

THE PUBLIC EMPLOYMENT SERVICE AND THE NEED TO LIBERALIZE EMPLOYMENT SERVICES IN TURKEY*

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I. Historical Background

During the years preceding and succeeding the establishment of the Turkish Republic in 1923, the idea of creating a public employment service (PES) had already gained support. Despite such earlier intentions, however, establishing the PES in Turkey was first given serious consideration in the early 1930s when Turkey was in the process of launching state-led industrialization programs. With a view to meeting the labor requirements of both public and private employers, Act no. 3008, the Labor Code of 1936, carried some provisions on the creation of the Public Employment Service. Having joined the Intertantional Labor Organization in 1932, it was likely that Turkey was already influenced by the general spirit of ILO Conventions no. 2 of 1919 and no. 34 of 1933 which had foreseen, respectively, the regulation of the labor market with a view to fighting unemployment and the abolition of fee-charging employment agencies.

The Labor Code no.3008 planned for the establishment of the PES three years after its publication. However, as a result of the intervention of World War II, the bill on the PES was submitted to Parliament rather belatedly. Finally, on 21 January 1946, the PES was created with the passage of the Act on the Establishment and Functions of the PES, no. 4837, which, with some modifications, is still in force.

The Labor Code of 1936 equipped the PES with almost a monopoly function in the provision of employment services. This is especially striking when one takes account of the fact that ILO Convention no. 34 had not yet been ratified by Turkey at the time of the enactment of the 1936 Labor Code. Convention no. 34 of 1933, while recognizing a few exceptions, was quite strict in its wording to abolish the fee-charging, profit as well as non-profit agencies, and it probably did exert some influence in the shaping of the stringent approach adopted by the Turkish legislature in 1936.

With Act no. 5448, Turkey ratified on 30 November 1949 the 1948 ILO Convention no. 88 on Public Employment Service. Thus, the PES had

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already been set up in 1946, even before the ratification of ILO Convention no. 88 in 1949. However, Convention no. 88 did not envisage the creation of the Public Employment Service as a strict state monopoly. A significant ILO convention ratified by Turkey is Convention no. 96 of 1949 known as the Fee-Charging Employment Agencies Convention (revised). Turkey ratified this Convention (which amended Convention no. 34) with Act no. 5835 in 1951.

II. The Present Legal Framework

A. In General

The basic law which provides for the public employment service (PES) in Turkey at present is the Labor Code of 1971, Act no. 1475. Art. 83 of the Code provides that the State must undertake, as a public service, the task of acting as an intermediary in helping workers procure jobs suited to their qualifications and in providing employers with workers qualified for different kinds of work. This function is to be carried out by the PES established by Act no. 4837.

Act. no. 1475 also provided for the issuance of regulations concerning the manner in which the PES functions were to be performed.

With certain exceptions, the labor Code of 1971 has placed general restrictions on private employment services. It provides that it is unlawful to work, or to open or operate any profit-oriented or nonprofit agency for the procurement of employment or the recruitment of employees, with the exception that the PES may permit the operation of such agencies for workers and employers in agricultural activities. Also, provided that they must not charge the job applicant any fees for their services, it is permissible for employers to recruit workers to be engaged in their work and activities carried on outside the country, subject to the prior permission and supervision at all times of the PES. However, the PES may revoke any such permission whenever it deems necessary.

ILO Convention no. 96 relating to Fee-Charging Employment Agencies gives to states which ratify it the choice between two alternatives: either the progressive abolition of fee-charging agencies conducted with a view to profit and the regulation of other agencies (Part II), or the regulation of fee-charging employment agencies in general (Part III). It should be underlined here that, though Turkey had ratified the rather flexible and permissible part of the Convention (Part III), thus leaving the way open to the operation of profit-oriented private employment agencies (PREAS)-provided they are regulated and supervised by the PES-, the present law, has, like the Labor Code of 1936, brought strict restrictions consistent with part II of the Convention. The reasons underlying Turkey's motives in imposing a system stricter than the one necessitated by Part III of the Convention would be interesting to explore. One reason could be the absence of any viable private employment agencies in the country at that time that could oppose the imposition of any state monopoly. Coupled with this factor,

the spillover effect of the same strict approach adopted by the Labor Code of 1936 could be another reason.

