



International  
Labour  
Office  
Geneva

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# REFORMS AND INNOVATIONS IN NATIONAL LABOUR ADMINISTRATION SYSTEMS PRELIMINARY FINDINGS

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# Content

- Conceptual framework, background, method and underlying theories;
- Products;
- Some findings:
  - Administrative reforms;
  - Performance management;
  - Strategic planning;
  - New technologies;
- Follow-up.

# Conceptual framework and definitions

- National labour administration system : all public bodies involved in preparation and implementation of national labour policies;
- Labour policy: employment, industrial (labour relations), labour legislation, labour inspection, social security...
- Key international standards : labour administration convention No 150 and labour inspection convention No 81;
- ILO role: strengthening of national institutional capacities through research, advice and training.

# Background

- Main objective : strengthening national labour administration systems to enhance compliance with labour laws;
- Our component focussed on innovative practices supposed to increase labour administration performance;
- Seven key themes: reform process, coordination, partnership, planning and use of data, use of new technologies, performance management, extension to informal economy;

# Underlying theories

- Vast impact of the New Public Management (NPM) since the 1990s;
- Small government and labour economics;
- Decentralization, devolution, specialization;
- Empowering of the middle management and flatter organizational structures;
- Ex post control: evaluation of results;
- Current rebalancing: whole of the government and coordination;
- Limits of the NPM in the public sphere and necessary preconditions;

# Method

- Focus on “good performers” : developed countries and emergent economies;
- New national studies;
- World-wide survey on the use of new technologies on national labour administration systems;
- Series of meetings to validate the products ( Sheffield, Turin, Cape Town, New Delhi, Miami, Prague);
- Other available sources, including ILO needs assessment technical memoranda (functional reviews and audits);

# Products

- Comparative developments in labour administration : WP;
- Use of new technologies in labour administration: WP;
- Strategic planning and performance management in labour inspection : WP;
- Questions and answers about management of ministry of labour: Guide;
- Labour inspection in informal economy: Training toolkit;



# Administrative reforms: factors of success

- Numerous reforms implemented with different degree of success. Drivers: changing economic and labour market conditions, fiscal pressures, political changes, ideology and theoretical concepts.
- Enabling factors: real and acknowledged needs based on quality data and objective analysis; sufficient time for preparation, implementation and evaluation; large based agreements among institutions, parties and stakeholders; availability of data and quality research; political will and competent and dedicated management; quality staff; public support; ownership by national institutions;
- Disabling factors: reforms driven only by politics or ideology; short electoral cycles; lack of consultation; simplistic solutions not taking into account hidden costs; insufficient risk management; personal interests; ethical problems; changes at critical management posts; reliance on (private) consulting companies;



# Administrative reforms : examples

- Decentralization, performance management and contracting: introduced in the USA in the 70-80s for mainly ideological reasons. Administration of workforce development (employment and training) was ceded to state authorities. Outcome based performance management system was introduced to increase responsibility for implementation of federal policies (JPTA, 1983).
- *Workforce development*: Federal authorities provide guidelines (and funds), while state authorities adapt to local economic and social context and administer the policies. *Wage and hours regulation*: implemented by mostly federal employees at all levels!!!;
- Obligation to create Workforce Investment Boards and one-stop shops hosting services provided by several ministries (labour, education, health, housing)
- Funding provided through contracts and based on economic situation; their use and impact is evaluated.
- New legal framework in 2015 (WIOA)

# Administrative reforms : examples

- South Africa: ILO assessed the national labour administration system in 2009-2010 and recommended a certain number of reforms: restructuring the Head Office and new roles of PES and LI; strengthening and professionalization of LI; work-sharing...etc;
- Partially implemented in 2010: LI and PES transformed in main delivery arms of DoL; Inspection and Enforcement branch created putting LI and OSH under one DDG; C.81 ratified in 2013; LI capacity enhanced;
- Several pieces of key legislation (labour relations, employment services, basic conditions of employment, employment equity) amended recently;
- Since 2012, DoL embarked on “specialization” of labour inspectors; specialist labour inspectors (electrical, health and safety, construction and explosives, etc) to be appointed in provincial offices;

# Administrative reforms : examples

- United Kingdom: Pressure on higher effectiveness and efficiency;
- Combination of liberal ideology with policy of budgetary austerity;
- Severe budgetary cuts in some agencies (HSE);
- *Civil service reform plan* based on a survey among civil servants to identify what issues frustrate/motivate them;
- Key objective is to increase productivity, especially in respect to operational delivery in administration of pensions and benefit systems;
- The productivity should match the best that the private sector can offer; greater private sector involvement in operational delivery is encouraged, especially in delivery of LM policies;
- Key policies are evaluated, often through commissioned research by universities and research institutes;

# Performance management

- Performance of institutions, collectives and individuals is measured and data used to motivate for higher effectiveness;
- Enabling factors: quality data, if possible gathered in electronic format; effective planning based on realistic, achievable and measurable outputs and using appropriate indicators; inclusive consultative process; training provided to managers;
- Disabling factors: impossibility to measure objectively achievements; gaps in the planning process; too many outputs and indicators;
- Performance management is only applicable to administrations with well developed planning and data management systems already in place at all levels;
- Numerous examples of a very formal application or lack of application;

# Performance management: examples

- USA: employment and training programmes use performance standards and monetary bonuses since 1982. There are currently 18 common indicators (employment rates and retention, income changes, skills attainment, literacy and numeracy...). Very specific guidance given to state and local agencies how to compute performance, which clients take into account.. Designed together by federal and state agencies (negotiated standards) and adjusted to local unemployment/LM characteristics; budgetary awards and bonuses;
- South Africa: sophisticated system run by the Government and cascading until the level of ministerial units. *The entire DoL, including the Minister, have their performance evaluated.* However, despite setting many goals within the Department of Labour's 2011-2016 strategic plan, performance has been weakened by insufficient CMS and lack of verified data;



