International review of performance management systems in Public Employment Services

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A report of research carried out by the Policy Research Institute, Leeds Business School on behalf of the Department for Work and Pensions
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Acknowledgements

The research team wish to thank and acknowledge the contribution made by the full project steering group in the Jobcentre Plus Performance Measurement and Analysis Division including Natalie Rhodes, Faye Dunbavan, Paul Selby, Aidan Cross, Peter Weller, Lucy Moore, Scott Cain, Jim Patrick, Karen Maskill, Gill Storey and Clare Morley. Naoimh Bohan, Sue Green, Sally-Ann Halliday (all PRI) and Andy Lane (Employment Group) provided helpful comments on the draft report.

We would also like to thank the respondents to our consultation exercise in Public Employment Services in Europe and in the SYSDEM network of Public Employment Services experts.
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## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AACT</td>
<td>Actual Average Clearance Times</td>
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<td>AAT</td>
<td>Advisor Achievement Tool</td>
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<td>ALMP</td>
<td>Active Labour Market Policy</td>
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<td>BDC</td>
<td>Benefit Delivery Centre</td>
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<td>BSC</td>
<td>Balanced Scorecard</td>
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<tr>
<td>CSA</td>
<td>Customer Service Agent</td>
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<td>CSR</td>
<td>Comprehensive Spending Review</td>
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<td>CST</td>
<td>Customer Service Target</td>
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<td>CWI</td>
<td>Central Organisation for Work and Income, Netherlands</td>
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<tr>
<td>DSO</td>
<td>Departmental Strategic Objective</td>
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<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
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<td>EES</td>
<td>European Employment Strategy</td>
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<td>EET</td>
<td>Employer Engagement Target</td>
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<td>EFQM</td>
<td>European Foundation for Quality Management</td>
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<td>FJR</td>
<td>Fortnightly Job search Review</td>
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<td>IDT</td>
<td>Intervention Delivery Target</td>
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<td>JET</td>
<td>Job Entry Target</td>
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<td>JOT</td>
<td>Job Outcome Target</td>
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<td>LFS</td>
<td>Labour Force Survey</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>LMS</td>
<td>Labour Market System</td>
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<tr>
<td>LTU</td>
<td>Long-term unemployed</td>
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<td>MBO</td>
<td>Management by Objectives</td>
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<tr>
<td>MVFE</td>
<td>Monetary Value of Fraud and Error</td>
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<td>OMC</td>
<td>Open method of coordination</td>
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<tr>
<td>PES</td>
<td>Public Employment Services</td>
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<td>PMAD</td>
<td>Performance Measurement and Analysis Division</td>
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<td>PSA</td>
<td>Public Service Agreement</td>
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<tr>
<td>SMART</td>
<td>Specific, Measurable, Achievable, Realistic and Time-bound</td>
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<tr>
<td>SYSDEM</td>
<td>Network of independent employment experts who report through the European Employment Observatory</td>
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<td>UWV</td>
<td>Employee Insurance Agency, Netherlands</td>
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<tr>
<td>WFI</td>
<td>Work Focused Interview/Intervention</td>
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<td>WPLS</td>
<td>Work and Pensions Longitudinal Study</td>
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Summary

Introduction

This study was commissioned to explore how other Public Employment Services (PES) across Europe use performance measurement in support of their organisational objectives in order that Jobcentre Plus can learn from this when considering future improvements to its performance measurement regime.

Approaches to performance management

Performance management and measurement are closely associated with the rise of interest in Management by Objectives (MBO) from the 1950s onwards. MBO involves senior managers setting indicators and targets in relation to desired outcomes but allowing local managers the autonomy to innovate to achieve these. However, more contemporary authors suggest that performance measurement is often used to insert more rigid controls over organisational processes to standardise delivery and improve efficiency. Integrating performance measurement with organisational learning provides an opportunity to learn lessons from previous delivery, confirming or denying underlying assumptions which act as a guide to action.

Performance measurement in the public sector has been implemented generally in the context of increasing privatisation of public services and as a mechanism to ensure that contractors or public sector arms length delivery organisations act in the ways that the purchaser of services would want. Other prominent objectives underpinning performance measurement in the public sector relate to the potential to use performance data to aid public and political accountability.

Performance measurement systems take different types of performance indicators and attempt to link them together, particularly to show the relationship between inputs (the resources devoted to a particular issue), outputs (the immediate results of activity, such as the number of interventions completed) and outcomes (the ultimate effects of interventions). Example performance measurement systems include ‘Balanced Score Cards’ and ‘Performance Prisms’.
Performance measurement does though have some acknowledged problems; notably the diversion of resources into data collection and measurement as opposed to delivery and so called ‘perverse incentives’ where individual or organisational behaviour is diverted away from the ultimate objectives of the organisation.

