
			Redesign of support to entrepreneurship and MMSP development	
			Improvement of activation measures for vulnerable groups – women, youth, etc.	
		4	Intensification of cooperation with employers and other institutions	Monitoring and evaluation of active measures at the level of cantonal and Federal PES
				Development of cooperation mechanisms with employers
				Establishment of employment pacts
4	Intensification of cooperation with employers and other institutions	Establishment of excellence centres		
		Improvement of cooperation with educational institutions		
		Development of cooperation mechanisms with education and training centres		
4	Intensification of cooperation with employers and other institutions	Development of cooperation mechanisms with private employment mediation agencies		
		Development of cooperation mechanisms with private employment mediation agencies		

			Development of cooperation mechanisms with international organizations	
3	Developed capacities of PES in compliance with new work methods and developed reputational capital	1	Human resources capacity development	Changes of job systematizations in compliance with new work methods
				Application of the code of ethics in the work of PES
				Defining the necessary skills of the personnel, drafting training plans and manner of their implementation
		2	Introduction of a goal and impact-based management system for the work of PES	Operating and strategic management of municipal offices (or their use of resources and provided services), adapting them in such a manner to achieve the best possible results
				Defining goals and developing indicators of PES efficiency in FBiH
		3	Development of modern IS support	Development of modern tools for administrative duties
				Development of modern communication channels with unemployed persons (e-services, multi-channelling)
				Development of an IP that will render possible monitoring of the implementation of goals and comparison at the level of employment services
				Development of IT skills with all users and IT staff
		4	Public positioning of PES as a professional and relevant institution on the labour market	Improving the image and reputational capital of the PES in public and with clients (unemployed person and employers)
				Increasing visibility of PES as an advisor and mediator in employment
				Motivating unemployed persons to actively look for jobs through PES structures
				Motivating decision makers to support the development of active employment measures on the basis of current results

The text below contains a detailed overview of strategic goals, priorities and measures.

5.1. STRATEGIC OBJECTIVE No. 1: Fast and accurate exercise of rights stemming under the unemployment status

In setting this objective it is important to define the PES clients and precisely define who has the status of an unemployed person. According to the Law, an unemployed person in FBiH³⁸ is defined as person who is not employed and is actively seeking a job. This person is obliged to:

- regularly report to the public employment service (once in 60 days);
- send applications to employers, publish job seeking announcements or reply to the job vacancy announcements;
- comply with the professional orientation, training and retraining programs.

Due to a large number of clients, the agency activities usually attribute to the first of the three items listed above and the activities of an unemployed person are almost entirely evaluated upon regular reporting to the service. A sanction in the form of deletion from the PES records is realized in case the unemployed person fails to report to PES within legally defined deadlines. As previously stated, administering the rights stemming under the unemployment status (up to 31 different rights depending on the canton) is significantly limiting the work of the public employment services. For example, according to the assessments of the Federal Employment Institute (FEI), around 254,000 people exercised their right to individual health insurance through the employment services in 2013. According to the same estimates, more than half a million people are insured through the above number of health insurances (family members). In view of the fact that the PES personnel resources are limited and that the above mentioned obligation engages all service capacities, the primary function of PES – mediation in employment – has been neglected.

One of the key challenges faced by the PES is the reduction of the currently high rate of long-term unemployed persons and parallel organization of activities with the unemployed so as to reduce the number of persons who would gain the status of a long-term unemployed person (unemployed for longer than 12 months). Long-term unemployment rapidly reduces the chances for employment which represents a great burden for the state, the PES, the individual and his/her family. As a response to this challenge, it is necessary to establish a new work organization of PES and a new legal framework which would support this comprehensive reform.

In reforming the PES in FBiH, the key step is to improve access to the unemployment records *or to mark off the records of active jobseekers and those who are registered at PES in order to exercise different types of health and social rights currently enabled by the valid system.*

The separation of persons on the records is an important precondition for timely and professional identification of specific needs of different target groups of unemployed persons, notably the vulnerable groups and adaptation of the counselling and other services to these needs in cooperation with the cantonal services, employment agencies and external partners. This allows for the creation of legal preconditions for the introduction of previously

³⁸The Law on the amendments to the Law on Employment Mediation and Social Security of the Unemployed Persons ("Official Gazette of BiH," no. 22 from April 6, 2005), Articles 3 and 3a.

mentioned funnel system in the work with the unemployed persons thus allowing for the limited counselling resources to be channelled towards the persons who actually need them.

Besides the limited human resources, the scope of available financial resources is being ever reduced. According to the data of the Federal Employment Institute, approx. 800 million KM of the total contributions were allocated to the following items in the last 7 years:

- The amount of 350 million KM was paid to cantonal employment services for material and social security. These are financial reimbursements, health protection and so-called material and social support for workers of companies that were subject of re-structuring, privatization, liquidation, etc., which are these social, mostly worker-oriented programs.
- Around 200 million KM was spent on the so-called financial reimbursements for war veterans. If we add up this amount with the previous one we can see that a significant amount of funds was spent on non-development items.
- Allocations for active employment measures in the Federation of BiH have been significantly reduced in the past seven years since the funds planned for aiding and stimulating employment were redirected to the veterans. 140 million KM were spent for active employment policies, but there is a pronounced decline in relation to this. Over the past seven years, this amount fell from 30 million to below 10 million KM, and these are total funds for the whole FBiH.

Taking into consideration the above presented trends, we deem that one of the priorities in the upcoming period is even distribution of resources in accordance with the institutional mandate of the PES – informing, recording, counselling, and active measures. The resources allocated for the active measures need to become a part of the process of mediation in employment instead of the current programs and all as part of the new policy and reform of PES which is defined through this strategy.

The financial reimbursement is also an important financial expenditure, which should be defined in such a way that it does not stimulate persons to register at employment offices, but it should also prevent abuse, especially in case of seasonal workers.

5.1.1. Operational objective 1.1: Dividing active job seekers from those who register at employment services exclusively for the purpose of exercising other rights

From the employees in the public employment service system in FBiH, 250 employees work in the administration and approximately 300 employees in all cantonal employment services in FBiH are working directly with around 386,000 unemployed persons. For each employee of the agency there are around 1,300 unemployed persons which is about 11 minutes per unemployed person provided that the agency heads also work with clients, that all employees are always present at their jobs (that they are not using their annual or sick leave) and that the unemployed person come in the same time intervals which is definitely not the case. With the current ration of employees in the employment agencies and the

number of unemployed persons, the basic PES services such as counselling and mediation cannot be performed or quality time cannot be devoted to the unemployed persons.

The FBiH work doctrine indicates that within the scope of development of a single public employment services work doctrine based upon the best practices of the public employment services in the EU countries, a proposal on the minimum personnel standards was developed so as to have 250-300 unemployed persons per one employee in the public employment agency. An additional minimum personnel standard is to have 750 unemployed persons per one counsellor in the agency and 350 unemployed persons per one trainer. In the vertical review of the employment sector³⁹ conducted by the EU since 2006, a recommendation was given to reduce the quantity of the unemployed persons per one employee in the employment services to amount to 360 unemployed persons/employee. The compliance with these personnel standards may be done in several ways:

- Employing additional staff in the employment services which is not realistic because the number of employees in the agencies would then have to be tripled.
- Reassigning significant number of persons to the agencies who are currently working in the administrations of the employment services which would certainly strengthen the capacities of the agencies but would not significantly affect the ratio of the number of unemployed persons per one employee in the agency.
- Enforcing stricter sanctions defined by the Employment Records Rulebook in FBiH⁴⁰ and the deletion from the record books if an unemployed person does not fulfil the conditions of active work. This is an unpopular measure because the rights exercised by the unemployed persons through PES are fundamental human rights and despite all the illogical factors, the PES should not take away the possibility to exercise these rights until they can be realized through other mechanisms.
- Enabling the unemployed persons to profile and state the reasons for their application and readiness to work and allocating the limited counselling resources to those client groups where counselling work would give the best results. In this case, the minimum personnel standard may be respected since the management decision would stipulate the number of persons assigned to one counsellor with the sole objective being the integration of the persons undergoing counselling onto the labour market. A shortcoming of such an approach is that the counselling work is not provided to all but on the other hand it is offered to everyone and it is up to the unemployed person to decide whether he/she wants to take part in it.

A survey conducted among the unemployed persons⁴¹ indicates that the last option is implementable since a large number of unemployed persons (60%) is not an active jobseeker but is rather registered with the employment agency in order to exercise its rights. According to the existing legislative framework all these people would have to be deleted from the record books but this is not being done since the current organization does not enable valid evaluation of actual jobseekers (except for the case where an unemployed person refuses an offered job) and thus the PES implicitly takes on the role of a social institution.

³⁹EU Cards Project Vertical Review of the Labour and Employment Sector in BiH from 2006.

⁴⁰Employment Records Rulebook, Official Gazette of FBiH 24/06

⁴¹Youth Employment Project (YEP), Swiss Agency for Development and Cooperation, May-June 2013 based upon a sample of 628 unemployed persons at the Employment Agency in Novo Sarajevo

In order to implement counselling work and other active measures well and to allow targeting only of active jobseekers, it is very important to accept the state on the field and to enable separation of persons on the records who are active jobseekers from those who are there only to exercise their rights. In this way, nobody would be deprived of their rights and until other institutional solutions are attained, they would be able to exercise their rights notably in the area of health protection. On the other hand, a group of unemployed persons will be defined for which counselling work and active measures would significantly affect their integration onto the labour market.

- **Introduction of several types of records**

As stated earlier, unemployed persons do not have a large support in active search for employment, and services provided by employment offices for stimulating unemployed persons (such as counselling, seminars, workshops, re-training, etc.) are used by few unemployed persons. An unemployed person should, according to legal definitions, actively look for a job in cooperation with the employment office. Active search for employment includes activities of unemployed persons and employment service aiming at finding employment that matches the professional, working and personal abilities of the unemployed person. In order to achieve this, active search for employment implies: participation of the unemployed person in group information session, participation in the counselling interview for the purpose of establishing the professional, working and personal abilities of the unemployed person, individual counselling with the support of the counsellor for the purpose of creating a personal job seeking plan, implementation of the job seeking plan by the unemployed person and employment service, applying to job vacancies and other forms of communication with employers for the purpose of finding employment. Unemployed persons are unable to perform most parts of active job search, but rather need the counselling support of the employment service. All these activities need to be defined in the Active Job seeking Rulebook which should be introduced to all unemployed persons and which should be complied with if they wish to have the status of an active jobseeker.

Besides the large number of rights stemming under the status of an unemployed person, the strategic focus of PES has to be on maintaining administrative costs on the optimum level (without any increase), rationalizing the structure of services and adapting it to the needs of employers and unemployed persons. PES need to focus their work on the integration of the large number of unemployed persons in the labour market, where, on the one hand, it is important to ensure that the efforts are not focused on those persons that would find employment even without any support. On the other hand, it is necessary to carefully ensure that limited counselling resources are not used for persons who do not have the necessary potential for the labour market or do not have true interest in finding new employment. On the other hand, it should be carefully ensured that the limited counselling resources are not used for persons that do not have the needed potential for the labour market or do not have true interest in finding new employment and that, thus, cannot be integrated.

According to the current legislative framework, it is necessary to sanction the persons who are not active jobseekers by deleting them from the record books.

In order to adapt the legislative framework to the actual state and to avoid continuous violation of the law, it is important to establish legislative solutions in the Federation of BiH which would enable the persons to declare themselves as active jobseekers and as persons who are not ready to work (registered only to exercise their rights.)

The recording process should be separated into several categories in order to enable all those who are entitled to exercise their rights through PES.

The records on unemployed persons who are not actively seeking a job and for whom the registration at the PES is a precondition for exercising other rights, should have the possibility of entering information on each person who is being registered with the PES and who gives a written statement on the reasons for its registration in the record books. If the reason is active job search, than this person should sign that he/she accepts the terms and conditions that need to be fulfilled by an active jobseeker and if he/she fails to fulfil these conditions, the counsellor is entitled to transfer him/her to some other records. These record books may be divided into several sub-categories in order to further differentiate the groups of unemployed persons (e.g. pregnant women, currently of permanently disabled for work...etc). The records on persons who are not looking for jobs begin on the day when the individual person registers and gives a written statement at the agency and ends on the day when the person unregisters or when the need to exercise the rights is terminated, in case the person is deleted from the records, at the time when the person turns 65 years old or in case of death. The persons from these records would report less frequently to the agency with the recommended period being every six months or twice a year which would relieve the records system.

Using several records, the unemployment rate would be expressed more realistically where the number of unemployed persons would be marked only as those active jobseekers while the number of persons registered only to exercise their rights would be presented in some other statistics.

This releases the resources that are to be used for the counselling work with actual job seekers, while in the later period, the possibility of exercising the rights – notably health protection – through a different mechanism should be considered.

All the persons registered with the agencies solely to exercise their rights should not be entitled to take part in the active measures programs. The persons should be enabled to freely transfer from one to another category of records if they express interest for this while the counsellor is entitled to transfer persons who do not abide by the employment plan to the records for attainment of rights. Moreover, an Active Job Seeking Rulebook should be drafted which would precisely define the obligations of an unemployed person in order to have the right to counselling services and active measures.

This significant change is a precondition for all other changes and it could be realized without amending the existing Law on Employment Mediation and Social Security of the Unemployed Persons. It is a bylaw adopted by the minister. In addition to the amendments made to the Rulebook, it is also important to amend the legislative solutions in the medium-terms and adopt a Rulebook on active job search.

5.1.2. OPERATIONAL OBJECTIVE No. 1.2: Even distribution of resources in compliance with the institutional mandate

In the reorganization of PES, it is important to consider the institutional mandate set by the legislative framework. If the unemployed person does not fulfil the conditions for an active jobseeker, he/she would be sanctioned with the deletion from the records and lose the rights stemming under the unemployment status. The current organization of the service does not allow establishing in practice whether the person is actually an active jobseeker while the analysis of statistical data indicates that cases of sanctions have been very rare.

Although it is clear that a large number of people have been registered only to exercise their rights and that the long-term should be transferring the rights to social protection to the relevant department where they belong i.e. under the competences of the health sector, it is not objective to expect that this reform will be implemented in the time frame defined under this strategy and the implementation of the whole strategy should not be conditioned by this change. For this reason, it is important to establish strategic alternative objectives which, in these conditions, would mean reorganizing the system of records management (previous objective) and simplifying the administration of rights at the employment agencies. Moreover, PES should be allowed to direct their capacities towards their basic mission related to mediation in employment and individual counselling on labour market.

- **Amendments to the job classification and spatial organization in accordance with the new work methods**

The Rulebooks on internal organization of cantonal PES should define the job descriptions, specify the required work conditions and the number of persons necessary to perform all these required activities as well as other issues of importance for the organization and operation of the PES in accordance with the work methods that have been strategically defined by the PES. The PES performs activities stipulated under the Law which has been harmonized with the international conventions that BiH ratified and accordingly, it is important to perform an official job division to those relating to counselling works and those relating to recording works by amending the PES job classification that defines the types and descriptions of jobs performed by the service. The Strategy annex includes a proposal for the definition of job posts in the municipal employment agencies where the basic division is as follows:

- Head of the Agency
- Recording clerks
- Counsellors (for individual and group work with the unemployed persons)
- Counsellors for cooperation with the employers (agents).

It is very important to have in mind that the role of the employment counsellor in the PES reform is ever more important and is characterised by certain features in the context of tasks and required competencies.

In addition to the tasks focusing on mediation, the key tasks of the counsellors are focused counselling tasks but also on elements of social work and administrative tasks. An adequate description of jobs and tasks implies the following:

- Employment mediation (first individual counselling with jobseekers; assistance in job seeking), which requires communication and interviewing skills and customer care.
- Individual and group counselling (assessment/creation of the candidates profile which implies the assessment of their advantages and weaknesses and assessment of the most adequate form of support; preparation of an individual job seeking plan; group seminars, referral to some of the available active employment measures) which requires counselling skills, ability of client assessment, ability of client motivation, stress management, patience, understanding specific needs and ability to listen to others without reprobation.
- Awareness and cohesion which require having information on the current situation on the labour market and employment trends, communication skills and client care in order to provide them with information on available job posts, active employment measures and other relevant possibilities within and outside the PES system.
- Administrative tasks and monitoring (monitoring the implementation of the individual action plan; maintaining direct and personal contacts with persons from the employment record), which requires communication and cooperation skills and knowledge about relevant field. In this group of jobs, the counsellor is expected to encourage the unemployed person but also to apply sanctions if necessary.

In order to efficiently conduct the activities defined under the new job organization it is important to adapt the Institute's infrastructure. The technical work conditions, distribution and equipment of rooms significantly affect the quality of services provided by the Institute. Apart from separating the office of the Institute Head, it is also important to separate the register area (wherever possible in the counter service) from the offices used for counselling and offices used for employer—related activities. The reorganization of the area should at least provide for the following:

- 1 office for the Head of the Institute
- An office for an expert associate – advisor for employer-related activities
- An office for an expert associate – employment advisor / trainer
- A counter service for the recording clerks who would use an integrated IT system to record and inform the users
- In larger institutes, provide, if possible, a room for group work with the unemployed persons (info seminars, job seeking clubs...etc).

By improving the technical work conditions (space) and spatial separation from the register area there would be better work conditions for the management and counselling staff. In view of the fact that there is a large number of Institutes, the reconstruction of the areas could be conducted in phases in cooperation with the Federal Employment Institute and the local communities.

- **Performance of administrative duties with the use of the optimum scope of resources**

The key issue in the PES reform is the establishment of the personnel standards for the work of the recording clerks and defining their tasks so that they can perform their job effectively and accurately with an optimum number of clients (unemployed persons).

The current practices are significantly varied. If we look at the Public Employment Service of Canton Sarajevo, in Trnovo Agency one recording clerk works with 537 people while in Ilidza Agency this number is 7 times higher and amounts to 3,928 unemployed persons per one recording clerk. It is important to take into consideration the specific characteristics of small agencies in the work organization but also to significantly improve the technical and organizational processes.