# Performance management: examples

- France: strong performance framework for labour inspectors based on 1. balance between duties; 2. balance between own initiative and planned actions; 3. balance between national and local priorities. Obligatory regular assessment meetings. performance bonuses replaced by competency bonuses in 2014. TU very critical about quantitative objectives;
- Brazil: A new planning process was introduced in the Department of Labour Inspection (SIT) in 2010. Instead of focusing on narrow targets and individual production goals, the new approach focuses on problems, economic activities and specific issues, guided by principles of quality, teamwork, social dialogue and dissemination of good practice. Every four years, planning of these projects takes place in accordance with the government's multiyear plan (PPA), and include mandatory projects, regional projects and local projects, each with a specific goal.

# Strategic and operational planning

- It is widely accepted that strategic planning has been a successful public sector management innovation . It is a management tool, allowing for the targeting of resources and activities to meet policy objectives, adopted by public administrations. It enables prioritization and facilitate justification of spendings;
- In labour inspection, the following factors should be taken into consideration: mandate, mission and vision; balance between enforcement and prevention; information and research; target setting and prioritization; national and local interests; international aspects.
- Operational planning :setting of operational targets (annually, quarterly, monthly) in collaboration with line managers and field offices. Tendency to a bottom up approach.



# Planning: examples

- South Africa: DoL is responsible for 5 out of 12 key mid-term outcomes (employment, skills etc). The **Ministerial Programme of Action** spreads over five years and is informed by the government outcomes. The President signs performance agreements with the relevant ministers, who are responsible for developing a **delivery agreement** that refines and provides more detail on the outputs, targets, indicators and key activities for each outcome, and identifies required inputs and clarifies roles
- Implemented in six steps: 1. annual evaluation workshop; 2. strategic planning consultation; 3. Mid-term review and evaluation workshop; 4. Branches strategic planning sessions; 5. **finalisation and approval of the Strategic Plan and Annual Performance Plan (APP)** in line with the allocated funds. This leads to agreed targets and resource allocations between the Director General, Branch Heads and the Chief Operating Officer (COO)/ CDPO by the end of January. The **APP informs the DG's performance agreement** (DoL Integrated work plan), and is cascaded down to branches and provincial operations workplans/performance agreements.

# ICT world survey

- **Benefits:** improved institutional communication, collaboration and information flow; increased reach of LA institutions; efficient case management; increased transparency and accountability; better policy making;
- **Challenges:** costs, digital divide, training, PPP, infrastructure;
- **Policy recommendations:** identification of real needs; further investment in physical infrastructure; capacity building; organization-wide planning; existence of IT departments within the institutions; capacity to manage contracts with external providers; international exchange of expertise;

# New technologies: applications

- Great impact on **compliance with labour laws** (especially on management of labour inspection) and on dealing with jobseekers through **public employment services**;
- **Wage protection**: interface with the Central Bank based on a specified file format to enable the fully automated transfer of payment files between the employer and the bank. These systems had positive impact on timely payment of wages and on **reduced number of labour disputes**
- **Data processing and sharing**: for example between different types of inspection organism and other bodies such as social security administration, treasure and police;

# New technologies: applications

- Saudi Arabia : National Labour Gateway;
- Provides prospective job seekers with information on various labour market programmes and helps to match workers with employers;
- Three steps:
  - 1. One stop shop for all career or labour related needs (job vacancies, referral to tailored advice, financial support, UI);
  - 2. Tailored lifetime career support (vocational advice, retirement benefits, etc);
  - 3. Nation wide platform providing training opportunities.

# Some comments on India

- Quality studies done by VVGNI and other Indian researchers at the central level, but also in the states of: Maharashtra, Tamil Nadu, West Bengal and Karnataka;
- In general, the national labour administration system in India demonstrates similar features the administration in developing (middle income) countries; higher ambition is needed;
- It seems that LA in India is struggling in terms of capacity (budget, human resources), management (coordination, planning, performance management), equipment (especially use of new technologies) and coverage (informal economy);
- Strikingly similar findings in most of the States;
- Solutions are not always within the mandate of MoLE, but would require a more systematic effort of the Government: Human resources, performance management, ICT;

# Some comments on India

- Strong ideological accent makes a meaningful discussion difficult – for example the issue of labour law and its enforcement;
- There is a strong need for a national consensus on the need of balanced labour laws and effective enforcement procedures;
- Modern administration cannot exist without investment in human resources, physical infrastructure and new technologies; on the other hand, administration also needs to justify these costs;
- Better planning process, establishment of reachable outcomes and indicators; more objective methods of evaluation, verifiable data;
- Simple, but sustainable system of performance measurement at the institutional level and regular evaluation of individual performance;
- More feedback from social partners and less formal social dialogue;



# Some comments on India

- Significant efforts were done to extend the coverage to informal sector, including administrative and financial measures; creation of Welfare Funds is a huge progress towards alleviation of extreme poverty;
- There are still significant obstacles. As the reports are pointing out, most of them are of the economic nature and should be addressed through a coordinated action of various government bodies and in cooperation with SPs and NGOs;
- However, there are also legislative obstacles that are within the mandate of MoLE; in fact, most of the existing labour laws do not apply to informal sector workers. The main still seems to be the applicability clause with respect to number of workers employed in a particular enterprise, for example the provisions of the Factories Act 1948; LL should be universally applicable.
- Prioritization of LA action is necessary ! Holistic approach.