The Labor Code also provides for penalties including fines and imprisonment terms for violators of the above-mentioned prohibitions. In the event of a repetition of any of the violations, the fine and imprisonment penalties are to be increased to not more than double.

B. The Legal Compulsion to Enter into Employment Contracts with Disabled Persons and Ex-Convicts, and the Role of the PES

According to Art. 25 of the Labor Code every employer employing 50 or more workers in his undertaking must employ a quota of 2 per cent disabled persons and 2 per cent ex-convicts, in jobs suited to their occupational skills and physical and mental capacities.

The employer must engage the disabled persons and ex-convicts through the PES. The PES has, thus, been equipped with the function of providing employers of a certain size with disabled persons and ex-convicts. Specific regulations on particular classes of disabled persons and ex-convicts and the jobs in which they are to be engaged, the special conditions and wage rates applicable to them, the occupational rehabilitation of disabled persons by the PES and the manner by which disabled persons and ex-convicts are to be recruited have been issued in 1987. Notwithstanding the social and humanitarian aspects of this requirement, most employers have tended to evade it merely by paying the fine foreseen in the law.

C. Private Employment Consulting and Labor Training Services

The Regulation on Private Employment Consulting and Labor Training Services of 1987 aims to enable private persons, under the supervision of the PES, to fulfill some of the functions such as occupational orientation, employment consulting and training services which essentially fall into the scope of the powers and mandate of the PES. In view of the Regulation, private persons are to be encouraged and supported financially in their efforts to help people who wish to choose a suitable occupation or job, to establish their own business, to engage in income-increasing activities by using their spare time and to acquire skills in an employable area where there is shortage of labor.

The PES is empowered and charged with determining, licensing registering and supervising the "entrepreneurs" engaged in employment consulting and manpower training. However, although they have been referred to as "entrepreneurs", they must not charge fees to persons for whom they supply information regarding employment or training services. Such activities shall by no means be conducted with a view to profit. Apparently they are expected to deal with such activities with the financial help and support of the PES. The PES shall contribute to the expenditures incurred by the entrepreneur in organizing and conducting employment consulting and training activities, payments to trainees and trainers and costs of course material and equipment. Such financial aid

and support is to be determined on a yearly basis in accordance with changing economic conditions. 75 per cent of the financial support is to be given during the performance of such activities while the remaining 25 percent is to be met after the trainee has been placed in a job. In the event the number of placements exceeds 100 in a year, the entrepreneur is to be paid a certain premium for each person for whom he has provided employment. The amount of the premium and related procedures are determined by the PES. The financial aid and costs incurred in supporting entrepreneurs dealing with employment consulting and labor training are to be met from the "employment fund".

The entrepreneur involved in offering labor training courses must, before the courses begin, guarantee employment to the trainees if they successfully complete the training program. This guarantee must be confirmed by the request of the employer concerned to the local branch of the PES. And the entrepreneur must deposit the payment for necessary expenses with the PES.

Despite the initial interest shown in the employment consulting and labor training programs, referred to in practice as "manpower training courses with guaranteed employment", the effort has not proven to be of much success, due to the rigidity of too many bureaucratic rules, the absence of the profit motive for the so-called entrepreneurs and, above all, the limitations imposed by the existing legislation which seem to preclude the realization of a more flexible system.

III. Actual Practices

Application of workers and employers to the PES in order to find jobs or to recruit workers respectively is as a rule not compulsory. However, in actual practice, public enterprises have been put under the obligation to recruit employees through the intermediary help of the PES. Also, some of the larger private-sector employers have adopted policies, through decisions taken at the board of directors level, to procure workers by application to the PES.