In addition to the aforementioned specialization of the recording clerks and the adaptation of the infrastructure to the fast flow of clients, it is important to speed up the administrative processes for example issuing of certificates and documents and for all recording clerks to have the authorities (and stamps) because the analysis has shown that they take up most of the time for the agency employees. In some PES only the Heads have the stamps and the unemployed person firstly has to queue to get the certificate and then to take it to the Agency Head to have it stamped which creates double queues, unclear and inefficient procedures.

In view of the fact that administrative loads take up too much time for the employees tasked to issue such documents, it is important to make legal interventions in order to reduce the administrative pressure from the agencies (in the context of an official request for information on the persons registered in the agency record books) and to establish direct cooperation and exchange of necessary information (e-administration) between the services/agencies and other FBiH state authorities. The legislative intervention is needed in all the regulations that disable such exchange of information. Only a part of formal preconditions for the development of e-Government and complete IT support was fulfilled on the legislative level with the adoption of the Law on Electronic Signature⁴² (2006), Convention on Cybercrime⁴³ (2006), Law on Communications⁴⁴ (2002), Personal Data Protection Law⁴⁵ (2006) and Law on Electronic, Legal and Business Transactions⁴⁶ (2007). From the aforementioned, we can see the importance of the law as it legally introduces the use of an electronic document. We deem that that same law must be adopted on the BiH and FBiH levels as it represents a precondition for successful implementation of the e-administration which is one of the possible courses for speeding up the administration of various rights and minimizing the possibility of an error.

A significant part of PES resources would be released in this way. Furthermore, it would be necessary in the employment mediation to develop several channels of communication between the counsellor and the unemployed person through the PES web page, social

⁴² Law on Electronic Signature („Official Gazette of BiH “, no. 91/06)

⁴³ BiH ratified the Convention on Cybercrime in 2006

⁴⁴ Law on Communications („Official Gazette of BiH“, no. 33/02)

⁴⁵ Personal Data Protection Law („Official Gazette of BiH “ no.: 49/06)

⁴⁶ Law on Electronic Legal and Business Transactions („Official Gazette of BiH “, no. 88/07)

networks and sophisticated tools such as “e-agency”. They would aid the unemployed person to fill the structured documents online thus speeding-up communication with the counsellor without the need to come to the agency premises but also to help the counsellor to prepare a suitable treatment, make a job search plan or monitor the plan implementation. This facilitates the identification of competencies of the unemployed person (notably IT competencies) and makes it easier for the counsellor to search the unemployed persons by the employer’s requirements in order to find adequate labour force.

- **Development of work procedures at PES that will include all legally defined activities: information, counselling and mediation**

The counsellor defines the status of active job seekers in compliance with the Rulebook on Employment Records in FBiH⁴⁷. Active job search and availability for work, in addition to requirements prescribed by law, imply all activities of an unemployed person and employment service aiming at finding employment that matches the professional, work and personal abilities and skills of an unemployed person.

Data on active job search are kept along with files of unemployed persons. In order to obtain the status of an active person, an unemployed person has to meet the requirements specified in the Rulebook. The counsellor has to inform unemployed persons that it will be considered that unemployed persons do not meet the requirements for active work with counsellors if:

- a) they do not participate in the group information session after the invitation they are sent,
- b) they failed to participate in the prescribed activities on time,
- c) they do not come to an interview, individual counselling or group counselling (job search club),
- d) they refuse to provide data, due to which it is impossible to draft a job search plan,
- e) they fail to comply with the job search plan.

Analysing the situation on the field, it was established that a great number of these activities is not being implemented due to the inability of the agency employees to devote time to these tasks. Accordingly, sanctions cannot be imposed on the unemployed person and it cannot be established whether an unemployed person is ready to work as stipulated under Article 10 of the Rulebook on Employment Records⁴⁸.

It is necessary to raise awareness and inform users of services on the types of services that may be obtained at employment offices, i.e. to work more on inclusion of users in an active relations by applying all measures of active policies in the labour market. Information sessions may be individual, group information seminars, counselling session and media reporting on success. Unemployed persons have to understand that they are obliged to actively look for a job, because reporting to an employment office is actually intended for

⁴⁷Rulebook on Employment Records, Official Gazette of the Federation of Bosnia and Herzegovina, No. 24/06

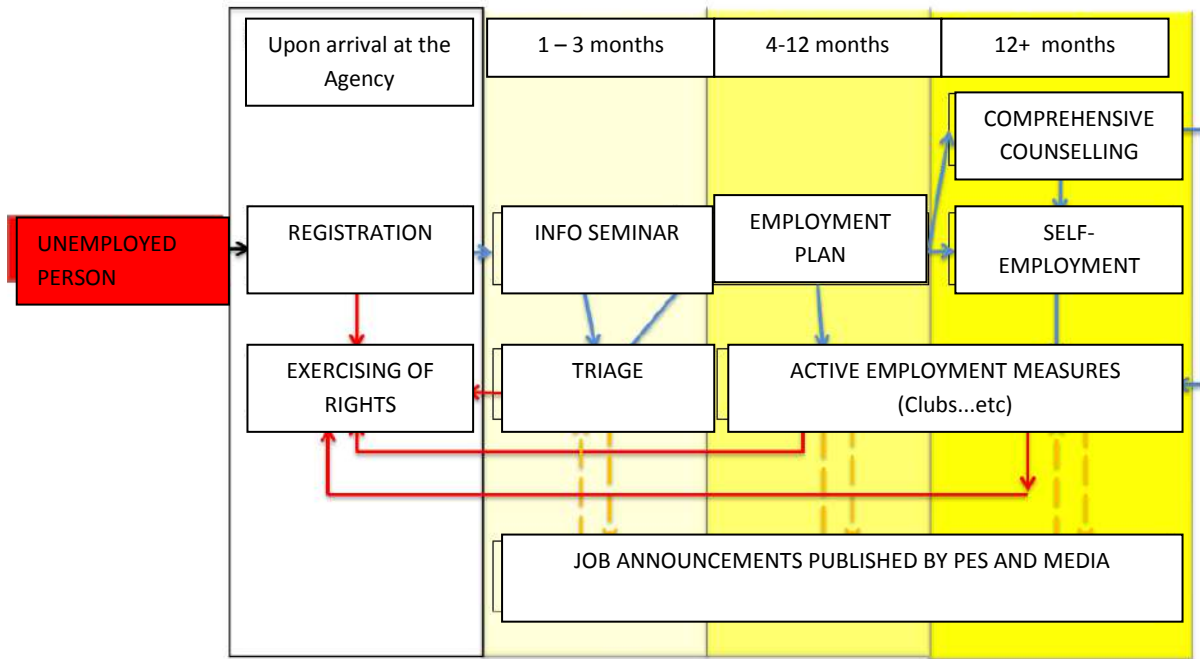
⁴⁸Rulebook on Employment Records, Official Gazette of the Federation of Bosnia and Herzegovina, No. 24/06

the free use of counselling and support services, and not merely obtaining health insurance. Public perceptions according to which at employment services persons "wait" for a job have to be changed, as well as the lack of willingness of unemployed persons to put their skills at the disposal of the community by volunteering, which is also a way to finding employment by expanding their own networks of acquaintances and acquiring practical skills.

For this reason, it should be enabled to conduct the processes according to the hodogram which allows the unemployed person to always know the next step but also to allow the person to return to the records for exercising of rights and gain the status of an unemployed person not included in the counselling process. The processes should be divided as very intensive in the period before gaining the status of a long-term unemployed person – up to 12 months from the registration with the PES records as follows (see Graph below):

1. Enable the unemployed person to exercise its rights immediately upon registration and refer him/her to the informational seminar where he/she will be informed of the rights, obligations and counselling possibilities.
2. Within three months from the registration, it is important to conduct a triage interview with the unemployed person in order to establish the employability level of the unemployed person. It is necessary to provide access to all the information for the unemployed persons and refer them to the means of using this information which is notably important for the easily employable group of people (e.g. young people with a university degree, knowledge of foreign languages and IT skills).
3. Four months after the registration period, it is important to develop an Employment Plan with the unemployed person where the objectives of the unemployed person would be agreed including the types and intensity of support to be provided by the PES but also the tasks to be undertaken by the unemployed person in the upcoming period.
4. The counsellor and the unemployed person work together on the implementation of the Employment Plan with the aim of employment of self-employment. In case the unemployed person does not comply with the Employment Plan, the Plan may be reviewed or the person may be transferred into the records for exercising of rights with other persons being introduced to the counselling process.
5. For the persons who have been in the records for longer than 12 months, the rehabilitation counsellors will refine the data base and active the still active jobseekers and provide them with counselling support notably through group work.
6. The support for this system is the active measures that need to become part of the process and not isolated programs. In the conditions where there is no frequent opening of a large number of jobs, one of the key active measures is self-employment where it is important to have trained counsellors maybe even on the central service level.
7. In order to have the complete system functioning, it is important to strengthen cooperation with the employers and to position the PES as an institution which has all the information about the labour market but also as an institution which can help the employers in their business operations.

Graph 1. Hodogram of the process



The complexity of the described system is conditioned by the infrastructure and personnel resources and it is important to adapt the processes to individual agencies in line with their size and capacities. Thus, for example, in agencies with a small number of employees, the recording and counselling jobs would be performed by all employees but in clearly divided time slots whereas in agencies with a large number of employees, the recording and counselling activities would be separated during all the working hours. The analysis has shown that by separating jobs, the staff gets specialised and their work becomes more effective.

○ Redefining financial reimbursement

One of the problems identified in the situational analysis refers to the issue of Conditions for exercising financial reimbursement in case of unemployment and the problem of the amount and duration of the reimbursement. It is important to underline that all employed persons or their employers pay each month during their employment an insurance for the case of temporary unemployment which is calculated upon the amount of their salary. However, the current model of reimbursements in the case of unemployment in the Federation of BiH does not take into consideration the participation of the individual in the overall funds but the reimbursement is equally distributed to all in the amount almost equalling the amount of the minimum salary in FBiH. In the countries in the region the reimbursement is linked to the salary of the person who has lost his/her job. Furthermore, it should be stressed that the lower threshold for acquiring the right to a financial reimbursement is somewhat higher in the countries in the region. The lower threshold for the attainment of rights represents a potential problem since the practice has shown that a large number of companies have abused this instrument for the “seasonal” workers having them employed at a part-time job for a minimum period needed to exercise the right to a financial reimbursement (eight months) and terminating their contracts for the time when they realize the stated right.

We also believe that in accordance with the financial possibilities, a social element should be established for the persons who only have a short time before they can realize their right to a pension. Accordingly, we deem that this issue should be harmonized with the countries in the region and the neighbouring entity: raise the lower threshold for exercising the right to a financial reimbursement; introduce several sub-categories; link the financial reimbursement to the user's own contribution; reduce the duration of the financial reimbursement for some sub-categories; enable limitation of the highest amount of financial reimbursement; incorporate a social element for the persons who only have a short time before they can realize their right to a pension.

5.2. STRATEGIC GOAL 2: Efficient integration of unemployed persons in the labour market

The labour market is generally extremely heterogeneous (wages, working hours, locations, etc.) and is characterized by, among other, limited and incomplete information, which makes fast market adaptations impossible, even when the public employment system (PE system) would be able to establish a single labour market.

A solution for two-way asymmetrical awareness (insufficient information of employers on preferences of potential employees and of potential employees on preferences of employers) is the introduction of a third party, which is the potential role of the PE system. However, it has difficulties in achieving this role for several reasons:

- PE system should help all unemployed persons, especially vulnerable groups, so that this is the reason why employers cannot fully trust PE system. On the other hand, PE system needs to help all employers, including also the bad ones, so that unemployed persons cannot fully trust PE system;
- All unemployed persons should usually apply to PE system for the purpose of obtaining allowances, so that registers of PE system also include those persons that employers do not consider qualified for justified reasons;
- High quality job seekers try to avoid PE system, because they believe that they can find a job on their own in an easier way. This additionally worsens the position of PE system, because it is clearer that its databases do not include high-quality staff. Most employed persons (looking for another job) and unemployed persons do not use PE system as their primary source of search for employment;
- Many employers and unemployed persons are in contact through numerous informal channels that represent 'extended internal markets' (workers/employers recommend other workers/employers), which is the widest channel to fill positions, and PE system can barely be competitive with that.

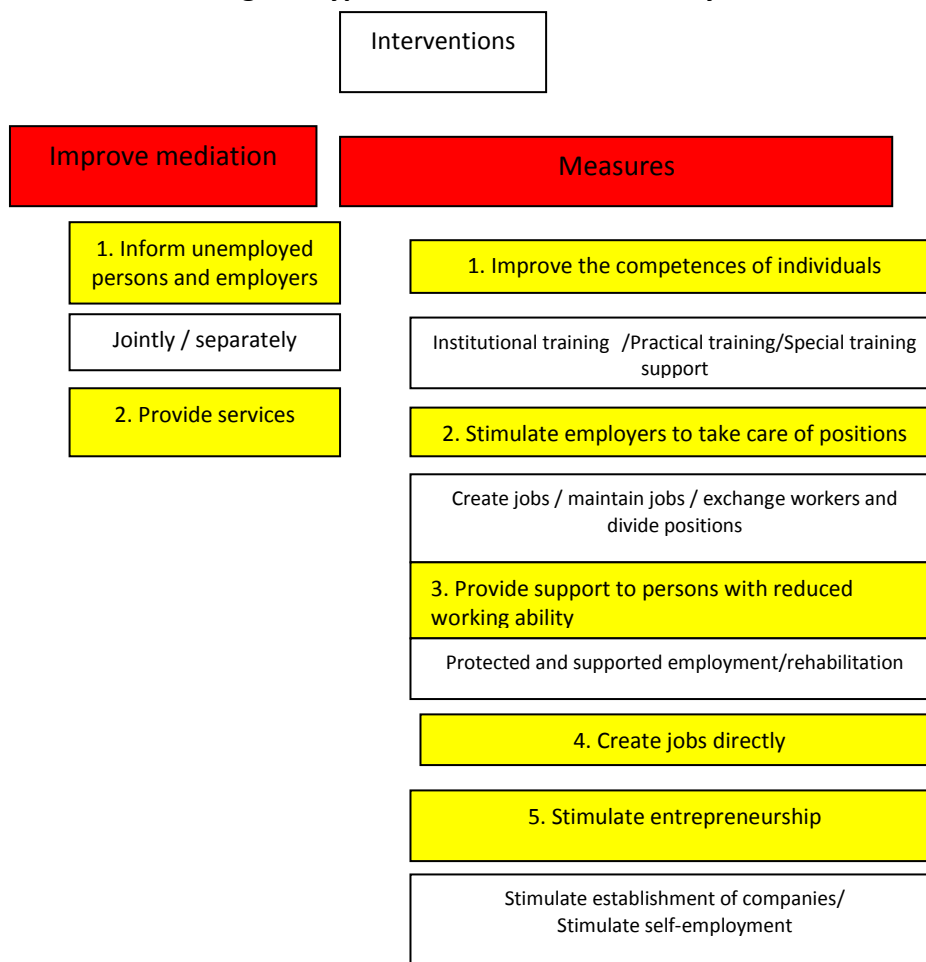
The usual channels of filling positions are: a waiting list and direct application, contacting unemployed persons at the recommendation of employees, agencies (public and private ones), other contacts and newspapers and internet. PE system is usually positioned between the preferred channels (waiting list/direct application and contacts through company employees) and non-preferred channels (newspapers, internet).

As a result of this, PE system is usually seen as the 'last resort' for employers and unemployed persons. However, if PE system acts transparently and effectively, they can gain a good reputation and reduce the effects of the above mentioned challenges.

Many employers express the need for jobs only if they believe that they can find qualified and well-educated workers. Some of them can have a sufficient number of candidates even without advertising. Many employers, and especially MMSP, prefer hiring persons based on a recommendation of someone they trust. A relatively small number of persons rely in general on PE system when searching for employment, independently of the level of development of the country (whether it is a high, medium or low-income country).

PE system as a public service has a specific role in the labour market – free provision of services to job seekers (unemployed persons and persons who wish to change their job) and employers for the purpose of connecting job seekers and vacant positions and contributing to the improvement of the labour market transparency. The labour market conditions have an impact on establishing priorities in specifying goals of PE system. PE system is supposed to find a balance in the achievement of economic and social goals and contribute to a better transparency and fairness in the labour market, at the same time treating harmonization of offer and demand. Interventions of PE system can generally be divided in two big groups. The first is related to the improvement of the mediation function. The second includes different types of measures that group those that improve the competences of individuals, those that stimulate employers to take care of positions, those that offer support to persons with reduced working ability, those that create jobs and those that stimulate entrepreneurship (see image No. 6).

Image 6. Types of interventions of PE system



Provision of services goes from basic services, which are free (e.g. on jobs), over more complex services, for which it is necessary to pay a fee (employment of dismissed workers, outplacement), to sectoral services (helping to set goals for the purpose of finding target groups, as specified in sectoral collective agreements).

Assistance in the search for employment and counselling are used in case of vulnerable groups. In case of groups that can find a job on their own, assistance in the search for employment and services should, at the beginning, be limited to job seeking and counselling services.

Provision of information as a form of provision of services occurs in two forms: (i) general information for unemployed persons and employers (ad hoc information, pointing to employment opportunities, training and other types of support together with mediation information for employers) and (ii) individual provision of information (counselling, etc.). General information services range from ad hoc information and referrals for job seekers to mediation services for employers, whereas individual provision of information is related to provision of advice, assistance in the job search and personal action plan.

Private sector stimulation programs include measures that facilitate finding unemployed persons and other target groups or ensure sustainable employment of persons that are about to lose their jobs. Stimulation programs are related to subsidies for open market positions that hardly exist or could exist without the support of public subsidies and which can be sustainable after the expiration of the subsidy period. In general, these subsidies are applied to the private sector, although the public and civilian sectors are not exempted.

The subsidies are an addition for the work expenses of the employed person, which are usually covered by the employer, although there may be cases when the whole amount is funded through the subsidy.