Performance measurement in Public Employment Services

The role of the PES is to facilitate the bringing together of the supply and demand for labour, through both ‘passive’ and ‘active’ measures. Research on the use of performance measurement in PES suggests that it is widely used but that there have been many instances of common problems including perverse incentives to encourage ‘creaming and parking’ behaviour where easy to place clients are prioritised over those requiring more help and who are arguably a more appropriate focus for PES attention. There is also a concern in the literature to avoid incentivising PES and their contractors to promote short-term rather than long-term outcomes, with some suggesting that longer-term measures of the sustainability and/or quality of employment gained as a result of PES interventions are needed to address this concern. The last decade has also seen a number of different initiatives in Europe to compare performance, for instance through the European PES Benchmarking Project.

Commentary on an international review of performance measurement

The review of performance measurement in comparative PES in Europe, North America and Australia showed that a wide range of approaches to performance measurement are used. The core components of these are set out below in relation to input, output, intermediate outcome and final outcome measures.

Input measures relate to the presentation of resource information (e.g. budgets, staffing) alongside achieved performance, so as to enable a comparison of the relationship between resources and performance. While this is not widespread, some countries do adopt these measures and they are incorporated in the European PES Benchmarking Project and the European Employment Strategy (EES) approach.

Output measures count the volume and quality of activity and interventions undertaken by the PES. Common indicators in PES performance measurement systems include:

- vacancy registrations – this commonly refers to the vacancies registered by employers with the PES and acts as a measure of the role of the PES in providing a passive information-based function in the labour market. Some variants go further to identify measures of the quality or type of vacancies that they register;
• interventions – interventions related to the more active measures used by PES on the supply-side of the labour market, usually (though not exclusively) with unemployed job seekers or inactive benefit claimants. These include measures of:
  – activation interviews;
  – referrals to particular employment or support programmes, including training and development programmes;
  – work trials/intermediate employment programmes;
  – individual plan completions setting out mutual expectations, labour market aspirations and the support needed to achieve these;
  – sanctions – reductions in benefit payments as a result of not actively seeking employment;

• penetration measures – these measure interventions in relation to a particular group of clients (e.g. the proportion of lone parents who have been provided with child care advice);

• process quality measures – these tend to be less numerical and include qualitative checks on the quality of interviews undertaken, the plans completed for individual job seekers or the use of feedback from customers on the quality of service delivery.

Outcome measures can be divided into two categories: Intermediate and Final outcomes. Intermediate outcomes measure those effects that result directly from the activities of the PES. Final outcome measures incorporate assessments of the overall and often long-term desired outcomes of PES activity. Widely used intermediate outcomes include:

• general off-flows from benefits – these measures are common and tend just to record where individual benefit claimants terminate their claims. A focus only on general off-flows can be misleading as the reasons for a claim termination include transitions into the informal economy, to another benefit, migration, to prison or even death, in addition to employment;

• specific off-flows from benefits – these measures include a consideration of the destination of people leaving the unemployment register or benefit claimant count. Destinations commonly include some indication that this includes formal employment, but might also go further to measure separately different types or quality of employment achieved with a view to assessing the quality of outcome achieved by PES activity. They also commonly ensure a link back to a particular intervention to enable comparison of what sorts of interventions are most successful, and in what way, for particular groups of job seekers;

• penetration – penetration measures again focus on the outcomes for specific groups of job seekers or inactive claimants;
• **benefit duration** – benefit duration measures focus on how quickly the PES is able to help people return to work from unemployment, and are sometimes referred to as rapid re-employment targets. In one PES, there is also an indicator of how quickly individuals return back to the unemployment system.

Final outcome indicators typically focus on overall objectives, such as increasing the employment rate or reducing the rate of claiming particular benefits. They are often, though, quite difficult to link back to PES interventions because of the wide range of other influences that act on them and therefore, are not often associated with a particular target.

**Conclusions**

The conclusions drawn from the evidence review, consultation and case studies suggest that some general principles are important in designing performance measurement systems:

- performance measurement should be based on robust data;
- decision-making requires data which is both comprehensive and timely;
- the collection of performance data should be assessed against its relative cost and benefit;
- performance measurement needs to avoid generating perverse incentives;
- the incentive effects of performance measures may vary at different organisational levels.

The review also suggests that performance measurement approaches need to be aligned with the predominant approach to management. In organisations and systems where there is strong centralised process control, it is appropriate that performance measures focus on and set targets for inputs, processes and outputs. In organisations and systems where there is more local or operational autonomy over processes it is more appropriate to focus performance measures on outcomes. In the latter case it may still be appropriate to monitor inputs, processes and outputs, in order to learn from successful practice, but targets should be focused only on outcomes.