Workers who make a direct application to the enterprise or firm are usually sent to the PES which registers and ranks them in terms of priority of application and qualifications. Taking the specific employer demands into consideration, the PES then refers these applicants to pertinent employers who may or may not choose to hire them. Thus, for such organizations, it is a requirement to apply to the PES in order to recruit workers, but there is no compulsion for employers to hire the candidates sent by the PES. One of the motives underlying this practice was to relieve the enterprises of too many unsolicited job applicants who might flock to factory gates in huge numbers in labor markets saddled with chronic high unemployment. The PES aims to provide the employer only with recruits who seem to meet the minimum qualifications required, making sure that the applicants obviously misfit for the jobs in question have been eliminated in advance. A second motive is to do away, to some extent at least, with external pressures impinging on the state

economic enterprises intended to forcing them into making politically motivated recruitments.

In practice most PES activities seem to have concentrated on the placement of workers generally in the public sector. Initially, placements covered workers in agricultural establishments and construction works and, to some extent, in skilled and semiskilled factory jobs. Recently, however, skilled technicians and office workers also seem inclined to seek placements through the PES in growing numbers. As the number and coverage of the PES offices have expanded in the course of time, both workers and employers have tended to develop the habit of making applications to it, more so in the recent past than in earlier years.

Due to the increasing movement of Turkish workers to other countries, a process which started in early 1960s and lasted until the mid-70s with full speed, the PES has focussed an important part of its activities on the study of labor demand from abroad. In fact, the PES was forced to devote an increasing part of its efforts to regulating and administering the flow of labor to other countries, a task over which it was granted monopoly power.

In spite of the various accomplishments of the PES since its inception, one could safely argue that it was unable to achieve some of the objectives set out in its original legal and institutional framework. Specifically, goals such as taking measures with a view to preventing social unrest by observing fluctuations in wages and comparing them with the cost of living, providing vocational guidance and improving workers' occupational qualifications and acting as an intermediary actively in the conclusion of workers' employment contracts, particularly those of special skill categories which the expanding Turkish industry needed, were not adequately accomplished. Part of this failure seems to have been accounted for by the meager state of its finances.

In an attempt to revamp the structure and improve the functions of the PES with a view to meeting the newly emerging needs of the labor markets, various efforts have been undertaken, especially since the year 1987. Among the projects in this category, the following may be cited: the computer-aided employment project aimed at speeding up the flow of information in recruitment and placement services; expanding the scope of consulting services through the telephone network; in-house training services intended to enhance the efficiency of the PES personnel; the reorganization project to be carried out in cooperation with the Employment Organization of Federal Germany; the UNICEF project designed to equip young girls and women with skills so as to enable them to be placed in jobs suited to national standards; labor training programs conducted intensively in various parts of the country; the U.S. financed project, in collaboration with UNIDO, aimed at the vocational training and employment of ethnic Turkish migrants from Bulgaria; the establishment of labor training centers with modern facilities in various regions such as Kayseri, Söke and İskenderun with the aim of developing skilled manpower geared to these regions' needs; vocational training

project for the disabled in Ankara, to be conducted in collaboration with the United Nations Development Programme; and the project to supply courses to train skilled personnel for the tourism industry.

Realizing the necessity to improve its communications with private employers in order to increase placements in the private sector, the PES intensified its relations with private industries by organizing frequent and direct on the spot visits. As a result, a 38 per cent increase was obtained in placements made in nongagricultural private establishments in the year 1990 alone. Efforts in this direction are reported to be proceeding with reasonable efficiency.

Of all the projects conceived so far, however, the most comprehensive one seems to be the Employment Project sponsored and financed by the World Bank which is comprised of various sub-projects (e.g. the Turkish Occupational Standards System, Employment Consulting and Development of Employment Services, the Labor Market Information System, and the Labor Training Component). With this broad-based project, it is hoped that the larger goals of reorganizing the PES so as to enhance its effectiveness in the labor market, occupational guidance, training and orientation, employment counseling and dissemination of information services, etc will materialize, thus making the PES a more efficient and flexible institution consistent with the standards of its counterparts in the developed countries.