In case of temporary employment for the purpose of on-the-job training, and it is possible to establish the price of training, this should be included in the training, and not subsidy. In case of temporary, but extendable subsidy without any limits (as long as the specified criteria are fulfilled), this is considered current support and included in *protected and supported employment and rehabilitation*.

Subsidies for opening of jobs are measures that stimulate the creation and taking over of jobs or improve employability through acquisition of working experience and are paid for a certain period. Subsidies may include allowances (bonuses for returning on the job/mobility/transfer, etc.) and be related to full-time and part-time positions. Allowances that aim at encouraging unemployed persons to accept half-time jobs with the continuation

of allowances for unemployment for hours/days when they do not work also belong to this group. *Subsidies for employers to hire new workers* may include special conditions in case of persons with physical disabilities (e.g. a longer subsidies period or additional support for the purpose of adaptation to the job).

The measure that stimulates the maintenance of jobs that are endangered due to the restructuring of the organization or other problems is implemented by paying for the workers or their training (re-training, additional training).

Replacement and division of a job is an employment measure when an unemployed person or a person from other target group is hired for a position that is already covered by a person whose working hours are divided. The replacement of a job means full replacement of the employed person (that is sent to training, maternity leave, etc. and may (not) receive financial support) by an unemployed person or some other person from the target group for a certain period of time. The division of a job means partial replacement of an employed person (that is partially or fully compensated for the reduction of the number of working hours due to the unemployed person or some other person from the target group).

Protected and supported employment and rehabilitation are related to persons with physical difficulties, i.e. provision of allowances to persons with permanent or (long-term) reduction of ability to work. Protected employment is related to employment at commercial companies, with or without public support, of persons with physical difficulties. Supported employment is related to the employment in the usual surrounding, however, persons with physical difficulties are supported through public support (financial or other) to work next to other persons. Rehabilitation is related to measures of professional (not social or medical) rehabilitation that implies preparation for work and development of competences (which may include protected and supported employment or the usual training).

The performances of many programs of active employment policy are generally disappointing (See Table 9). However, the international experience shows that employment services (including career advisory services and different job search support programs, such as training for the purpose of improving the job search skills, activities of job seeker clubs, employment fairs) are the most cost-effective and efficient programs – on the condition that there is a relatively increasing offer of jobs. For this reason, we have defined ensuring an adequate intensity of counselling and improvement of the selection procedure as the first priority for defining the second strategic goal – efficient integration of unemployed persons in the labour market.

Table 9. Overview of active policy program evaluations

No.	Type of program	Program evaluation	
		Cost	Level of effectiveness
1	General PES services (counselling, assistance in job seeking etc.)	Relatively cheap	Highly effective ^{x)}
2	Training	Relatively very expensive	Effective ^{xx} on a mid-term basis, unclear on short-term basis
2a	Training for mass discharges of employees		Generally, no positive experiences (few evidence)
2b	Youth training		Positive and negative experiences; early interventions are more effective; extensive and expensive service packages required
3	Subsidizing salaries (of employees and entrepreneurs-beginners)		Mixed evaluations; should be combined with training; different ways to 'manage'
4	Incentives for employment /business start-ups	Relatively expensive	Effective ^{xx}
5	Direct job creation /employment in public sector	Relatively expensive	Effective on a short-term basis (mixed experiences in longer-term)
6	Public works		Negative long-term effects; they can be socially effective on a short-term basis, particularly at the local level (municipal public works)
7	Support to self-employment		Few evaluations; may be positive for the better educated
8	Support to persons with disabilities		No clear evaluations

Source: Lehmann (2011; Kuddo, 2012), RWI (2005), Jackman and Rutkovski (1994); Card et al. (2010), Angel-Urdinola and Leon-Solano (2013) etc.

'effective' means that the average probability for (re-) employment of program participant was increased

^{x)} *'general evaluation'* means that all studies point to the same result

^{xx)} *'mixed evaluation'* means that some studies determine the effect, and some do not.

Training is the most frequently used form of active employment policy in Europe, but evaluations of its effectiveness are controversial (different time horizons, different target groups, different sectors etc.) and influence the evaluation differences. According to the summary evaluation, short-term effects are negative in several cases, while often irrelevant or modestly positive in other cases. For sure, it improves chances for finding a job, and its effectiveness depends on initial education. It seemingly increases employment possibilities for more promising jobseekers and women, although all studies do not confirm it. One can say that it provides good results if guided by demand i.e. when the needs of employers (lack of certain skills, vacant positions etc.) and the unemployed are well identified. However, one should particularly keep in mind that training must not be a replacement for the education system.

Evaluations of *salary subsidizing* program are very controversial. In order to determine actual net effects, the effects of substitution and reassignment of employees should be excluded from evaluations. There are specific experiences of countries in transition that apparently show that subsidizing is counterproductive if it is focused on supporting unsustainable companies. Its basic features include 'sucking out the budget' through intense spending of tax revenues, disturbing the market competition and non-sustainability of results.

Youth training leads to minor or negligible improvement of probability to find a job. It can be helpful to some; for example, in case of Poland, it provided good results for young people with low education level or those that were unemployed for a short period of time (15% net effect). They barely create new jobs or increase employment (workers are replaced by other workers).

Research shows that *public works* are generally accompanied by negative net effects. However, they can be efficient if designed to support the income of workers with low education levels in undeveloped regions. When it comes to public works, one should keep in mind the geographic targeting (they should be oriented towards poor regions with high unemployment level), that labour prices should be lower than market prices (in order to attract those who are in the most difficult situation) and that they should be focused on people with low education (inadequate for educated workers).

There are very few evaluations of *programs for disabled persons* and therefore a general judgment of these programs cannot be made. However, several studies point to extremely disappointing results.

Similar to training, rehabilitation is not effective on a short-term basis; there is rare evidence of mid-term effects. Rehabilitation is cost-efficient if disability pensions are high and have no time limitations, and if participation in rehabilitation programs is voluntary (although it narrows down the program size).

The majority of program evaluations do not include deadweight losses or substitution of workers on existing jobs. It is not easy to establish groups with identical features among those who participate and those who do not participate in programs. Due to lack of data, econometric methods and surveys on deadweight losses and substitution effects only provide indicative results of programs with high level of uncertainty.

General recipe for success of active employment policy measures includes completeness of service package, orientation on labour demand, connection to actual jobs, careful targeting and achieving the highest level of effectiveness in good market conditions.

Well-prepared active measures can improve chances of the unemployed, particularly those in the most difficult position, in job seeking. Careful targeting is of essential importance here, i.e. targeting measures *on those who are in the most difficult position (who would have many difficulties in finding a job without support programs) and those who will benefit most from the intervention (and it is therefore necessary to carry out program evaluations).*

Having in mind the presented opinions, the development of efficient and active employment measures is defined as the second priority in the context of a better integration of unemployed persons in the labour market in the Federation of Bosnia and Herzegovina. Of course, this cannot be achieved without a significant improvement of cooperation with employers and other institutions – the third priority – by means of the relevant frameworks, such as employment agreements, etc.

However, active measures are ineffective and expensive if they are focused on broader groups. One should particularly keep in mind the law of diminishing returns here – projects can be cost-efficient when they are small, but not when their scope increases.

However, even if they have no impact on the situation at the labour market, active employment policy programs may have positive effects on labour market participants because:

- They increase the well-being as a result of social agreements signed during the participation process;
- They increase the well-being as a result of labour performed through the project in case of public works;
- They increase the skills obtained through a program used in personal sphere.

5.2.1. OPERATIONAL OBJECTIVE No. 2.1: Ensuring adequate counselling intensity and optimizing the triage procedure

As regards the overall operations of public employment services, the fact that employment offices are mediators between unemployed persons, the labour market and education institutions and have an extremely important role, may in no case be ignored. On the other hand, unemployment is not just an economic, but also a political problem, and particularly a moral problem, so that it is necessary to have all this in mind while working with clients of public employment services. It is primarily necessary to define registered groups that are truly looking for a job, and then define those in case of which counselling will have the best effect.

It is necessary to work on awareness raising and informing the users of services about the type of services that can be obtained at employment offices, or do more in relation to the

inclusion of users in an active relation, including all active policy measures in the labour market. Information may be provided through individual information sessions, group information seminars, counselling and media reports on success stories. Unemployed persons must understand that they are also obliged to actively search for a job, since the registration at the employment office is actually a registration for a free use of counselling services and support services, and not just health insurance. Public perceptions according to which persons "wait for" a job at the employment office have to change, just as the lack of willingness of unemployed persons to put their skills to the service of the community by volunteering, which is also a way towards employment by creating a proper network of acquaintances and acquisition of practical skills.

- **Development of a series of counselling services and treatment in compliance with needs of unemployed persons**

PES must ensure various forms of counselling services to the unemployed, the employed persons in the education process (e.g. students) and employers. In their work with clients, the counsellors are faced with personal, social, financial and other difficulties which hinder job seekers in their attempt to be reintegrated into the labour market and the efficacy of the counselling function depends on the counsellor's expertise but also of the mix of policies used in the work with unemployed persons.

The mix of policies must originate from the user's needs. These are defined by the counsellor meeting with the unemployed person at the start of their counselling work. The job seeker and the counsellor define together the activities required to integrate the unemployed person into the labour market as soon as possible. The job seeker is aided in this process by the counsellor and experts from various sectors – services. The unemployed person must be of an impression that the counsellors are trying to find a solution to his problem and not just conduct his tasks. In view of this, the approach to work in the institutes must be based upon the needs of the unemployed persons in line with the following model:

SERVICE USERS ⇒ activities ⇒ services / PES departments.

In order to apply this approach, the counselling work with the unemployed persons should be comprised of seven key groups of tasks:

- Counselling activity 1: Informational seminar – group information collection
- Counselling activity 2: Interview with the counsellor – conclusion of the first application and triage
- Counselling activity 3: Legal counselling
- Counselling activity 4: Development of the plan for job search / self-employment
- Counselling activity 5: Profound counselling (and monitoring of the job search plan implementation)

- Counselling activity 6: Inclusion into the active measures on the labour market
- Counselling activity 7: Group work for the long-term unemployed persons (informational and motivational seminar)

Counselling is the process which begins with the first interview (first application) and continues throughout the work with the unemployed provided the unemployed persons confirm that they wish to participate in the counselling process. During the process, the employment counsellor offers support to the unemployed person by collecting information, making decisions and understanding and the consequences of certain decisions.

The counsellor needs to form a group of unemployed persons for their integration into the labour market and make decisions on the tools and the intensity of using the tools for the specific groups.

Counselling can either be individual or group. Individual counselling is conducted by the employment counsellor or an expert counsellor in which he notably uses the interview technique. A special methodology is used for group counselling. This methodology is used by the majority of developed employment services such as the Job Seekers Club.

The triage is the first step in the counselling process where it is important to define the group for the unemployed person and the necessary types of treatment. The counsellor's task is to recognize the factors that affect employability of a certain person. Having in consideration the limited capacities of the employment agencies, the primary aim of the triage interview is to establish the group of job seekers involved in the counselling process.

The individual counselling is conducted by an expert from the Agency (counsellor). The Agency can also conduct individual counselling for job seekers who do not have the status of an unemployed person⁴⁹.

The result of the initial individual counselling should be a Job Seeking Plan. The Job Seeking Plan is the result of a rational, methodologically drafted analysis of the individual's professional intents, his personal and professional characteristics in relation to the their actual possibility of realization on the labour market. In its interview with the counsellor, the individual must define its desired and personal aims i.e. the acceptable job posts. On the basis of this information and the information collected in the Passport of competencies, a plan is created and its implementation would confirm the unemployed person's commitment to actively search for a job. An integral part of the job search plan is the assessment of personal and professional competencies which represents a system of identifying and documenting competencies of the unemployed persons acquired either in formal or informal education or in practice. The aim is to systematically create the basis for planning activities of the unemployed person, to prepare for his entrance or return to the labour market but also to establish his personal or business orientation in the future and plan for the continuation of education. Depending on the number of unemployed persons that need to be included in this activity, the process is conducted in combination of group

⁴⁹Rulebook on records in employment, Official Gazette of FBiH 24/06

and individual work with the unemployed persons and this will be tasked to the Institute counsellor.

In order to achieve success with the Plan, it is important to conduct regularly the agreed activities. This is established by regular monitoring of the plan implementation. Plan implementation monitoring is a regular counselling activity conducted by the Institute counsellor.

In addition to monitoring the implementation of the Jobseekers Plan, during the counselling process the counsellor also finds adequate job vacancy announcements. If an employer requests from the Institute to directly offer him a selection of candidates, the counsellor will, in cooperation with the Institute Head, refer the unemployed persons to the employer. The aim will be to send as few candidates as possible who completely fulfil the requirements of the employer. This will be affirmed by the final result – employment.

It is necessary to increase the active number of jobseekers (in the counselling process) involved in the active employment policy programs so as to allow the employment agencies to efficiently support the activation of the unemployed and to open new jobs notably through self-employment and provision of support to employers. For this reason, the counsellors need to be informed of the active measures' portfolio available to the unemployed persons and to encourage the unemployed persons to get involved in the measures in line with the set criteria and affinities of the service user.

- **Ensuring adequate counselling intensity for the unemployed in the counselling process**

Number of unemployed persons per counsellor in FBiH is very high, which makes impossible for all of them to receive adequate intensity of counselling services and care with the existing resources of municipal offices and test offices. It should be ensured that counselling activities are only carried out for a number of the unemployed who declared themselves as active jobseekers, and to provide adequate intensity of the work with them.

In order to ensure quality work with the unemployed, maximum of 120-150 unemployed persons per counsellor is proposed. This indicator entirely depends on organization of internal administrative processes. For this reason, the indicator does not require any significant changes in the service.

As elaborated above, it is impossible to provide counselling and care to all registered unemployed persons, because of insufficient resources. Therefore, public employment services should ensure through adequate triage procedure that persons on whom counselling will have the greatest integration effect are directed to counselling. This target group of the unemployed includes those with realistic chances on the labour market, active

jobseekers and those who assumingly will not be able to find employment without assistance from municipal offices.

The triage should be a first step in the counselling process, in order to determine the group that an unemployed person belongs to, what type of treatments the person needs, and to recognize factors influencing the person's employability. In view of the limited capacities of the employment service, the primary goal of the triage interview is to establish a group of jobseekers included in the counselling process. Counsellor conducts a triage interview with the unemployed in order to determine their professional and working abilities. The Rulebook on Employment Records in FBiH stipulates the following to be recorded through individual counselling by the Service (Article 7)⁵⁰:

- a) Working experience;
- b) Skills and personal traits;
- c) Social status;
- d) Professional goals and potential for their achievement;
- e) Willingness to work within or outside of Bosnia and Herzegovina.

Persons who declare themselves as active jobseekers during the counselling process can be categorized in one of the following three groups by the counsellor through triage:

- a) Directly employable persons
- b) Conditionally employable persons and
- c) Less employable persons.

Future activities for a person should be planned in accordance with the above categorization. Key counsellor's skill should be to recognize main features of an unemployed person that are used as the basis for categorization of the unemployed, and each category has special differentiated methods of work or selective service provision. In order to make the right decision, the counsellor must collect maximum amount of key data in a relatively short period of time about formal education, skills and experiences of the unemployed person, and recognize their „employability”, in view of their age, competencies, personal and health restrictions etc.

⁵⁰Rulebook on Employment Records, FBiH Official Gazette 24/06

5.2.2. OPERATIONAL OBJECTIVE No. 2.2: Development of efficient active employment measures

According to 2013-2014 data, active policies in FBiH annually cover approximately 5% of unemployed persons (10,000 out of more than 200,000 unemployed persons), and approximately BAM 20 million i.e. 0.08 % of FBiH's GDP is allocated for this purpose. In most EU member states, financing of active policy programs does not exceed 0.1-0.2 % of GDP (except in EU-10). However, one should keep in mind that the relative size of unemployed and inactive population in (F)BiH is much larger than in EU member states, and therefore we could say that per capita allocations for the unemployed in FBiH are far below the required level.

Active employment policies in FBiH are implemented through the following basic groups:

1. *Employment subsidies* are the most frequent types of active policies; they are used to cut employment costs in companies, and include on-the-job training component; target groups include highly educated young people, elderly workers and demobilized soldiers;
2. *Credit financing of companies for job creation programs* (FBiH); it is performed through loans from the BiH Development Bank for the existing companies, company start-ups and the self-employed in agriculture;

In addition to these, there are two other groups as well:

3. *Training, additional training and retraining programs*; they are performed through centres for information, counselling and training, job seeking clubs and companies etc., and
 4. Co-financing of entrepreneurship and business start-ups.
- **Development and implementation of a participative methodology for development of active measures – V.D.**

Active measures should be drafted in close cooperation with stakeholders (the unemployed, employers, educational institutions etc.) based on platforms that should be prepared by cantonal employment offices in cooperation with the cantonal government.

Employment pacts should be based on previously prepared studies of latent comparative advantages of cantons and, to a maximum extent possible, on corresponding value chains/clusters.

Employment pacts should be preliminarily considered by adequate cantonal authorities, e.g. competitiveness and development councils (in case of Herzegovina-Neretva Canton) that

unify the positions (of advisory nature) of private, public and civil sectors. Management bodies of the employment pacts and their working groups can be formed on this level.

The Federal Employment Service should coordinate activities on establishment of cantonal employment pacts, among other by developing:

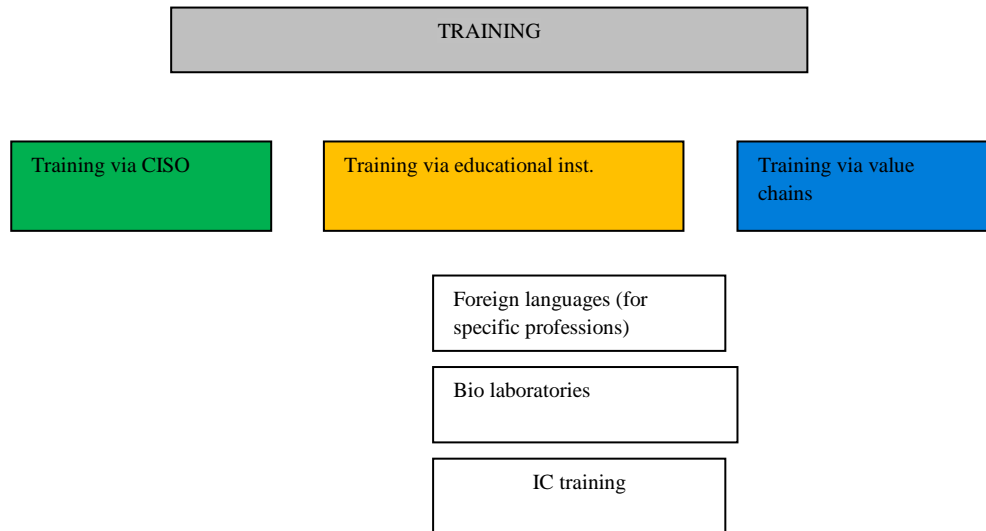
- a methodology for selection of adequate value chains /clusters,
- and by development of an operating methodology of employment pacts.
- **Changing the focus of active measures to increase representation of cheaper measures such as trainings or preparation for work**

Generally, training is the most frequently used interventional active employment policy measure. In practice, this is a very expensive measure and its implementation should be adequately drafted. As a rule, it should be conducted as a:

- a) Very specific training focused on informal education of easily employable categories, practiced to the greatest extent possible via adult education centres and this can be
 - a1) focused on companies; organized in cooperation with the centres of excellence of value chains, clusters, sectors or development poles; such training will mostly be conducted at the potential work place⁵¹) and
 - a2) focused on individuals; individuals may be interested in finding work in value chain companies (clusters, sectors or poles) or in setting up their own companies within the value chains; such individuals would specific training for performing certain tasks or they would get support in drawing up business plans and would thus be involved in the start-up schemes directed towards self-employment.
- b) More general training focused on less employable categories, practiced through formal education institutions. (institutions of secondary, post-secondary non-tertiary education and tertiary education) and
- c) Training of categories which are very difficult to employ which would be practices through CISO.

⁵¹It is important here that PES funds are not used for those who would find jobs anyway, without intervention, in order not to turn the programme into a cash transfer programme.

Image 7. Types of training



As a rule, the cantonal adult education centres would organize various types of informal training for different categories of unemployed and inactive persons. These types of training are supported by the PES and organized by means of public resources available to PES. For example this could be achieved by introducing training programs for IT, electrical and similar university graduates in the period of 6-9 months, as part of their preparation for work-(type (a1) training) or as part of their preparation for their own business management (type (a2) training).

The education programs conducted through the adult education centres should be harmonized with the priorities of the BiH Development Strategy and the BiH Export Growth Strategy for the period 2012-2015 which precisely specify the development and notably the export sectors of (F)BiH economy and support the development of the BiH economy value chains in certain segments of the economy which should consequently correspond with the development and export strategies of the cantons to which they relate.

In its programs, the PES should support training by focusing on (F)BiH development priorities (metal, wood, civil engineering, agricultural and food sector, tourism and information and communications sector) and support training in the *centres of excellence* (which represent a collection of expert knowledge of companies, faculties, NGOs...etc) related to the leading sectors of development and export.

When it comes to trainings through educational institutions, one should keep in mind that many educational institutions offer primarily traditional classroom trainings. PES should support only training programs in accordance with modern training approaches, i.e. to prepare the unemployed and/or employed persons for work in modern, learning organizations (see table 10), because spending of PES's limited funds in other ways would be non-productive.

Table 10: Traditional and modern company trainings

Traditional training	Modern training
Single measure for all	One measure for one
Mostly in classroom	Multiple ways of implementation
Focused on managers	Focused on the organization as a whole
Reactive	Proactive
Solo	Orchestra
Local	Global
Focus on technical skills	Includes technical and 'soft' skills
Mostly 'in-house'	Combines 'in-house' and external resources
Static, rigid	Adaptive, innovative
Leaders are not included	Leaders dictate the tone

Source: developed based on the idea of McKinsey & Company

In this way, PES shall provide significant assistance to companies in FBiH that primarily offer traditional classroom trainings, if any. Also, companies in FBiH are, on average, too small to organize internal trainings. In addition, they largely rely on finding staff on the market, because they believe that they can easily find the needed talents on the market, in the circumstances of mass unemployment.

Namely, educational institutions provide a package of general knowledge, which is not sufficient to employers who require specific knowledge for specific jobs and a specific period of time. The age of globally changing methodologies requires remodelling of jobs every three to five years – approximately ten times during an employee's working life. (F)BiH educational institutions fail to accommodate these changes adequately – which makes teachers, students and employers dissatisfied. Eventually, the society invests capital and gets unemployment.

The PES would support the training of the most difficult labour force group to employ with training programs focused on these categories and they would be conducted in special education institutions and through CISO centres (the existing and the ones which will be set up in the remaining number of cantons).

- **Importance of establishing and developing adult education centres**

What (F)BiH especially needs are organized *centres* for education of adults which would act as links between the educational institutions and companies. They would be directed at providing additional qualification, re-training and job preparation.

However, adult education in (F)BiH is usually understood as acquiring specific vocational training (notably in civil engineering, forestry, textile industry, metal industry, catering...etc) but in the context of this strategy, adult education is seen as an instrument of professional development and (self)employment or (self)employment in a more adequate place (in accordance with the acquired competencies).

Nevertheless, each adult should have an opportunity to gain additional, informal education through new, specifically created educational programs whose design would be based on the lacking, deficit professions. The educational programs would be directed at qualification, additional qualification and re-training of labour force.

In view of this, it is important to launch activities regarding the legislative framework in FBiH which would adequately treat this objective.

It is essential to create an adequate legislative framework in FBiH which would ensure recognition of informal education. When a person gains certain qualifications, for example through training centres, it should be valorised and should allow career developments for the person.

It is necessary to adopt an adult education strategy both on FBiH and cantonal levels in order to set out the targets (operational objectives) to be followed by the PES.

- **Re-designing support to entrepreneurship development and MSME**

Program mechanics of the Integrated Centre System for Incubated Development and Consulting with regard to those with potentially highly marketable skills can be shown in the following example:

- An unemployed person registers for a training for programmers in the Education and Training Centre (the training is supported by the existing program, although it would be even better to design a special training program for programmers)
- Upon completion of the training, the unemployed person:
 - Finds a job in one of the private companies that conducted the training program
 - Attends additional training in development of a business plan, in order to start own business (with the assistance of the existing business start-up program and/or with the support from a risk capital fund that cooperated with the relevant employment pact).

Table 10. Activities of business incubators

	Classic	University	Niche	Accelerator
Program	Space, equipment, experts, staff	Equipment and staff	<i>Equipment, advice</i>	<i>Advice, capital</i>
Cost	Payment of services	Free of charge (for students)	<i>Payment of services (or a share in capital)</i>	<i>Share in capital (6 %, for obtained 18,000 US\$)</i>
Exit	3-5 years	Upon completion of the study	<i>3-5 years</i>	<i>13 weeks</i>
Examples	Cambridge innovation centre, Techcolumbus	Arch new business incubator; Darden centre for entrepreneurial leadership	<i>Blue ridge food venture; Sparkseed</i>	<i>Techstarst, Y combinator</i>
Best for	Beginners generally or in the business	Students during the summer or throughout the year	<i>Beginners who need special instructions or equipment</i>	<i>Support from experienced mentors</i>
How it operates	PI-companies pay 250-1,100 US\$ monthly per person	Scholarship and mentorship		

The employment pact should promote niche incubators and business accelerators in the perspective. In this way, unemployed persons (or employed persons who wish to start own company) attended a special training program (which would approximately last 13 weeks, as indicated by the existing programs of the kind: see Table 11) in business plan development. The related plan would then be presented at specially organized events (that would be organized 5-6 times a year) to representatives of a risk capital fund and, if the business idea and program were successful, they would receive financial support.

Selection of such staff, a well designed training and properly established links with risk capital funds (in the perspective, financed (also) with PES funds) would promote activities of the state-of-the-art business incubators and business accelerators and establishment of gazelles i.e. companies with the largest employment capacity.

With such approach to employment, the Federal Employment Service would gain significant reputation capital, thus contributing to development of knowledge-based industry, economy and society. Without such agents of change, (F)BiH will not get out of the 'medium income trap' and become a high-income country, i.e. country of well paid employees who contribute to creation of a product with highly technological contents.

- **Improvement of activation measures against vulnerable groups – women, youth etc.**

In view of the size of inactive population (4.6 times larger than the population of the unemployed), where a special place belongs to young „discouraged“ people, PES needs to pay special attention to activation policy.

Activation policy as a consisting component of an active policy helps the inactive and jobseekers, particularly vulnerable groups, to become more active in inclusion in the labour market, job seeking and improvement of employability⁵² of the inactive and unemployed, including investments in own skills.

PES's function has changed with time, partly because the concept of lifetime employment is gradually disappearing, accompanied by an increasing need for labour force mobility. Accordingly, *PESs assist individuals to take care of job seeking and development of their skills on their own – which is the essence of activation policy.*

Activation policy improves personal, social and professional skills of individuals and helps them plan, develop and implement individual professional plans. The following is practiced within this process:

- Counselling and assistance in job seeking
- Training (e.g. over several months)
- Subsidizing (e.g. subsidizing private employers in the amount of app. 50% of minimal wage; for 6-9 months)
- Direct job creation (e.g. temporary employment in the public sector, usually for 6-12 months).

ILO proposes undertaking of special policies aimed at resolving the issue of inactivity and unemployment of youth, which include economic and sector policies, active labour and employment policy, regulating working conditions and social welfare for youth, social dialogue and partnership for unemployed youth and support to information systems and labour market analyses.

Economic and sector policies are aimed at job creation, and active labour and employment policies are aimed at job creation incentives (promoting entrepreneurship, SMEs and cooperatives, municipal public works and alike), linking educational institutions and labour market and providing training support.

⁵²Employability means one's ability to assume a job. The term was developed in the European Employment Strategy, and EU member states have developed it since 1997.

Regulation of working conditions and social welfare of youth pertain to improvement of the position of youth (they usually receive lower wages, work longer under more difficult conditions) and their inclusion in formal economy (youth often works in grey economy).

Social dialogue and partnership seek linking of the government, employers and trade unions, in order to create youth employment programs and projects, for instance through employment pacts with development poles /value chains.

Support to information systems and labour market analyses require data collection, processing and dissemination, particularly for the purpose of conducting analyses, which is a precondition for implementing evidence-based youth employment policies.

- **Monitoring and evaluation of active measures on cantonal and Federal PES levels**

Following the evidence-based policy, PES should establish a clear management structure, quality assurance mechanisms and monitoring and evaluation (M&E) strategy based on impacts, in order to increase the efficiency of active measures and programs and ensure better use of public resources.

It is necessary to make strict and independent measure impact evaluations that would show the level of efficiency of different measures.

Among European countries, Sweden is especially known for M&E implementation. It conducts evaluations of each program every 3-5 years. Practice includes development of M&E plan, establishing implementation resources and potential political implications.

Data that Federal and cantonal PES and other public authorities (primarily tax offices) dispose with should allow for identification of output variables of active measures (programs, interventions and alike) in terms of their influence on 'reducing the list of compensation beneficiaries', employment and salaries,⁵³ in order to evaluate the measure impact. This can be mathematically stated as

$$B=C+tS$$

Where B – stands for total benefit of the implemented measure, C-support to unemployed person, t- tax rate for salary contributions and S – salary in a period of five years following the measure introduction.⁵⁴

⁵³One should keep in mind that the programme (of measures, interventions and alike) may increase the level of employment with lower salaries, just like it may slightly increase employment with higher salaries etc. It is important not only to consider primary, but also secondary effects of a programme – employment increase in aggravated working conditions etc.

⁵⁴This is the basic formula that should be modified in order to consider specificity of individual measures and make corrections if compensations are taxable, and for the leisure effect (L), i.e. preferring unemployment with compensation against earned wage (in which case, positive effect on FBiH budget would be made if $B-L > C+tS$)

In order to implement active M&E measures at cantonal and FBiH levels, adequate framework should be established. It should include three elements:

1. Existence of employment strategies with key indicators for the relevant time period (unemployment rate, employment rate and alike)
2. Defined active measures by cantons and at FBiH level
3. Defined measure evaluation methodology.

Cantonal and Federal PES should have monitoring and evaluation plans. Each program should have a budget item for M&E. It is particularly important that M&E is implemented by independent research/consulting companies that would especially focus on finding outcomes, instead of output variables.

As a rule, key implementation monitoring indicators include number of visits to the local office, number of registered jobseekers, number of participants in programs of active measures, and number of people employed through PES in the relevant time period. Key quality indicator is satisfaction of jobseekers and employers with measures/programs implemented by PES.

As a part of program evaluation, it is particularly important to evaluate direct and indirect costs of a measure /program/intervention) (time spent by participants, time spent by administrators and financial cost of the treatment (costs of an unemployed person who participates in the project, including per diems, transportation costs and compensation).

5.2.3. Operational objective No. 2.3: Improve cooperation with employers and other institutions

There is a need for PES to improve their cooperation with employers. Although a number of employers have positive opinions about PES and want to employ its clients, there are also many employers who are suspicious about persons sent by PES, but they also have doubts about the role of PESs (Larsenet. al., 2011, p. 7). The latter feel that it is very difficult for PES to separate motivated and unmotivated jobseekers. In the opinion of employers, candidates sent by PES mostly lack motivation and confidence (which is particularly reflected on the service industry).

A large number of employers view PES as the last resort. The most important positive employment references for a (incompetent) job seeker are references from current employer, previous employees and previous employer; however, according to Larsen et al (2011, p. 6), references from PES are less relevant.

In some countries (Belgium, Czech Republic, Finland, Hungary, Luxembourg, Montenegro, Norway, Poland, Romania, Serbia, Slovenia and Sweden), employers are legally obliged to register all vacancies via PES (Kuddo, 2009, p.15). Assumingly, the larger the market share, the more opportunities will PESs have to make contacts and talk to employers. In many countries, PES share on the labour market is very low; average labour market share of PES in EU-27 is 52 %, while it is estimated that PESs announce less than 40% of job vacancies at the state level. Only PESs in Norway, Latvia and Romania estimate their market shares to be between 80-100 %.

Compulsory vacancy reports did not always prove to be successful, as the EU member state practice has shown, given that companies view it as an administrative pressure, and it does not increase the level of confidence in PES (Kuddo,2009, p.15).

One of the reasons why the employers' legal obligation to report vacancies via PES has not been overly efficient is because companies have other employment channels. Newspaper vacancy announcements, informal announcements and direct applications via companies' websites do not imply PES's involvement. Besides, even countries where employers have a legal obligation to announce vacancies via PES no longer have monopoly over mediation in employment, which means that the vacancies can be announced via private employment agencies as well.

Information about employers' needs is necessary in order to ensure efficient work of PES. However, almost half of PESs are in contact with less than 20% employers in their country /region (Mierina,2008). The reason behind such situation is in a deeply rooted opinion among employers with regard to types of services and candidates that PESs can provide. Therefore, the priority for the majority of PESs is to contact as many employers as they can. In some countries (Sweden, Netherlands, Canada, United Kingdom, Finland), PESs changed their way of functioning, and made employers their priority instead of jobseekers.

For the development of efficient and active employment policies, in addition to cooperating with employers, public employment services also have to develop a close cooperation with other institutions. This primarily involves educational institutions, education and training centres, private agencies, international organizations, etc.

- **Development of employer cooperation mechanisms**

The most efficient traditional tool for establishing contacts with employers is to visit companies. Although it is the most time-consuming and most expensive, many PESs organize regular visits to companies and emphasize the importance of regular face-to-face contacts and close dialogues with the employers. Many PESs find telephone calls to

employers to be the second most effective way to advertise their services (Mierina, 2008).

Public employment services in the Federation of Bosnia and Herzegovina should approach the improvement of cooperation with employers based on the cooperation between the Head of the Employment Mediation Sector at the Cantonal Service, in compliance with set goals for the Federation of Bosnia and Herzegovina with the coordination of the Federal Employment Service and in compliance with the distribution of work and clear distribution of duties in opening new channels of communication and cooperation.

Having in mind the fact that the mediation function, as a key measure of an active employment policy, has been ignored for a long period of time, employers see employment services primarily as social institutions. It will thus be necessary to make considerable efforts in relation to the promotion of the new activities of employment services and changing the image of the whole service.

Some of the activities to be implemented with the goal of improving the cooperation with employers are:

- Introducing agents (counsellors) in charge of establishing a cooperation with employers, whose success would be measured primarily based on the number of gathered mediation ads, since that is a measure of the established trust and professional relationship. At some cantonal services, there are teams of people dedicated to both jobseekers and employers, while in other countries there are separate teams for each category. When counsellors are in one team, they must deal with both employers and jobseekers. On the one hand, this provides flexibility to PES organization but, on the other hand, guiding jobseekers is very time-consuming and reduces accessibility to employers. The main advantage of specialized work with employers is in the higher quality of provided services⁵⁵.
- It is necessary to prioritize employers due to limited resources at public employment services. Not all clients are equally important to PES. Generally speaking, employment services feel that employers that do not require intensive convincing to work as partners and to receive jobseekers that require biggest help should be prioritized. The majority of PESs give priority to large employers because they have higher labour force demand. Of course, small and medium-sized enterprises should not be neglected, because they benefit most from HR support,

⁵⁵ Austrian PES employs 250 people specifically trained to work as counsellors to companies, who provide services to employers free of charge (OSB Consulting GmbH/SEOR, 2008). Also, ACTIRIS, PES for Belgium/Brussels developed a specialised service for employers (OSB Consulting and Synthesis Forschung, 2009). It is consisted of a contact centre, which receives all incoming contacts, and an audit department, which actually provides services (information about active measures, assistance in preparing job descriptions and primary selection of candidates).

i.e. this category accounts for the largest number of fast growing enterprises that generate a significant share of new jobs. In some countries, PESs are adjusted to particularly important industries.