IV. Proposed Legislation for Reform

Taking into consideration the above-stated objectives as well as the proposed incorporation of the unemployment insurance scheme into the functions of the PES, a draft bill has been prepared to overhaul the Organization considerably. The draft bill, has been prepared and submitted to the Ministry of Labor and Social Security on 14.3.1991. Of the changes projected, some of the basic ones are the following:

a) The name of the PES (İİBK, İş ve İşçi Bulma Kurumu) is to be changed to Turkish Employment Organization (EO, İş-Kur, in short).

b) The legal structure of the Organization is to be modified. The Organization (İş-Kur) is now conceived of as a public legal entity associated with the Ministry of Labor and Social Security, having administrative and financial autonomy, with a private budget of its own and subject to the principles of private law.

c) Among new functions assigned to the EO are: issuing work permits to foreign nationals, giving support to those who set up their own business, administering the unemployment insurance scheme which is to be established as a new social security branch in Turkey, and handling the procedures concerning private employment agencies.

Thus, the draft bill seems to recognize the need for more flexible arrangements in employment services to be conducted by private employment agencies as well. But, within the constraints set by ILO Convention no. 96, it maintains the power of the EO to regulate, license

and inspect such agencies. Art. 57 of the proposed bill says: "Private employment offices may engage in labor placement and employment consulting-counseling activities. The scope of their activities in terms of jobs and occupations is to be determined by the Council of Ministers upon the proposal of the Ministry of Labor. Private employment offices shall operate under the supervision of the Turkish EO. They shall provide the EO with all types of information requested. The conditions for licensing, the duration of the license and its revocation as well as the obligation of such private offices to supply reports of information, their supervision and other related matters shall be indicated in a regulation to be issued".

d) The structure of the EO, having a General Assembly, a Management Board, and provincial employment councils, will be based upon the effective participation of workers, employers and the government at various levels.

The new organization will span provinces and counties. Furthermore the general assembly has been authorized to make changes in the central and local structure of the organization. Moreover, with a view to hiring highly specialized personnel irrespective of the available civil service positions, İş-Kur (EO) will be able to employ, on a contract basis, qualified specialists at higher wages, as well as to engage specialists from other public corporations and institutions.

f) In an attempt to make the organization more efficient in fulfilling its functions, transfer of funds from various sources has been foreseen in the draft bill. The bill also provides for the transfer of certain fines levied on the violators of the Labor Code provisions to the PES, to the extent they are related to the functioning of the EO.

V. The Emerging Need to Liberalize Employment Services in Turkey

With the outward-opening of the Turkish economy in the early 1980s and coupled with the growing demand for more efficient utilization of human resources and flexible work arrangements, the need to overhaul employment services is also being felt in Turkey. Nonstandard work patterns such as temporary work, part-time work and subcontracting as well as flexible working time have been on the rise, at least for certain segments of the labor force. The parties to the employment relationship, employers, managements, unions and the judiciary are struggling to improvise solutions with a view to filling the emerging void in the law. Making changes in labor legislation is, therefore, on the agenda of the competent authorities concerned.

Such emerging trends have intensified the need to liberalize the employment services system in Turkey. As temporary and part-time work and contract labor are being practiced in Turkey, the need to permit the operation of fee-charging private placement agencies will make itself felt more vividly in the near future. Some private consulting firms seem to have already circumvented the existing legal prohibitions, particularly in

so far as search and placement for executives and highly skilled workers is concerned. The PES whose accomplishments so far have centered on mainly the public sector seems now to be ill-equipped to tackle the problems of today's markets, particularly in respect of the privatization trends which will necessarily lead to the contraction of the public sector.

The combined action of the Private Employment Agencies (PREAs) and the PES may lead to a labor market which functions better than one monopolized solely by the PES. Moreover, job information will be better disseminated and utilized by dint of the co-existence model. Stifling competition by maintaining the state monopoly is apt to result in labor market performance destined to be poorer than what one would have under a system with multiple agents competing with and complementing each other.