- In order for employers to find the right candidates, public employment services should adapt their tools to them, such as the use of text messages or e-mail notices. Internet tools are becoming more and more important, but the combination of different channels used is more important than channels themselves, such as: internet portals, call centres (that are sometimes the “big door” to accessing the services of public employment services), face to face, etc. the experience related to the support provided to employers in order for them to use electronic means of communication has proven successful in most countries.
- In addition to this, it is necessary to organize activities for additional networking with employers, such as employers’ week, fairs, fast meeting with potential clients, networking by means of the mass media, annual awards for best employers, target visits, but also development of activities such as consultancy and prevention of (collective) surplus of employees.
- The establishment of an e-portal for monitoring the needs for employment, where employers would enter the needs (ads) in a simple way, which would then be published on the portals of public employment services and blackboards of employment offices.
- The improvement of the annual survey on employment plans that would also include heads of employment offices and advisors, by conducting deep interviews with 20% of selected employers that cover 80% of new employments in a year (including public sector employers). For employers, it is necessary to assess the current and future labour force demands. Then they can adjust their policy to the staff, in order to handle the lack of employees. In addition, authorities can develop effective measures to reduce the current shortfalls and prevent future ones.
- Public employment services have an important role in assessing and reducing the deficiencies and qualitative differences. The best approach in collection of relevant information is to use several instruments simultaneously (mid-term and/or short-term multi-level forecasts, employer surveys, interviews with companies, focus groups consisted of experts from sectors or companies, surveys among high school and university graduates, forecasts or scenario studies, sector studies).
- Establishing cooperation with sector associations of employers for the purpose of organizing joint information seminars and promotions of the new way of cooperation between employment offices and employers, which also includes expert assistance to micro employers in selecting unemployed workers.
- As regards medium-term activities, the plan might foresee an approach to developing a territorial employment pact in the region as the umbrella frame for creating partnerships that would, in compliance with best EU practices, define key

problems and steps to be taken by employers and public services and other institutions that impact the functioning of the labour market over the coming medium-term period (educational and training institutions, business centres, municipal administrations, etc.)

○ **Establishing employment pacts**

Improvement of cooperation with other institutions and promoting *employment-centred policies* should be done within an adequate framework. For this purpose, the most appropriate framework is the one related to employment pacts based on value chains of a region /canton. Employment pacts are compatible with the European Employment Strategy, and are used in EU member states, particularly Austria. They are also successfully used in European countries in transition.

Mass inactivity and unemployment in FBiH cannot be significantly reduced, and the objective of full employment cannot be achieved if an individual institution deals with inactivity and unemployment challenges.

It is sufficient to keep in mind that mass unemployment represents, among other things, a systemic reason for dysfunctional market economy. From the systemic reason to analysing of the need for implementation of structural economic reforms and linking of economic policies, educational policies, employment policies and alike, the conclusion is that a broad spectrum of institutions, policies and instruments need to be included in resolving the issue of unemployment, focusing on the public employment system.

In (F)BiH conditions, employment pacts are based on introducing value chain policy (in the perspective, a policy cluster) in the regional policy and its vertical and horizontal adjustments to entity-level and cantonal policies.

Employment pacts are an adequate instrument of social dialogue, i.e. an instrument for defining the interests of the government, employers and trade unions at regional/cantonal levels.

Also, by aggregating positions of individual employment pacts at the entity level, the Federal Employment Service can productively contribute to activities of the Social and Economic Council of FBiH through the council's commission for tax system, employment and social policy.

Objectives of the employment pact establishment are:

- Encourage regional and local subjects to analyse their specific situation on the relevant labour market, to jointly decide on the most adequate strategy for reducing

the inactivity and unemployment in the relevant region/canton and to act in accordance with the strategy;

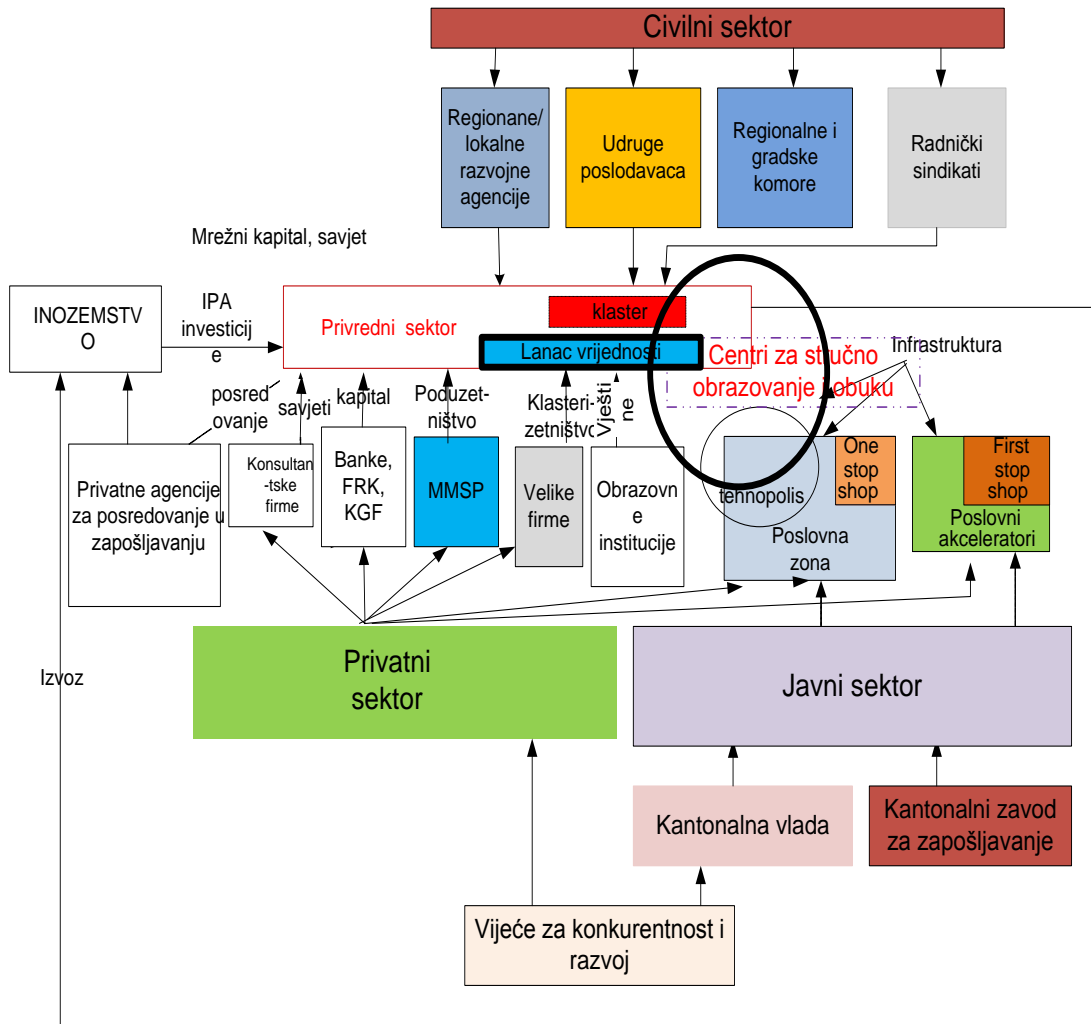
- Link labour offer policies of the public employment system with the entity-level and regional structural labour demand policies;
- Create sustainable jobs by increasing the productivity (competitiveness) and export of (F)BiH and cantons/regions;
- Improve the effectiveness of subsidies and grants, primarily through their coordinated allocation, and their return rate through taxes and contributions;
- Improve the level of activity and employment of women and youth through adequately designed policy measures, and
- Build a sustainable structure of the pact, which allows for continuation and development of new and innovative projects, focused on attracting IPA funds and direct foreign investments (in the perspective).

The employment pact model (Image 7), to be used for establishment of individual employment pacts adjusted to specificities of regional clusters of value chains and their institutional environments includes the following constituents:

- Basic platform at the cantonal/regional level,
- Management bodies and
- Working groups.

The basic platform includes contracting parties (cantonal employment service and cantonal government) and the main partners (employers' associations, trade unions, local and regional development agencies, educational institutions and different private sector institutions, local /municipal authorities etc.).

Image 8. Employment pact



Management bodies include representatives of contracting parties and the main partners. Working groups deal with specific issues, e.g. employment of women and youth, activating inactive persons etc.

A desirable precondition for establishment of an employment pact is a plan document, which includes harmonized views of labour market challenges. This is important because potential actors may have different views (and different interests) of labour market challenges. Existence of harmonized views is also necessary because some actors may only know fragments of relevant information, and therefore there should be a joint database within the employment pact, in order to evaluate activities of individual actors more easily.

The employment pact should coordinate labour market active policies and public funds as sources of financing for such active policies. This is even more important because cantons mostly do not have any strategic development documents (strategies of economic development, development of individual sectors, employment, education etc.; in the best

case, they have SME development strategies) or bodies that would coordinate development and monitoring of those strategies, such as the Development Programming Institute at the FBiH level or the Directorate for Economic Planning at the BiH level. Some cantons, for instance Herzegovina-Neretva Canton, issued decisions on hiring of an NGO (specifically, Entrepreneurship and Business Association LiNK Mostar) to serve as the canton's planning unit, which is a good-quality step, but the decision has not practically come to life yet.

With the lack of planning culture, and particularly development flow modelling, the employment pact is even more useful, because it can contribute to review and resolving of unemployment issues in the broader development context, which includes regional competitiveness, business support and planning of education and training.

Employment pact should contribute to establishment of flexible institutional frameworks for drafting and implementation of an active employment policy. Such view is based on the existence of a clear economic content (a company incorporated in the value chain, in a cluster in the perspective) within the flexible institutional framework (association, alliance, network and alike), consisted of institutions of public, private and civil sectors that provide inputs in the form of financial capital, network capital and advice.

Employment pacts should be the main instrument in the implementation of FBiH employment policy. Contrary to the top-down employment policy, employment pacts would be established as bottom-up instruments for implementation of these employment policies.

Issues that individual employment pacts should consider include:

- Who will control the budget of the pact (the pact, individual pact members or a combination of the two)
- How to measure pact's achievements
- How to resolve gender issue and youth issue
- How to include non-governmental organizations and alike

Cantons should review comparative advantages of their business sectors, and see what leader companies exist in those sectors. It is then important to support the establishment of value chains with policy instruments, and excellence centres would be formed around them for related value chains /clusters.

They would represent mobilisation points for the most creative human resources of the city (distinguished experts in practice, scholars from nearby universities, experts from other canton organisations), that would serve as a flywheel in development of the region, with small companies gradually clustering around it, and the value chain would grow into a

cluster. Gazelles would be formed within them, i.e. small and medium-sized transnational companies that represent the *main sources of employment growth in economies*.

Cantons/regions must develop their business environment, because it makes them attractive to investors and innovators, and the cultural climate, which makes them attractive to the creative class. If there are innovations and investments, productivity goes up, sustainable jobs are created and they increase export, employment and prosperity. A modern economic growth is the one based on technology and culture, i.e. innovativeness and creativity.

Knowledge-based cantons/regions have strong universities, business incubators, excellence centres/technopolises, critical mass in high technologies and knowledge-based companies, strong supporting professional services (accounting, legal services, investors) and government agencies and other institutions that support technological progress and creativity.

This is the path, with the initial steps indicated, for turning current defective development policies of cantons into effective development policies. It requires turning of the existing development model based on spending stimulation into a new development model, based on production stimulation, which would be value-chain-guided development, aimed at sustainable job creation.

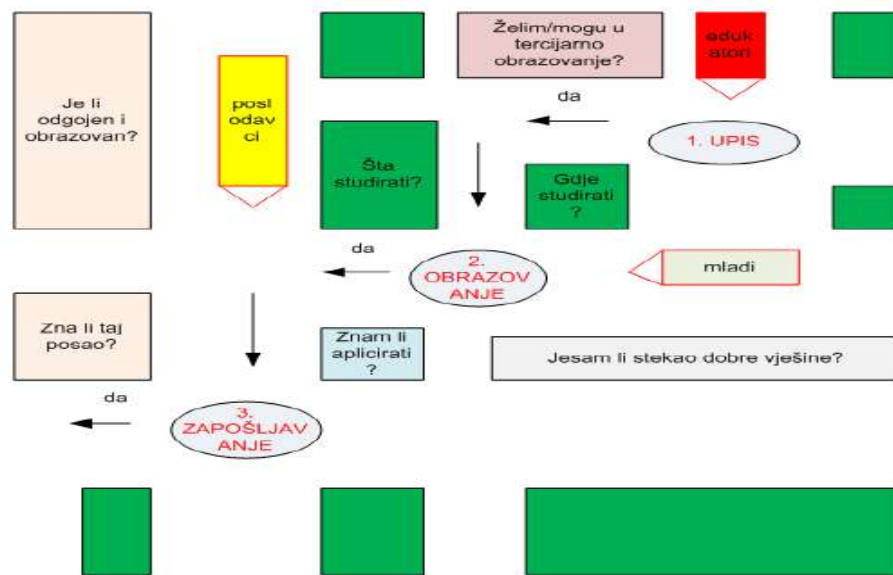
- **Improve cooperation with educational institutions**

Without a thorough education sector reform, (F)BiH cannot get out of the „medium income trap“ and become a country with high income, which makes highly sophisticated products and hires highly qualified labour force for that purpose.

Key element of good education programs is cooperation between schools and companies: (i) educators and employers enter each other's worlds (companies assist in development of curricula and offer their employees to serve as educators, while schools send their students to spend half of the time in companies and ensure employment guarantees) and (ii) employers and educators intensely work with students from the very start of the education process.

The easiest way to describe education for employment is by imagining three vehicles (youth, educators, employers) that must drive through three crossroads: (i) enrolment in a school /university, (ii) obtaining skills and (iii) finding a job. Any vehicle can make a mistake on each crossroad and go into a wrong direction (see the figure).

Image 9. Education to employment



Source: adapted from Mourshed, M., Farrell, D. and Barton, D., 2012 *Education to Employment: Designing a System that Works*. New York: McKinsey Centre for Government

It is of extreme importance to include secondary education institutions, particularly vocational schools, in employment pacts,⁵⁶ because they do not provide adequate training or contribute to decreasing of the gap between skills and market demand. Quality of teaching classes is low, curricula are not updated, number of practical classes is small and there is no satisfying level of support to students from school career centres. One of the reasons behind such situation is in low investments in equipment and practical training, because almost entire school budgets are spent for salaries and other operating expenses.

Formal links between schools and companies are not developed. Schools do not ask employers about their opinion with regard to human resources, i.e. which, what kind of resources and how many do they need. Quality practical classes cannot be provided to students and, generally, they are mainly provided through informal connections and good will of teachers and company managers.

When pupils complete secondary schools, the link between them and the schools no longer exists. Therefore, schools cannot tell with confidence whether their graduates find employment at all, not to mention where, how and to what extent. Therefore, they do not

⁵⁶People with secondary education account for the largest number of population able to work, labour force and employees. Around two thirds of labour force completed secondary school. Therefore, one should particularly keep in mind the role of vocational education, as a dominant part of secondary education. Of the total number of secondary school pupils, those attending vocational schools account for app. three thirds (the remainder accounts for grammar school pupils, and a small number of pupils from art and religious schools, and pupils with special needs).

receive any 'feedback' about their performance, and are not able to innovate their curricula. Employment pacts would significantly contribute to elimination of these shortfalls.

- **Cooperation with education and training centres**

From the perspective of active policy programs of public employment services, central part of the employment pact consists of centres for professional education and training.

The lack of skills, which thoroughly undermines the (F)BiH's export potential, can be mitigated by *organizing trainings in excellence centres as consisting parts of employment pacts*, with engagement of experts from educational institutions and local and international companies. Training centres would have a special role there, to conduct trainings (and then employment and/or own business start-ups) supported by employment offices through the existing⁵⁷ and particularly through specially designed programs.

Training programs would especially deal with the issues of tacit knowledge transfer, which is best shared and developed in face-to-face contacts and relations based on trust, because pupils and students, as a rule, do not have the opportunity to acquire this kind of knowledge during their school education.

In addition to individual-based knowledge, acquired in schools and universities, company-based knowledge should also be developed, which can only be obtained in those companies and transferred from one company to another. Modern organizations are learning organizations that also obtain knowledge through company-to-company trainings (which account for around one fifth of obtained knowledge in contemporary societies).

MSMEs in general, including MSMEs from (F)BiH do not gladly outsource trainings, and their internal education/training is insufficient. They are usually viewed as expensive, as something that requires 'a day off', and not as a productive investment, which requires perception of learning as a consisting part of employee's working hours.

Given that trainings are relatively expensive and that employers are not willing to finance them, it is essential that F(BiH) acts as an integrator with its cantons and to support linking of schools and companies through certain forms of training on value chain level. There are excellent experiences from South Korea and Morocco in this regard.⁵⁸

⁵⁷These are programmes of support to the Integrated Centre System for Incubated Development and Consulting, programmes of preparation for work, programmes for co-financing of youth self-employment „Youth Entrepreneurship“, „30+ entrepreneurship“ programme.

⁵⁸In 2005 Programme, Moroccan Government selected car industry as one of the priority sectors for improvement of competitiveness of the country's export sector. In order to develop supplier base for the car industry, the Government hired Renault to build a factory and establish an *Institute for training of professional car industry employees* in 2011. It provided the initial capital, and Renault developed a curriculum and trained

In view of different levels of economic development and value chains in cantons, from the aspect of ownership and management, centres for professional education and training are organized as institutions of the private sector, public sector, and public-private partnership institutions.

It is particularly important to link the training programs with perspective value chains (in the perspective, with clusters). In case of economically more developed cantons, some centres will specialize in trainings in certain sectors /chains /clusters, e.g. sector/value chain /cluster of metals (more specifically, iron and steel, aluminium, wood...etc) while some of them will be more general, because the relevant canton (still) does not have a differentiated economic structure.

Special support will be provided to private and public-private centres for ICT and software production i.e. trainings, because ICT became the infrastructure of a contemporary economy and contemporary, knowledge-based society. Each canton will inevitably – the sooner, the better – have to support this kind of centres, while employment offices will have to support training programs of those centres.