In principle labor legislation in Turkey-including acts on the individual employment relationship as well as collective labor relations is not restricted by numerical requirements in terms of its coverage. That legislation applies to all workplaces employing even one worker, manual and white-collar. But its various provisions have brought additional costs on enterprises employing workers above a specified number. These requirements, for flexibility purposes, have resulted in the breaking up enterprises into smaller units in order to avoid such extra costs, thus leading to the proliferation of small firms which otherwise would be larger units. It seems that the PREAs would have an appeal to these small enterprises in their search for a more flexible and efficient workforce (temporary workers, etc.)

Furthermore, the possible introduction of an iron-clad job security system proposed by the Ministry of Labor and which is at present on the agenda of the Parliament-is likely to encourage employers to be more selective in their recruitment practices. Therefore they will have to call on the services of the PREAs which presumably make use of more sophisticated selection techniques.

VI. Basic Dimensions of a Shared Labor Market Management Model

A. Major Changes Required in the Legal Framework

Assessed against the obstacles hindering the efficient functioning of the PES in reaching its avowed goals, and given the productive operations which a well-conceived PREA system could perform in the efficient functioning of the labor market, the abolition of the state monopoly in Turkey is advisable. This means that a new model incorporating the co-existence of the PES and PREAs must be drawn up, with the general guidelines defining the nature of the relationships both between them and with their clients. Below are proposed some directions of change as well as the likely effects of these changes on the existing legal framework.

1. As Turkey has ratified only Part III of ILO Convention no. 96-that does not require the abolition of fee-charging private employment

agencies conducted with a view to profit-, the state monopoly established by the Labor Code can be repealed rather easily, without Turkey's having to denounce any ILO instrument. Admendment of the pertinent Labor Code articles my pave the way for devising new legislation so as to allow fee charging employment agencies under the supervision of the PES. Thus, the prohibitive provisions of the Labor Code must be repealed to be replaced by a new "co-existence model"

2. Given the emerging realities and the current efforts by the ILO to adopt a more flexible intenational standard, a case could be made for softening even those constraints foreseen in Part III of Convention no 96 and drawing up a new legislative framework, more flexible than the existing provisions of Convention no. 96, (Part III). The views expressed below are partly consistent with the framework suggested for the forthcoming proposed ILO Convention; however, some of the points raised are related to the specific conditions of Turkey's labor market.

3. The new legislation, setting the pattern for response to the needs of changing labor market functions, should describe the PES and PREA, along with the nature of relationship between them and with their clients. Since the various categories of the PREAS typology which have developed in Western countries have not crystallized in the Turkish environment yet, it seems appropriate to refer, in general terms, only to fee-charging private employment agencies. There is no need for differentiation between temporary placement agencies, permanent placement agencies, executive search firms, etc. We should let one firm to provide all these services. A firm might choose to specialize in one or more of these services, but bringing different statutory regulations for different types of PREAs would likely entail unforeseen complications and difficulties. A general framework dealing with the status of PREAs would be sufficient. However, the law may levy certain restrictions on specific forms of private employment services (for example, for temporary work in certain categories, workers' placement in foreign countries, etc.)

4. A significant area brought to bear on the relationship of the PES with PREAs is the concept of competition versus cooperation and complementary functions. Such a dichotomy seems to be irrelevant, since the three of them must be present for the efficient functioning of the shared management model. The state will obviously lay down the general rules, mediate and conciliate in the event of disagreements and initiate sanctions in the event of violations. It will maintain its control over the functioning of the labor market. But beyond that, the shared management model will entail competition between the state sector and the private sector. Although it is argued that there shoul be a clear division of roles, that assistance to jobseekers with difficulties entering employment should fall to the public service while the profitable market of job vacancies for skilled, high-level manpower and employable workers should be managed by private firms, this should be determined by the automatic functioning of demand and supply under free competition rather than by laying down clear divisions between the two. In the long

run, however, the market for high skills, executives and temporary workers will tend to be dominated by the PREAs while the PES will tend to appeal more to the unskilled and semiskilled jobseekers harder to employ. In the same manner, competition between the two sectors will follow as a natural outcome of the information possessed. The state may compel institutions, firms or persons possessing information considered important to make it accessible, and the dissemination of this information will contribute to increasing the quality of private sector services. Likewise, the private sector should share information with the public service, although care should be taken in order not to infringe upon individual rights and confidentiality.