- **Cooperation with private agencies**

More intensive inclusion of the private sector into the market service provision (training, mediation...etc) should be an integral part of the PES operational development.⁵⁹ One of the reasons for this is that the inclusion of private institutions alleviates the pressure from the budget and provides a wider spectrum of possibilities and options for a wider circle of clients.

Notably, it is expected that the private agencies as small, flexible and adaptable institutions can serve as a mediator in establishing stronger links between local and international labour market players.

Private employment agencies (PEA) are still not developed enough in FBiH. However, it is expected that until 2020, their development will gain a faster momentum in line with the views of CIETT. (International Confederation of Private Employment Agencies;) (See Image 10). In view of this, it is important that FBiH incorporates into its legislation the provisions of

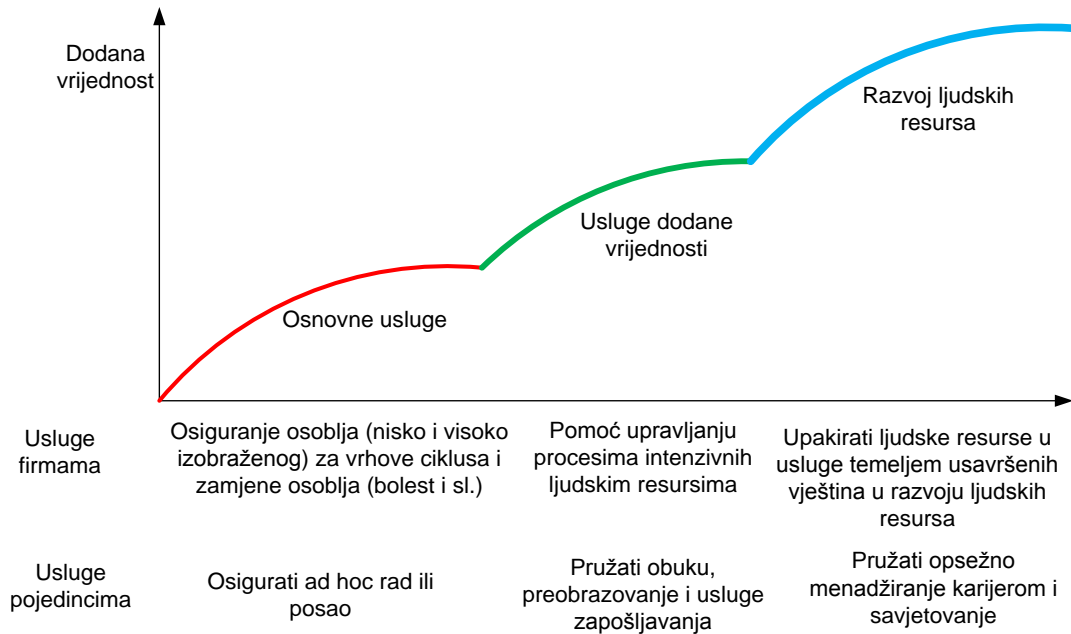
instructors. The Government will subsidize expenses of the Institute until 2014, and then the companies will continue. Renault will train 6,000 employees by 2014, and then it plans to train 30,000 SME employees, i.e. employees of 125 Renault's suppliers.

⁵⁹There is a clear trend of introducing private organizations into the field of employment mediation in the countries in transition – these range between 50 organizations in smaller countries (Slovenia, Latvia) to over 2000 organizations in larger countries (The Check Republic, Poland).

The Netherlands is an example how a complete tender model can be applied where the target population (the unemployed) are directed towards external services while the public employment system had stopped providing traditional services to the unemployed. The public services are used for the payment of benefits and as guardians of the quasy-market. Moreover, from the 1990's Australia had began providing services by tendering them from private and NGO organizations.

the ILO Convention no.191 and the Recommendation no. 188 as well as other international standards relating to the relations with PEA.

Image 10. Expected development of PEA



Source: adapted from CIETT. 2000 *Orchestrating the Evolution of Private Employment Agencies towards a Stronger Society*. Brussels: CIETT.

Article 13 of the ILO Convention no. 181 (1997) promotes cooperation between public and private employment agencies. Paragraph 17 of the Recommendation 188 (1997) lists the following measures of cooperation:

- Collecting information and using joint terminology in order to improve labour market transparency (providing information on the conditions and development of labour market; exchange of data base on unemployed persons, information on the means of finding adequate workers, presentation of lists of private agencies for the websites and other PES sites)
- Exchanging job announcements
- Launching joint projects (joint organization of training, fairs...etc)
- Concluding contracts on performance of certain activities e.g. integration projects for the long-term unemployed persons
- Staff training
- Regular consulting in order to improve the professional practice.

The joint activities may be of commercial or non-commercial nature. If they are commercial, the cooperation will not include spending of public funds on service provision.

The relations between the PES and PEA will be reflected through:

- Cooperation (in the area of collecting and using information, fundamental mediation services, joint training organization...etc)

- Supplementation and
- Competition.

The cooperation should be based on regular communication. In view of this, it is important that PES hold regular meetings with the association of private employment agencies on entity and cantonal levels.

- **Cooperation with international organizations**

The Federal Employment Service and cantonal employment services should continue and intensify cooperation with international institutions, such as the World Bank, International Labour Organization, International Organization for Migration, UNDP, US Agency for International Development, the Swiss Development Cooperation, German Society for International Cooperation, EU Delegation to BiH and other international and national organizations and development agencies.

However, it is important to underline that international projects sometimes do not contribute to the overall development of the PES capacities. As the PES Action Plan notes, it is considered that the employment agencies “aid their implementation” i.e. help the implementation of the projects although it should be the other way around and the impression is that the projects are implemented for the sake of the projects which should not be the case.

In order to avoid such situations in the future, the international organizations should be asked *to participate in the implementation of the institutional development strategy* i.e. this document. This way, a synergy effect will be created through cooperation with international experts while institutional development will gain an international dimension and will attract necessary funding through the projects. It is essential to make a priority list of projects and assess the ones which will truly contribute to the institutional development and only accept participation in such projects.

Public employment service should pay special attention to strengthening of regional cooperation (on the Western Balkans level) within the EU's Instrument of Pre-accession Assistance (IPA). While BiH has the status of potential candidate, this would contribute to intensifying cross-border cooperation, creating cross-border networks and partnerships, and development of joint activities aimed at revitalizing the economy, environmental protection and strengthening social cohesion in areas covered by the related programs. Also, it is necessary to support employment in rural areas through IPA component for support to agriculture and rural development, by stimulating employment through rural accelerators.

In this regard, a Department for International Cooperation should be established, which would encourage cooperation with the same and similar institutions and organizations, continue and maintain the initiated cooperation, organize international conferences,

workshops, seminars and other international events in the territory of FBiH. The department would provide support to other departments of the employment office in international activities.

- **Cooperation with other private sector institutions**

There is no development of gazelles, i.e. strong growing MMSP without an adequate financial support. It is thus necessary to ensure the participation of relevant financial institutions and instruments within the employment package.

It is of particular importance that public employment services improve their cooperation with financial institutions. In addition to the cooperation with the Development Bank of the Federation of Bosnia and Herzegovina in relation to the purpose-earmarked deposit, employment services should develop a cooperation with credit and guarantee funds, risk capital funds and business angels.

5.3. STRATEGIC GOAL 3: Developed capacities of the office in accordance with new work method and developed reputational capital

In order to implement the two previously elaborated strategic goals, it is very important to continuously work on capacity building of public employment services and create a positive media image of public employment services as a competent and reliable partner in the labor market.

A greater focus on the advisory function of public employment services implies previous performance of the following groups of tasks and duties:

1. Employment mediation – in terms of staffing vacant positions and vacancy announcements for interns/trainees, but also monitoring (monitoring of mediation results), which requires a combination of potentials assessment, HR management and administrative skills.
2. Networking and services – with an active role in finding new job offers by employers and informing the employers about active employment policies and other forms of support that require sound communication skills, as well as specific knowledge (e.g. about active employment measures).
3. Organization – focusing on organization of group work with employers and organization of employment fairs /*speed dating* that requires a high level of organizational skills.

In compliance with this, one of the priorities over the coming period is to train the existing personnel of public employment services in order for them to meet the requirements of the new jobs.

An analysis of experiences of EU Member States has shown that the training of employment advisors during the period of adaptation is usually conducted in the workplace by internal trainers and/or experienced employees (An overview is given in Table No. 12). The most common methods of training provided by internal trainers/ experienced employees include: individual training at the work place (22 cases), additional training (17 cases), mentoring (17 cases), double training combining theory and practice (15 cases), self-training (15 cases), simulations (14 cases). The most common training methods provided by external trainers include: additional training (4 cases), mentoring (3 cases), double training combining theory and practice (3 cases). The most common training methods provided by specialized service providers include: conferences/seminars (5 cases) and additional training (4 cases).

Table 11. Overview and methods of training used by public employment services in the European Union

Training methods	Service provider		
	Provided at the work place by internal trainers	Provided by external trainers	Provided by external trainers/companies specialized in service provision
Individual training at the work place	BE, BG, HR, CY, EE, FI, FR, DE, HU, LT, LV, MT, NL, PT, RO, SE, SI, AT, ES, UK	-	CY
Individual training outside the work place	NL, MT, LV, FR, FI, CY, HR, UK	LV, CY,	NL, BE
Double training combining theory and practice	SE, RO, PT, NL, LT, DE, FR, FI, ES, UK	FR, CY	PT, NL, LV, HU, FR
Conferences / seminars	SE, RO, PT, NL, LT, DE, FR, FI, ES, UK	FR, CY	PT, NL, LV, HU, FR
Additional education (lectures, presentations)	BE, HR, EE, FI, FR, DE, HU, LT, NL, PL, PT, AT, SI, ES, UK	CY, FR, RO, SI	BE, LV, NL, SI
Simulations / workshops	SE, PT, PL, NL, LT, LV, HU, FI, FR, DE, EE, HR, SI, UK	RO, CY	PT, NL
Analysis of case studies	BE, BG, HR, FI, FR, LV, NL, PT, SO, ES, UK	CY, PT	FR
Self-training	SE, PL, NL, MT, LV, DE, FI, FR, CY, BG, BE, SI, AT, ES, UK	CY	-
Distance learning	BE, BG, FI, FR, DE, NL, PL, SE, SI, ES, UK	-	LV, NL
Blended learning (distance learning + traditional methods)	SE, PL, NL, DE, FR, FI, BE, SI, ES, UK	-	NL, LV
Mentoring	BE, BG, HR, CY, EE, FR, DE, LT, LV, MT, NL, PL, PT, SE, SI, AT, UK	CY, FR, RO	-
Project-based supervised learning	NL, MT, LV, FR, HR, BG, UK	RO	-

Most public administration analyses in Bosnia and Herzegovina show the necessity of introduction of a performance management system at these institutions. Public employment

services should certainly be no exception. In general, we can differentiate between three different performance management systems:

- *Effects-oriented performance management systems:* The effects-oriented performance management systems measure directly the achievement of the desired efficiency objective or they measure whether the desired changes have been achieved in the target group conduct
- *Outcome-oriented performance management systems:* The outcome-oriented performance management systems are based on the performance indicators in the context of their scope and quality of specific services provided
- *Input-oriented performance management systems:* The input-oriented performance management systems oriented at the input resources measure indicators in the context of the scope and quality of the allocated resource

These three performance management systems indicate in principle to the following advantages and weaknesses and the most applicable of the three systems is the effects-oriented performance management system. In designing their future effects-oriented performance management system, the public employment services in the Federation of BiH should consider the following principles:

- It is necessary to primarily establish the direction to channel the system i.e. which primary objectives should be achieved and which objectives require performance evaluation.
- Identify adequate effect indicators and ensure that they are in accordance with the main efficacy objectives.
- Ensure that *all* main efficacy objectives are covered with the adequate indicators (including objectives which cannot be directly measured). Otherwise, there is danger that the objectives without adequate indicators are implicitly considered as irrelevant.
- In case of effects affected by a multitude of (qualitative) aspects, it is sometimes recommendable to use evaluations or reviews instead of quantitative indicators.

Capacity building of the institutions requires designing a new integral IT support for the purpose of mediation. The integral IP combines e-services with personalized services in an efficient, client-oriented manner in EU Member States. In essence, IP management should result in efficient communication, interaction, transactions and distribution of services to users, based on a clearly defined mission and strategy for provision of services to users.

European experiences show that it is necessary to formulate specific goals achievable within a measurable time period. In compliance with this it is necessary to develop a plan for several years of operations – with measurable progress (or at least conduct an evaluation) and adapt the plan (where necessary) based on the findings. In addition to the introduction

of a new IP, it is very frequently necessary to change the structure of the organization and business processes, change the culture, improve communication (organizational, personal, technological, financial, external factors, etc.), etc. The experiences of well-developed EU Member States (such as Holland) show that a reorganization of the whole institution is needed for the purpose of a change of the paradigm, which the modern IP brings on the way towards e-services. It is thus frequently necessary to change the legal provisions in order to render possible a new organization and structure of services.

Finland is trying to measure and achieve the goal of a certain percentage of internet application, which is a good example of a concrete and measurable goal. Slovenia is trying to resolve the problem of digital gap by offering computer illiterate persons free use of computers, trainings and face-to-face assistance, whereas the UK (Great Britain) leaves this to partner organizations. Most public employment services offer (and support) electronic communication, in some cases even with a direct access to databases (such as Bulgaria). Some countries offer a series of self-service booths to unemployed persons in order to avoid counter services.

Public employment services in the EU mostly provide face-to-face counseling of unemployed persons. On the other hand, services such as: information on employment measures, information on relevant vacancies, job matching, information and counseling by employment advisors – deletion of unemployment file, registration of unemployed persons, applications for employment programs, registration and maintenance of employment program (projects, action plans) and fees for unemployed persons are also offered by phone, internet (websites), e-mail/text messages and (increasingly) by social networks.

It should be emphasized that not even well developed EU Member States use much the computer-assisted profiling and classification of users. In Germany, the mediation is conducted face-to-face and in compliance with parameters such as vacant positions, education, competences, employment possibilities and job search activities.

Several countries use computer applications that enable clients and public employment services to enter clients' personal data – something like websites where those looking for a job can see part of their data, vacant positions and apply for selected positions. Such systems can also provide for the most basic forms of mediation (e.g. based on qualifications, language skills, etc.) and (by mail or text messages) the best 10 offers every day. The problem in such cases is the fact that a better computer-assisted mediation requires more better quality data, which implies a considerable complexity of the system. On the other hand, the data entered by a client can be less reliable than those entered by professionals from public employment services. In addition to these systems, some sorts of web portals providing information on employment and professional training are also frequently used.

The use of social networks such as Twitter (connection of one person with many, with poor information, but high speed) and Facebook (connection of many persons with many, rich contents, useful for interactive discussions, presentations, visualization and training) in employment mediation is still limited. Small and poor countries, generally, do not use such media at public employment services.

Over the coming period it is necessary to devote particular attention to the improvement of the reputation capital of public employment services in the Federation of Bosnia and

Herzegovina. This is even more the case considering the fact that their role in employment mediation has not been recognized by unemployed persons or employers. In order to obtain the desired perception of the public, it is very important to assess the main characteristics of the media space and public in a country that will be used for determining adequate media channels. The main finding of this analysis in Bosnia and Herzegovina is that media are still the institution that citizens trust the most (followed by religious communities and NGO sector). In addition to that, the mentioned analysis has shown the following⁶⁰:

- A great number of active media in Bosnia and Herzegovina;
- The citizens are informed mostly through television and the Internet (notably among the younger population). Less than 10% of the citizens are informed via radio or the press.

Research has shown that the local media in smaller communities have an advantage over the public broadcasters while the press is usually followed by the elderly citizens. People are generally of the opinion that social and economic topics should primarily be represented in the media.

In view of the characteristics of the media, it is important to lead an integrated communication campaign that includes traditional and online media with the priority being given to TV channels with the widest coverage followed by the Internet and the press. It is also recommendable to establish communication with the reporting branch offices from Zagreb and Belgrade that report from Bosnia and Herzegovina, which can be done in cooperation with the Croatian Employment Service and the National Employment Service of Serbia. The press should stress out stories intended for the policy makers and interested parties taking into consideration that the majority of the articles is also published on the newspapers' online editions.

The strategic approach to the desired public positioning of PES is included in the following steps:

- increasing presence in the media on employment related topics
- highlighting employment topics as topics of significant importance
- accentuating positive examples of the unemployed persons who have found employment through PES, notably young people from socially vulnerable groups where the media is specially sensitive to.
- boosting communication between the PES, employers and unemployed persons.

In the context of the above-mentioned opinions, for the purpose of the third strategic goal, we have identified four priorities that are elaborated in the text below, together with key measures.

5.3.1. Operational objective No. 3.1: Development of staffing capacities

⁶⁰A.Kokanović (2014)“Public Relations Strategy”. Sarajevo: Youth Employment Project, Swiss Agency for Development and Cooperation, BiH,

As explained above, jobs should be divided to recording and counseling jobs. In general terms, description of job and qualifications of employment counselors is viewed as important in prescribing quality service, achieved through increased standards in analyzed countries. However, it is hard to make international comparisons, given the substantial difference between terms of reference and qualifications of counselors in employment and profiling process. Differences between job descriptions and profile creation largely depend on PES model and its application in a country.

European countries are different in terms of changes in service provision, where some of them chose to be more active in implementation of new service models, and others kept the traditional approaches. For example, in Belgium (VDAB), Croatia, Slovenia and Lithuania there are different terms of reference and required competences for employment counselors for different client groups, while in Bulgaria, Cyprus, Finland, France, Latvia, Poland, Sweden, Romania, Hungary and Spain, they use single, standardized terms of reference for employment counselors. Therefore, different approaches in defining counselor's terms of reference and competences can be used for achievement of the final goal in job systematization for employment counselors, which is eventually a single goal: successful re/integration of jobseekers on the labor market.

However, based on situation in analyzed countries, key competences and tasks can be found that appear in job descriptions and required competences for employment counselors, and can be categorized as „key“ assignments and competencies. As we can see, most countries evidently apply the same or similar tasks and competences for counselors. Therefore, it is possible to produce a common profile or job description for counselors based on analysis of key assignments and jobs and required competences.

Differences in the job, task and competence description results in different forms of regular trainings for advisors that should be in compliance with requirements and tasks in job and competence descriptions of advisors, which requires a harmonization of job descriptions and necessary competences in the Federation of Bosnia and Herzegovina.

- **Defining the required personnel skills, establishing the training plan and the means of its implementation**

A large number of professional tasks that have been recognized as important in counselor's job can pose a big problem. A large number of requests can not only represent a great challenge for counselors (as job bearers), but also disturb the training plan for them (on the level of their teams, but also the whole PES). It would be more useful to more clearly define the key framework of tasks and competences for counselors. Counselors will need relevant competences, but also time to fulfill those tasks. Therefore, counselors will focus on the

most important tasks from the viewpoint of value creation within ones scope of work (in PES) and development of competences required for successful performance.

On the one hand, policy makers should strengthen the institutional and legal framework towards further development of required tertiary education for counselors. This would improve the quality of counselors' education through standardization of education programs that would improve the level of provided services and higher professional identity of this profession: this will lead to modernization of public employment services. In this case, internal development of initial and continual trainings of counselors in PES plays an important role. Two training cycles,

1. one at the beginning of staff employment and
2. continual training

must not be separated and should be created in a way to regularly develop skills and add to the staff's knowledge. Training activities cannot be prepared on *ad hoc* basis, but they must be planned and created to meet specific needs for training for advisors. Proper selection of training contents plays the key role in this process. Key training topics should be clearly linked with tasks performed by counselors. The current practice in the EU is as follows:

- key topics of the initial training (introduction into the public employment service system; legal framework for PES functioning, communication and negotiations in the counseling process, support to jobseekers in efficient job seeking methods, current situation on the labor market and employment trends,
- current economic trends and key regular contents of counselor training (effective methods of activating and motivating the unemployed and passive jobseekers; current situation and trends on the labor market, current economic trends, support to jobseekers in effective job seeking, use of modern IT tools in the counseling process, external cooperation and networking (work with difficult clients).

An overview of key tasks, competences and contents of trainings at public employment services in EU Member States is included in Table 13.

Table 12. Division of key assignments, competences and training contents

Key assignments	Key competences	Key training contents	Key regular training contents
<ul style="list-style-type: none"> • Individual interviews with jobseekers • Profiling jobseekers, their strengths and weaknesses, and prescribing adequate assistance • Development of individual employment plans • Providing information about available vacancy announcements • Job seeking support • Information about active measures • Sending clients to join adequate active measures (e.g. special approaches, trainings) • Policy monitoring and implementation • Maintaining direct contacts with the unemployed • Staffing vacant positions and selection of candidates • Notifying employers about active measures/support 	<ul style="list-style-type: none"> • Knowing trends and situation on the labor market • Evaluation and mediation skills • Communication and counseling skills • Ability to motivate and inspire clients • Teamwork • Client oriented • Managing stressful situations • Understanding, sympathy, and ability to listen without judging • Flexibility 	<ul style="list-style-type: none"> • Basic training in work in public employment services • Legal framework for PES's functioning • Communication and negotiations in the counseling process • Support to the unemployed in active job seeking methods • Current situation on the labor market, current economic situation 	<ul style="list-style-type: none"> • Effective techniques of motivating and activating the unemployed and inactive clients • Current situation and trends on the labor market, economic trends • Support to jobseekers with effective job seeking methods • Use of modern IT tools in the counseling process • Cooperation with external service providers and networking • Work with clients with special disabilities

However, initial and regular trainings for counselors will only meet the challenges before the counselors if both cycles are implemented in accordance with the training plan. Therefore, the initial training must not replace the regular training (and vice versa), but these two elements and cycles should be linked as much as possible to make a consolidated training system.

It is recommended that the training is prepared in close cooperation with external service providers. As previous studies showed, the majority of training programs are based on internal expertise, which may result in restricting the training contents to currently available knowledge in the context of the organization. Such knowledge automatically limits the possibility for adoption of new expertise from other sources and may have negative consequences on development of services, particularly with regards to basic theoretical knowledge of counselors required for performance of different tasks. More effort should be put in establishment and maintaining the cooperation and partnerships with external service providers in terms of expanding knowledge, particularly with the academic community, which can provide professional expertise that may be missing within the PES.

Training should be a balanced combination of theory and practice. Still, it is not good if an external organization or individual creates training programs independently. In this way, training would be focused on the high level of theoretical knowledge, while lacking extremely important training elements pertaining to employment mediation, administrative tasks and monitoring. Therefore, cooperation should imply joint development of training programs and delivery of trainings by internal (within PES) and external experts (organizations that PES cooperates with).

Finally, international projects should play an important role in the development of institutional capacities but their efforts and resources should be directed at the skills needed by the PES experts. The selection of staff who will undergo training needs to be conducted very carefully in order to establish a capacity building system at the required places which will enable transfer of knowledge in the future from one group of PES employees onto the other.

○ **Implementation of the Code of Ethics in the work of the Public Employment services**

Within the scope of creating a work doctrine for the public employment services in the Federation of Bosnia and Herzegovina in order to effectuate the quality policy through the implementation of modern principles of business operation and business conduct guidelines in accordance with the ethical and professional norms and the requirements of quality management system, the Federal Employment Service and the cantonal employment services signed in January 2009 an Agreement on the Implementation of the Code of Ethics for the public employment service employees in the Federation of Bosnia and Herzegovina which was integrated into the quality management system.⁶¹

The Code of Ethics for the public employment service employees in the Federation of Bosnia and Herzegovina (Federal Employment Service and the cantonal employment services) has established the principles and rules of conduct to be abided by the employees in order to boost the development, efficiency, effectiveness, work quality and reputation of the public employmentservices.

⁶¹The Code of Ethics is included in the work doctrine annex.

The Code of Ethics requires the employee of the public employment service to abide by the following in performing his/her activities:

- Principle of legality: in accordance with the legislation in force, honorably and within the limits of its competencies, respecting human rights and dignity. Local and international regulations in force in the Federation of Bosnia and Herzegovina as well as standards of business ethics will be respected.
- Principle of equality and dignity: An employee must respect the principle of equality, individual differences of service users with regards to their gender, age, race, nationality, ethnicity, culture, religion, physical characteristics, sexual orientation, language, social and economic status...etc.
- Principle of professional approach: impartial treatment driven by principles in the public interest towards all service users so as to promote equity without any personal gain or benefit. In service provision, the employee must not promise things which he/she cannot fulfill but should rather stick to its promises in order to prove the professionalism and trustworthiness of the institution which he/she represents.
- Principle of loyalty: the reputation of the public employment service must not be undermined with the overall conduct of the employee. The employee must be aware that his/her work builds the reputation of the institution in the society.
- Principle of personal skills development: the employee is entitled and obliged to undergo professional development and training during the employment period in accordance with the needs of the public employment service in order to increase efficiency and quality of work. The employee who attended seminars, conferences, courses and other forms of training is obliged to transfer and share the acquired knowledge with the colleagues and present the course, seminar or conference materials.
- Principle of openness of the public employment services: The public employment service is open towards the unemployed persons, employers, educational institutions, students and other institutions and individuals on the labor market.

The public employment service employees are obliged to attend to and address the service user in respect to his/her culture and level of education and accordingly use appropriate, understandable terminology in communication. The employee in the public employment service has to continuously inform the service user on his rights and obligations and notify him/her on the possibilities of employment, professional development, retraining, counseling, job search and other forms of professional assistance. The service user must have an opportunity to file a complaint regarding the service provision.

5.3.2. Operational objective No. 3.2: Improvement of the management by objectives system and performance management in the public employment services

Almost all public employment services in EU Member States use the employers' satisfaction as one of the key indicators of performance. Some public employment services even define their objectives in accordance with the employers' satisfaction. These are evaluated notably on the basis of annual surveys.

Some countries evaluate the number of components of the employers' satisfaction such as their satisfaction with the staff professional competences, the satisfaction with the recommended jobseekers and whether the final deadlines have been respected.

A number of countries use other performance indicators relating to the employers such as the market share in filling the job vacancies and the duration of the job vacancy. Filled training positions are used as indicators in some countries.

All public employment services use jobseeker related indicators alongside the employer indicators. This ensures that equal attention is devoted to the efficacy with regards to the positioning of the jobseeker. The public employment service in the UK defines goals primarily in terms of the number of unemployed persons and reduction of number of service users.

Performance evaluation forms the basis of performance management. The public employment services use information on the performance indicators in order to enhance their results. The objectives are often set at a state and regional basis and are used as incentives to boost performance.

Performance evaluation can also be used in a different way. The results of the above mentioned employer surveys are also used as a basis for improving the quality of services and developing new services.

Simple comparison of outcomes may serve as an incentive for improvement. Such systematic assessment may be done as follows:

- By comparing different public employment service offices within one country;
- By comparing the results and effects of the public employment service activities in different countries.

In Germany, there is a system that provides information on performance indicators on all

levels within the public employment service which prompts the public employment service offices to compete with each other and with other offices and teams. Moreover, the results are often evaluated and performance enhancers are proposed.

Reliable evaluation of performances is possible only if:

- relevant indicators are measured in an objective and reliable manner in accordance with the public definitions;
 - performance indicators are amended for the contextual factors which stand outside the control of the public employment services such as economic factors.
- Both conditions are basic postulates to avoid distorted effects of the performance management system. If the definitions are not clear and if manipulations with indicators are possible, the objectives may be reached but without achievement of results.
- ***Operational and strategic management of municipal agencies (or their use of resources and provided services) should be adapted to achieve the most efficient results as possible***

The future performance management system should be considered as a strategic management instrument which will indicate to the cantonal and FBiH agencies how the efficiency of individual public employment services can be evaluated and how the possibilities may be improved.

In the public sector in general, and thus also in case of public employment services, the most frequently used method of regulation is the yardstick competition. In the applicable organization public employment services have no interest in reducing costs and increasing efficiency. Yardstick competition is the one that should make them more focused on increasing efficiency or analyzing the purpose of their work on a daily basis and trying to achieve it. Yardstick competition leads to optimum balance. It is a position in which an organization does its best, considering the decisions of other organizations with which it compares itself. The most frequent strategy of organizations resulting from this situation leads to the selection of the best level of costs, and if costs are fixed as in case of public employment services, to the selection of the best use of resources that will lead to best results.

Consequentially, the objective of the performance management system *is not* to provide information for operational management (e.g. capacity efficiency indicators of individual employees, annual leave plans, statistical data on work absences, statistical data on individual employee cases...etc.) i.e. information required for daily activities of the municipal public employment services. This lies in the competence of the internal control system or the information management system of the municipal agencies. The goal of the performance

management system is the comparison of business strategies applied in the sector and selection of those that will lead to best results for clients, or that will contribute to the achievement of the defined goals in the most efficient way.

Ideally, this management system may be described as follows:

- Firstly, it is necessary to define the efficiency objectives of the public employment services in FBiH.
- On the basis of the defined objectives, it is necessary to develop indicators which will be used to evaluate the objectives and define target values that need to be reached.
- On the basis of the defined objectives and indicators, the municipal agencies will adapt their operational and strategic management (or their use of resources and services provided) so as to achieve the best possible effective result.
- After the termination of the previously agreed reporting period, the achievement of objectives is evaluated for each of the municipal agencies with an overview of the defined indicators.
- The next step is the analysis of the achieved level of efficiency of the municipal agencies and defining of conclusions in view of possible improvements to the use of resources and service provisions in order to achieve better efficiency in the future.
- If there is an indication that the defined objectives and previously defined indicators do not serve the purpose (e.g. because the indicators contain falsely directed incentives), it is necessary to review the objectives and indicators.
- **Define the objectives and develop indicators of efficiency of the public employment services in FBiH**

The objectives put forward to the public employment services need to be derived from the objectives of the Law on employment mediation, relevant by-laws and strategies such as: prevention of unemployment, speedy and lasting reintegration of the registered jobseekers on the job market, prevention of long-term unemployment and long-term receipt of benefits and efficient implementation of the law on unemployment insurance and the law on unemployment mediation.

In order to follow up on the achievement of objectives, it is necessary to assign performance indicators in accordance with the following criteria:

- *Performance evaluation*: The indicators have to enable direct insight into the real performances,

- *Minimizing effects that do not depend on performances:* The indicators should have only fractional, random variances which should be as little dependent on the effects as possible,
- *Small possibility of manipulation:* The indicator values should be in the form that cannot be manipulated by the reviewed public employment services i.e. that they are presented in a better light than they actually are.

Management by objectives (MBO) makes the institution's strategic objectives operational by transferring them into quantified norms. The transition from the "management by regulations" to the "management by objectives" (Weishaupt, 2010) on the basis of quantified norms in order to continuously increase the work efficiency (Mosley et. al 2001) shifts the focus of the public employment services from the importance of the available resources to the quality of work results. It is important to achieve and verify the adequacy of investing the public funds (budget) by obtaining quality outcomes by means of their use.

The objectives need to be set in accordance with the objectives of this strategy.

5.3.3. Operational objective No. 3.3: Development of sophisticated IT support

It is necessary to adapt the new IT support in the public employment services with the new strategic directions and agency plans. All important PES nodes should be interconnected with a broadband communication channel (in 2014 this implies to 10 Mb capacities or higher – which should constantly be upgraded / expanded in line with the requirements – level of channel utilization). The innovated IT equipment based on standard hardware and software platforms should constantly be harmonized with the growing and changing service requirements. It is important to use sophisticated principles and development tools in developing and maintaining the system software support in order to boost the level of quality services while bringing down the costs of exploitation and maintenance to their minimum. The transition from the old to the new IT support should be conducted very carefully in order to check the soundness of the new concept, successful transfer of all existing data bases and archives and make a gradual transition to the new system by performing permanent training of staff who are to use the new system (so that the necessary changes would cause as little resistance as possible). Unifying and integrating the IT support is aimed at providing assistance to the unification of work procedures of all the branches of the public employment services, to simplify the maintenance but without causing conflicts regarding the "ownership" of data – the data will be managed by those who had created it – and the others will be able to use it (as it is now but much simpler!)

- **Development of IT support for administrative tasks**

Consolidate and speed up the IT support together with its continuous harmonization (maintenance) with service objectives in line with the principle of optimizing the most frequently requested services (common things fast) – exonerate the common infrastructure from performing exotic requests. IT support needs to support the business processes that represent the core of the PES operations. The business processes that are rarely conducted or are often changed do not need to be automated.

- **Development of sophisticated communication channels with the unemployed (e-services, multi-channeling)**

In addition to the provision of “face-2-face” services, the idea of providing services over the phone and sending information via websites and SMS and possibly social networks (with the younger unemployed persons) should be carefully considered (first through pilot projects). The use of social networks should be carefully introduced through pilot projects on the basis of clearly measurable results. Should more sophisticated communication channels turn out to be effective (or efficient) than the traditional ones, their role should be gradually increased.

- **Development of IT support which will enable monitoring the implementation of objectives and comparisons on the level of public employment services**

Start with the simple metrics – number of services provided, number of hours spent in telephone mediation, amount of updated information processed by the users themselves (especially for the younger unemployed population). The quantitative approach to performance evaluation (effectiveness and efficiency) of the agency’s implementation of objectives is the only reliable indicator of the change in trends introduced alongside the new IT support.

- **Development of IT skills among all users and IT staff**

Continuous education of the existing and employment of new highly-qualified staff is a pre-condition for efficient use and development of the new IT support in the Service. Mastering sophisticated program tools is necessary both for the front-desk and back office workers with special emphasis placed on ensuring high-quality IT staff and their regular training. Only interested and trained staff can be a reliable implementer of development and maintenance of sophisticated IT support.

5.3.4. Operational objective No. 3.4: Positioning of the Public Employment Service as a professional and relevant institution on the labor market

In order to achieve this operational objective, it is important to make an overview of the current public perception of the public employment services and compare it with the perception which we wish to achieve through communication activities.

The situational analysis has shown that the PES clients have a passive stance towards job searching. Due to the overall economic situation, the majority are of the view that the job is found through acquaintances, they are not flexible regarding the training, voluntary work or work outside their profession. The PES are mostly viewed as services for conducting the administrative tasks in connection to the exercising of social rights. The advisory role of the PES in employment mediation is insufficiently recognized both by the young people and the employers. The unemployment rate is alarming and the systematic responses to this issue are still either not recognized or not visible enough. In view of such conditions and the environment, the position of the PES is extremely unfavorable for the fact that it has almost been placed a mediator between the unmotivated unemployed persons and the economy which is generating almost no new work places.

The SWOT analysis gave as an insight into the positive aspects and the risks which we might come across during the communications process.

<p>Strengths</p> <ul style="list-style-type: none"> ▪ Developed cooperation between the PES and all relevant players in the employment sector and their good visibility by the interested parties ▪ Institutional network – availability of the PES services throughout FBiH (at all municipalities) ▪ A significant amount of money allocated for active employment measures ▪ Institutional readiness to introduce the highest European standards in the work of the public employment services 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Unfavorable economic environment, poor job offer, inconsistency between the educational system and the labor market requirements ▪ Poor reputational capital of PES ▪ Absence of a consolidated employment policy on the state level
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Institutional readiness to introduce the highest European standards in the work of the public employment services ▪ Unemployment as an important and attractive social topic which always raises interest with the media 	<p>Threats</p> <ul style="list-style-type: none"> ▪ High unemployment rate and unfavorable economic environment can easily trigger negative media stories ▪ The complexity of the terms of reference and emphasizing a variety of different activities can hinder the creation of a clear perception of the target groups on the actual scope of activities of the PES

The SWOT matrix has also served us as the basis for specifying several key measures for achieving this priority presented in the text below.

- **Enhance the public image and reputation capital of the PES both with the public and the clients (unemployed persons and employers)**

The first measure in achieving this aim would be to organize regular **meetings** (business lunch) with the most influential editors of relevant media editorial boards aimed at building and strengthening relations with the media. At this event, the PES would have a brief presentation of its results and upcoming activities which would be followed by short formal discussions with the journalists. It is very important the top management of the PES from the whole of FBiH takes part in these activities.