The PES will control access to considerable amount of information through the unemployment insurance scheme, since according to the draft bill, as in many other countries, the unemployment insurance will be administered by the PES (İş-Kur). Those qualified to receive unemployment insurance benefits should apply to and register with the İş-Kur; the same unemployed persons seeking jobs will be free to make applications to the PREAs for placements in suitable jobs; so, for many jobseekers there will probably be duplicated or multiple applications. Once information has been collected and processed, however, it must not be held purely to serve the purposes of the PES. Rather, it may be made available to all the actors in the market. As unemployment insurance contributions are levied on wages, the management of these funds will be undertaken by the State. Having thus defined its own area of competence, the PES must respect that which is left to the other actors in the PREAs market. As a natural outcome of the free functioning of the market, the PES and PREAs operations will complement and supplement each other.

5. There will be various problems involved in the regulation, licensing and supervision of the agencies. The İş-Kur draft bill, as stated above, entitles the PREAs to engage in labor placement and employment counseling operations within the constraints, as it seems, of the ILO Convention no. 96 (Part III). As mentioned earlier, instead of regulating the agencies according to their types, it seems more feasible to regulate their operations irrespective of the type of the agency. Thus, regulating such operations as recruitment, selection, consultancy, temporary assignments, contract labor, executive search, etc. should be the preferred course of action rather than regulating temporary employment agencies, executive search companies, etc. This alternative is more flexible, and the regulations to be issued by the Ministry of Labor would deal with one type of agency-general and broad-based-, but should bring rules for different types of operations.

However, due to its vulnerability to abusive practices, placement of workers in foreign countries should perhaps still be kept under the PES monopoly, with the exception of certain categories of professionals, executives and the like. This restriction has to be dealt with in the legislation rather than the regulations. As Art. 10/d of Part III of Convention no. 96 has provided, "fee-charging agencies shall place or

recruit workers abroad if permitted to do so by the competent authority and under conditions determined by the laws or regulations in force".

6. Supervision, as envisaged in the İş-Kur draft bill may be carried out indirectly by the Ministry of Labor awarding a 'stamp of approval' for self-regulation' efforts. One problem here is that the IIBK is not a regulatory agency, but an agency which operates employment services itself. Therefore it would perhaps be desirable if an independent agency (tripartite in structure) could be developed to license, supervise and monitor PRES firms. Codes of good conduct may be developed by federations that group together agencies in the profession, or if not seen feasible, a requirement may be established that they be negotiated with and approved by the public authorities, ascertaining that they are compatible with the legislation and regulations. Neither strict supervision, nor overregulation is likely to be deemed desirable, for it might create very tight and bureaucratic auditing procedures which could discourage smaller but innovative entrepreneurs and leave the market accessible only to big multinationals in the field. Rather, supervision and regulation should involve flexible and indirect methods, such as application of an approval system for selection techniques so that clients would spontaneously abandon firms using methods which are not approved by professionals from the public and private sectors.

7. On the requirement to obtain approval or a license before practicing the profession, care should be taken not to discourage firms from long term strategies and investment. Granting of approval helps identify firms in the market and collect information when it is linked to the obligation of regularly supplying data on their activities; it makes possible the monitoring of the application of regulations and helps bar entry to the firms which seem dubious. So, some provisions on licensing are needed especially when the market is new and immature. And as the market develops and conducts itself, the stricter aspects of licensing may be loosened through phased liberalizations and reduced to a mere obligation for private firms to register with public authorities; the intention is then just to identify firms and ensure that they abide by current regulations. Once approval (license) is given, the requirement to renew it must not be on a yearly basis. Rather, a renewal requirement every three years would be more appropriate. However, the supplying of information on operations may be on a yearly basis.

8. On licensing or approval, the regulations will have to define and give official recognition to persons or firms that will have access to the profession. Will it lay down minimum standards of training, competence and conduct to be met by aspiring PREAs? How could the protection of the profession be achieved? By instituting a professional certification system, or by registration in a professional body (like the practice in the medical profession or law)? Or, will they be sworn professionals (like public notaries, translators or certified public accountants)? Shall we require, in addition to legal regulations, a certain formal training in a specialized field, the presence of associations and federations, and a professional code of ethics?

In this connection only a minimum standard of training must be required (university or perhaps even a high-school diploma), but other than this, the occupation may be made accessible to everyone meeting the minimum legal requirements (legal age, criminal record, legal incorporation of the firm, etc) and may be a few stipulations mentioned in the regulations (like some experience in the labor market), thus leaving the operation of the system to the market forces of demand and supply.

9. However, the requirement that "the PREAs should only charge fees and expenses on a scale submitted to and approved by the competent authority or fixed by the said authority," the clause found in Art. 10/c of Part III of ILO Convention no. 96, should not be included in the new system. The overt objective of Convention no. 96 was either to ban PREAs or place them under tight supervision by government authorities. As the Report of the ILO Committee has pointed out, "all these principles no longer correspond to today's reality in modern labor markets". The determination of fees and expenses to be charged should therefore be left to forces of competition in the market. But one principle contained in ILO Convention no. 96 should be maintained, namely the one concerning who should be charged for the payment of services offered by the PREA. The Preferred alternative is that, with a few exceptions such as services provided to high-level professionals and executives, fees should not be charged to the jobseeker. In principle, the employer should pay the fees and expenses offered by the PREA. The PES should continue offering its services free of charge, but the provision that it may charge the employers for the expenses incurred in the recruitment and placement of workers should be maintained.

With a view to competing with the PREAs market, however, the PES (İş-Kur) might explore a self-financing approach as well. Especially for the high-level manpower market, the PES may make an exception to the principle of free-of-charge service. Establishing its own specialized units to compete with the PREAs, financially autonomous and run like private agencies to ensure that their competition is perceived fair, would contribute to enhancing the efficiency of both the PES and PREA operations. Also, identification of the PREAs for tax purposes with a view to allotting fiscal revenues from them to fund employment promotion programmes would help the society to more readily accept the concept of profit-making private employment services.

Conclusion

As in many other countries, experience of the last decade in Turkey has also shown that the prohibition approach to employment services is no longer practicable and, therefore, should be abandoned. Although it is true that PES has performed undeniably vital functions in the operation of Turkish labor markets, modern realities and emerging needs now seem to require discarding the State monopoly in employment services in Turkey.

The PES will soon face even greater challenges as privatization trends in Turkey accelerate. That is, the privatization of state-owned enterprises in Turkey will undoubtedly lead to enterprise downsizing, thus creating significant labor adjustment problems. To assist in alleviating these labor adjustment problems, the PES will have to provide expanded services to workers affected by privatization. These new worker adjustment services will most likely extend PES's reach in new directions. Thus, at a time when PES is facing challenges in meeting the current needs of the Turkish labor market, it will soon be faced with more serious, new and expanded challenges.

There is need, therefore, to supplement and complement PES activities by allowing the operation of private employment agencies, and to reach this goal, to draw up a model of labor market management which must reconcile the activities of private employment agencies with those of the Public Employment Service. In doing this, however, the goal of protecting vulnerable unemployed workers and providing equal opportunity in employment for all groups must not be sacrificed. In the co-existence model proposed in this article with a view to promoting debate on this subject, it has, therefore, been suggested that the State should not refrain from supervising and guiding the labor market for the common good.