- **Increase visibility of PES as an advisor and mediator in employment**

In order to achieve this aim, it is important to have regular publication of topics in the media relating to the project activities alongside a profuse use of statistical data and trend analysis. The topics are communicated by means of press releases and are followed by agreed guest appearances on top-rated TV channels in news and economy-related shows. After the monthly distribution of the press releases, at least one TV guest appearance is agreed among the partner institution management team – expert leaders in combination with the PES representatives. The publishing of analytical interviews of the management in some of the economy-related or economy-political weekly magazines on the conditions, problems and trends on the labor market would be important in this positioning.

- **Motivate the unemployed persons to seek jobs actively through PES structures**

This could be achieved through media appearances and publishing texts in the press alongside practical advice for job searching and career building which are of interest for the youth. The communicators (persons giving advice and appearing in the media) are PES advisors from the local employment agencies and Job Search Club leaders which thus become recognized as experts and consequently build their careers. The type of media where such content should be placed include entertaining TV shows (morning and afternoon program), shows dealing with social issues and issues of the youth, daily press, life-style magazines and online job search web sites.

- **Motivate decision-makers to support the development of active employment measures on the basis of current results**

This could be realized by exerting positive pressure with the publishing of life stories of young people who have completed or are currently undertaking active measures, for example those who have used the self-employment/entrepreneurship programs. Special PES focus groups stories should be highlighted, for example the youth from socially vulnerable groups and those whose stories might stir interest with the media and raise empathy and support for the target groups (persons from extremely poor family, highly educated person who has been unemployed for a long time, person without parental care, person with disability...etc.).

In order to realize these objectives, the development of internal communication among cantonal PES is significantly important so as to have joint media performance with the representatives of the Federal Employment Bureau. The first step of this joint appearance should be in designing HD (high definition) advertising TV and radio jingle aimed at motivating young people to use the new PES services (counseling and active measures). The jingle should include current PES service users who will explain in an interesting, spirited way which is characteristic and attractive for the young people how PES has helped them in their job search. The content of the jingle must also send across a message that youth employment is an important social issue. The second option to the jingle is to make an audio and video material with famous people who are close to the young population as part of the social responsibility campaign where the support of the national and local media would be required. The development of this video would imply that the famous people present (proclaim) (youth) employment as a topic of national importance and call upon relevant players in the employment sector to be socially responsible and to support the youth but also to appeal to the youth and motivate them to actively search for jobs.

6. GENERAL ACTION PLAN

Strategic goal no. 1: Fast and accurate exercise of rights resulting from unemployment

No.	Key strategic measures /instruments/activities	Result	Verification source/mechanism	Competency/activity leader	Timeframe
1.1.	Priority goal 1: Dividing active job seekers from those who register at employment services exclusively for the purpose of exercising other rights				
1.1.1.	Defining a proposal for several types of records	Mapping the actual structure of individuals registered in PES records and proposing several types of records.	Minutes from a meeting of cantonal directors	Cantonal employment services and FZZZ	2014
	Amending the Rulebook on Employment Records	Enabling registration with the identification of actual reasons for registering with PES	Rulebook on Employment Records	FZZZ and Ministry of Labour and Social Policy	2015
	Proposed amendments to the Law on Mediation in Employment and Social Security of Unemployed Persons	Enabling efficient and even implementation of recording and mediation procedures in FBiH	FBiH Official Gazette	Federal Employment Bureau and Ministry of Labour and Social Policy	2015-2016
	Development of a Rulebook on Active Job Seeking	Precise identification of activities implied under active job seeking.	Minutes from a meeting of cantonal directors	Cantonal employment services	2015-2016
	Adoption of the Rulebook on Active Job Seeking	Impose legal obligation on unemployed persons to be engaged in active job seeking if they wish to enjoy privileges of active job seekers.	FBiH Official Gazette	FZZZ and Ministry of Labour and Social Policy	2015-2016

1.2.	Priority goal 2: Even distribution of resources in compliance with the institutional mandate				
1.2.1.	Perform all administrative work using the minimum required resources	Of the total headcount at the bureau, optimal (minimal required) number of people perform registration work.	Systematisations of cantonal services and analyses of administrative staff's workload	Cantonal employment services	2014-2020
1.2.2.	Map administrative processes and define needs for improvement of administrative procedures	Recognise problems in processes of administering rights arising from unemployment and develop a proposal for overcoming such problems, aiming at establishment of an efficient and inexpensive unemployment administration process.	Mapping report	Cantonal employment services	2014
1.2.3.	Develop an action plan for transition to a counter system	All large and medium-size bureaus (4 or more employees) in FBiH should transition to the counter system in registration and administration work, which is conditioned by available space and financial resources for infrastructural adjustments.	Plan adopted	Cantonal employment services	2014-2015
1.2.4.	Foresee funding for transition to the new system of work in capital investment plans	All PESs should plan to adjust their infrastructure to new operating procedures in the next few years, and budgets should be projected accordingly.	PES budgets	Cantonal employment services	2014-2020
1.2.5.	Remove unnecessary administrative barriers in administrative work	In accordance with the conclusions of mapping of the administrative processes, launch activities to eliminate unnecessary steps, establish a system that empowers an employee, but also ensures their responsibility for the work they perform (such as powers of recording clerks to issue, sign and certify certificates). Re-engineering creates a „production line“, which defines steps in the process that are directly implemented by the team, instead of having a large number of people involved, without being personally accountable.	Report on the implementation of recommendations	Cantonal employment services	2015
1.2.6.	Development of e-management in the work of PES	Aiming at a more efficient administration and counselling process, several channels for communication with clients	Annual plans for use of e-management	Cantonal employment	2014-2020

		should be opened. It is primarily necessary to establish data exchange between institutions, in order to reduce the number of requests for issuance of different certificates. The second step in this reform is to establish efficient online tools, such as enabling employers to post vacancy announcements via PES websites or the e-bureau concept, which implies communication between counsellors and an unemployed persons via internet.	tools	services, FZZZ	
1.2.2.	Changes in systematisations in accordance with the new principles of work	Adopt systematisations that will divide jobs at the bureau to counselling and registration jobs i.e. that will officially adopt the new working methods.	Job systematisation	Cantonal employment services	2014-2018
	Development of working procedures in a PES that will include all legally defined activities: informing, recording, mediation and cooperation with employers	Enable performance of all PES's activities stipulated by the law and international conventions and establishment of procedures that foresee provision of services as a team effort, instead of isolated individual efforts, as was the case in the past.	Minutes of working groups with proposed solutions	Cantonal employment services	2014-2020
	Adoption of internal working procedures that will describe all process and related responsibilities	Develop internal acts that will precisely define all processes that all PES staff will be acquainted with, in order to establish a standardised service provision process in the PES system in FBiH .	Instructions on internal procedures of cantonal services	Cantonal employment services	2014-2018

Strategic goal no. 2: Efficient integration of unemployed persons in the labour market

No.	Key strategic measures /instruments/activities	Result	Verification source/mechanism	Competency/activity leader	Timeframe
2.1.	Priority goal 1: Ensuring adequate counselling intensity and optimizing the triage procedure				
2.1.1.	Define the triage procedure methodology	Detailed regulation and standardisation of the process of selecting unemployed persons who will be included in the counselling process.	Work instructions	Cantonal employment services	2014-2020
2.1.2.	Include in the counselling process individuals that will feel the most intense effect of counselling.	Given the limited counselling capacities, services should target clients who will benefit most from counselling, while respecting the minimum staffing standard.	Work instructions	Cantonal employment services	2014-2020
2.1.3.	Development of counselling services that enable treatment adjusted to the candidate's needs and adequate counselling intensity	It is necessary to develop a spectrum of counselling services that will be adjusted to various types of clients, by the type of counselling support and the counselling intensity. It is necessary to introduce individual and group counselling, and specialised and rehabilitation counselling. Counsellors should cover the optimal number of unemployed persons; 150 unemployed persons per counsellor is recommended.	Work instructions	Cantonal employment services	2014-2020
2.2.	Priority goal 2: Development of efficient active employment measures				
2.2.1.1	Identify development poles /value chains of FBiH regions	Study on sustainable job creation generators	websites of the Federal/cantonal employment bureaus	Federal and cantonal employment bureaus	2014-2015

2.2.1. 2.	Identify clustering possibilities based on latent comparative advantages of sectors/chains/resource areas	Study of FBiH's comparative advantages	websites of the Federal/cantonal employment bureaus	Federal and cantonal employment bureaus	2014-2015
2.2.2.	Development and implementation of participative methodology for the development of active measures				
2.2.2. 1.	Possibilities for establishment of employment pacts	Study on employment pacts in FBiH and a proposal for employment pact platform	websites of the Federal/cantonal employment bureaus	Federal and cantonal employment bureaus	2014-2015
2.2.2. 2.	Mobilizing partners in establishment of an employment pact	Cantonal employment platforms founded	Decisions of the cantonal government	Cantonal governments and PES	2014-2020
2.2.3.	Changing the focus of active measures towards higher representation of employers' needs				
2.2.3. 1	Survey among employers	By using the database of employers and the direct survey method, obtain information about short-term, mid-term and long-term labour market developments and about client satisfaction with PES services, aiming at creation of active measures, in accordance with employers' needs	Survey report	Cantonal PESs in coordination with the Federal PES	On an annual basis
2.2.3. 3.	Research staffing needs in resource areas /sectors	Study and Training Program via educational institutions	websites of the Federal/cantonal	Cantonal PESs in coordination with	2015-2017

			employment bureaus	FZZZ	
2.2.3.4.	Research staffing needs of value chains/development poles	Study and Training Program via adult training centres	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with FZZZ	2015-2017
	Using survey results in development of active measures and annual work plans	Creating more effective measures, such as trainings or preparations for work	Programmes of active measures	FZZZ in coordination with cantonal PESs	
2.2.4.	Necessary support for establishment and development of centres for adults				
2.2.4.1.	Research possibilities for establishment of excellence centres in value chains /clusters	Feasibility study on establishment of excellence centres	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with the Federal PES	2015-2017
2.2.4.2.	Business plan for establishment of excellence centres	Business plans of excellence centres	Registration of a training centre	Cantonal PESs in coordination with the Federal PES	2017
2.2.5.	Redesign of support to entrepreneurship and MSME development				
2.2.5.1.	Researching the possibility of providing support to entrepreneurship and MSME	Study and Programme for support to the Integrated Centre System for Incubated Development and Consulting	websites of the Federal/cantonal employment	Cantonal PESs in coordination with the Federal PES	2015-2016

	development		bureaus		
2.2.5. 2.	Researching the possibility of providing support to self-employment	Study and Programme for support to own business start-up and/or assisted by a risk capital fund or a similar institution	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with the Federal PES	2015-2016
2.2.6.	Improvement of activation measures towards vulnerable groups – youth and others				
2.2.6. 1	Survey among unemployed persons	Survey among unemployed persons will enable overview of the situation with the second group of clients, their characteristics, needs, viewpoints regarding available services. In this way, services would be adjusted to clients.	Survey report	Cantonal PESs in coordination with the Federal PES	On an annual basis
2.2.3. 2.	Research on vulnerable groups and possibilities for their training and employment	Study on training and employment of vulnerable groups and a Training Programme via CISO	websites of the Federal/cantonal employment bureaus		
2.2.6. 2.	Program of activating the inactive population	Based on the survey among the unemployed, Study and Program of activating the inactive population	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with the Federal PES	2015-2017
2.2.6. 3.	Program of activating inactive women in rural areas	Based on the survey among the unemployed, Study and Program of activating inactive women in rural areas	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with the Federal PES	2015-2017
2.2.6.	Program of activating the	Based on the survey among the unemployed, Study and Program of activating the inactive youth	websites of the	Cantonal PESs in	2015-2017

4.	inactive youth		Federal/cantonal employment bureaus	coordination with the Federal PES	
2.2.6. 5.	Research on possibilities for establishment of rural accelerators	Feasibility study on establishment of rural accelerators	websites of the Federal/cantonal employment bureaus	Cantonal PESs in coordination with the Federal PES	2015-2018
2.2.6. 5.	Business plan for establishment of rural accelerators	Business plans of rural accelerators	Registration of a training centre	Cantonal PESs in coordination with the Federal PES	2018
2.3.6. Cooperation with other private sector institutions					
2.3.6. 1.	Researching the possibilities and needs for establishment of a FZZZ department for international cooperation	Study on establishment of a FZZZ department for international cooperation	Organisational chart of the Federal PES	Federal PES	2014
2.3.6. 2.	Researching the possibilities for cooperation with international organisations (World Bank, EU, SDC, ILO etc.) in the areas of staffing development and employment	Study and Programme of cooperation with international organizations	Website of the Federal PES	Federal PES	2015
2.3.6. 3.	Researching the possibilities for cooperation with partners from neighbouring countries (Croatia, Serbia) in the areas of staffing development and	Study and Programme of cooperation with Croatia and Serbia	Website of the Federal PES	Federal PES	2016

employment through establishment of development corridors				
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Strategic goal 3: Developed capacities of the office in accordance with new work method and developed reputational capital

No.	Key strategic measures /instruments/activities	Result	Verification source/mechanism	Competency/activity leader	Timeframe
3.1.	Priority goal 1: Development of staffing capacities				
3.1.1.	Defining required knowledge and skills of staff	Counselling is a job that requires a combination of specific skills that should be identified; continual and systemic trainings should be organised accordingly.	Strategy for development of human capacities and PES annual work plans	Cantonal employment services	2014-2020
	Defining the training plans and methods of their implementation	Strategic approach to trainings, which other stakeholders, such as EU projects, can join.	Annual training plans	Federal and cantonal PESs	2014-2020
	Implementation of regular trainings	Insist on continuous improvement of knowledge and skills of PES employees, particularly on on-the-job trainings as the most efficient method.	Reports on implemented trainings	Federal and cantonal PESs	2014-2020
	Development of contemporary training tools – e-learning	Development of tools that will enable continuous and free training by topics relevant for PES. In this way, basic	Report on e-learning development.	Federal and cantonal PESs	2014-2020

		training for new PES staff and internal professional training and exams can be introduced.			
3.1.2.	Application of the code of ethics in the work of PES	Change is necessary in order to achieve a quality policy by applying business and behaviour principles, in accordance with ethical and professional norms and requirements of the international quality management standard.	Statements of employees on acceptance of the code, annual reports on the code implementation	Cantonal employment services	2014-2020
3.2.	Priority goal 2: Introduction of a goal and impact-based management system for the work of PES				
3.2.1.	Define goals of PES's work	Establishment of a system for direct measuring of achievement of the desired efficiency goal, i.e. introducing the manager's responsibility for achieved results and spending of public resources. It is necessary to develop clear goals, harmonized at the FBiH level, that are in compliance with the legislative framework and strategic goals on FBiH level	PES annual work reports	Cantonal employment services and Federal Employment Bureau	2014-2015
3.2.2.	Develop efficiency measurement indicators in PES in FBiH	The effect oriented impact monitoring system enables direct measuring of achievement of the main goal. Efficiency indicators always motivate the given offices and employees to achieve the desired main efficiency goal.	PES annual work reports	Cantonal employment services and Federal Employment Bureau	2015
	Ensure data collection on all indicators	Indicators should be designed in a way to ensure that data collection on all indicators does not generate additional expenses for PES, and that all data is collected and analysed in a comparable way.	PES annual work reports	Cantonal employment services and Federal Employment Bureau	2015-2016

	Define the impact evaluation methodology	Different bureaus and different cantonal services function in different economic conditions. For this reason, consideration of exogenous factors, i.e. factors beyond the bureaus' influence that impact their results should be allowed in calculation of impact results.	PES annual work reports	Cantonal employment services and Federal Employment Bureau	2015
	Publish quarterly or annual impact reports	FZZZ and PES should publish quarterly reports on impacts of cantonal services, which would provide comparable information, but also information that would allow a transparent insight in work results and encourage the increase of efficiency.		Cantonal employment services and Federal Employment Bureau	2015-2020
3.3.	Priority goal 3: Development of modern IT support				
3.3.1.	Permanent education of IT staff	Trained and motivated staff, able to efficiently use modern ICT on a long-term basis. Hiring of competent staff, regular annual knowledge refreshment through formal or informal courses in relevant technologies.	Diplomas, certificates	FZZZ	2014 - 2020
3.3.2.	Regular renewal of computer and communications equipment	Available at any time and efficiently used equipment that supports modern IT services	Less than 3% of the equipment value is non-functional	FZZZ	2014 - 2020
3.3.3.	JIS evolution management	Maintaining the high level of JIS functionality and satisfaction of all users	Measuring JIS user satisfaction	FZZZ	2014 - 2020
	Development of new tools for improvement of services	The service must be continually modernised, and introduce e-management principles, develop an e-bureau, communication through web portals etc.		Cantonal employment services and Federal Employment Bureau	2014-2020
3.4.	Priority goal 4: Public positioning of PES as a professional and relevant institution on the labour market				
3.4.1.	Improve the image and reputational capital of the PES in public and with clients	In order to assume a dominant mediation role on the labour market, PES must actively work on improvement of their institutional reputational capital.	PES annual work reports, media plan	Cantonal employment services and Federal	2014-2020

	(unemployed persons and employers)			Employment Bureau	
3.4.2.	Increase visibility of PES as a counsellor and mediator in employment	In order to assume a dominant mediation role on the labour market, PES must actively work on improvement of reputational capital of their employees as experts in labour market and mediation.	PES annual work reports, media plan	Cantonal employment services and Federal Employment Bureau	2014-2020
3.4.3.	Motivate unemployed persons to actively look for jobs through PES structures	Activation of unemployed persons is essential for PES activities.	PES annual work reports, media plan	Cantonal employment services and Federal Employment Bureau	2014-2020
3.4.4.	Motivate decision makers to support the improvement of active employment measures on the basis of current results	The entire reform process must be supported by policy makers.	PES annual work reports, media plan	Cantonal employment services and Federal Employment Bureau	2014-2020