The theoretical literature suggests that performance measures should be organised in performance measurement frameworks. These frameworks help to establish causal connections between inputs, outputs and outcomes. Some PES use such frameworks and the EES has a framework for organising and benchmarking performance between PES in Europe. In developing such frameworks it is desirable to establish links between inputs and specific types of outputs and outcomes in order to learn from practice in relation to what works for particular types of jobseeker. The latest thinking suggests that intangible outcomes might also be incorporated in approaches to performance measurement. This might be achieved by differentiating between ‘intermediate’ and ‘final’ outcomes.
Finally, performance measurement data alone can be easy to misunderstand and its suitability as the basis for decision-making might be improved by linking it to a broader explanatory commentary that can draw on a range of additional evidence such as that arising from research and evaluation. Such a commentary might be prepared on an annual basis and to link to policy objectives and review periods.
1 Introduction

Since its creation in 2002, Jobcentre Plus has been set an annual target for helping customers into work. The overall structure of the target, based on an explicitly weighted points system, has remained broadly the same each year with only minor incremental improvements. However, the measurement regime on which the points target is based was changed radically for 2006/07 when the Job Entry Target (JET) was replaced with the Job Outcome Target (JOT), which makes use of job start data obtained from Her Majesty’s Revenue & Customs (HMRC), following extensive piloting of the new measure. While the JET was seen to provide a strong set of operational incentives, research showed that the JOT improved on these, was less costly to administer and recognised that many customers are helped into work by Jobcentre Plus ‘self help’ channels such as the vacancy search services available through the organisation’s website, telephone contact centres and computer terminals in Jobcentre Plus offices (Johnson and Nunn, 2005; 2006; Nunn et al., 2007a). However, more recent research suggests that the measurement of job outcomes could be further improved (Adams et al., 2008; Anon., 2008) in the future and that improvements of this nature might strengthen the ability of managers to use outcome performance information in making operational decisions (Nunn et al., 2007b).

Jobcentre Plus Performance Measurement and Analysis Division (PMAD) commissioned the Policy Research Institute at Leeds Metropolitan University to undertake a review of approaches to performance measurement in Public Employment Services (PES) around the world. The review is intended to inform discussion about the development of performance measurement policy and practice in Jobcentre Plus and the Department for Work and Pensions (DWP).

The review was undertaken between December 2008 and February 2009 and included a review of the academic and policy-related literature; an in-depth focus on a large number of European and other PES; an online consultation with PES officials in Europe; and noted experts and finally a small number of supplementary interviews with respondents in relation to five ‘case study’ PES performance measurement systems.
The results of the review are summarised in Chapters 3 to 5. A fuller discussion of these findings is given in the Appendices. Chapter 6 provides a summary of the discussions in case study PES. Chapter 7 discusses conclusions drawn from the review and case studies and makes suggestions for how the performance measurement framework for Jobcentre Plus might be developed in the future.
2 Methodology

The purpose of the research was to identify what approaches to performance measurement are used generally in the public sector and specifically in relation to performance measurement around the world. Where possible, evidence on how private sector organisations use performance measurement was also sought.

The main aim of this review was to understand existing labour market targets and whether these would be appropriate for Jobcentre Plus.

This aim is underpinned by a number of objectives:

• to determine what labour market targets other Public Employment Services (PES) use to measure their performance of moving people into work;
• to understand whether other PES use off-flow measures;
• to determine what evidence exists to demonstrate why these targets are used in other countries, i.e. how they help move people into work;
• to investigate whether there are other organisations who have labour market targets and what these targets are;
• to understand if there are differences between public, private and voluntary sector targets where appropriate.

The research involved two phases of work: The first was concerned with a general review of practice elsewhere, based primarily on a literature and practice review, and incorporated an open literature search using the following databases:

• the IDOX Information Service;
• Social Science Citation Index;
• International Bibliography of Social Sciences;
• Applied Social Science Indexes and Abstracts;
• Sociological Abstracts;
• British Library Inside;
• the Copac National, Academic, and Specialist Library Catalogue; and
• Internet searches using Google and Google-Scholar.

Search strings were developed to reflect the main themes of employment services, performance/targets/benchmarks and systems/strategies/policies. Further strings related to specific measures such as off-flows or contexts such as public/private sector. These searches helped to identify approximately 2,700 references. These were then augmented using ‘snowballing’ techniques; following appropriate references in reviewed documents to identify additional sources.

In addition to these open searches, a detailed review of a structured range of sources was undertaken in relation to the performance measurement approach used in each country in the European Union, similar European countries outside of the Union, and other similar non-European countries such as the United States of America, Canada, Australia and New Zealand. The sources used to undertake this element of the research included:

• European Employment and Lisbon Strategy documents such as National Reform Programmes or Joint Employment Reports;
• PES Annual Reports and Performance Reports;
• reviews and publications by organisations like the OECD, European Employment Observatory, the European Mutual Learning Network and World Bank;
• other material available on the internet or from the general searches.

To augment the literature review, a rapid online consultation survey was undertaken with all Directors of PES in the European PES Directors network and with SYSDEM network country experts. This consultation was open for one month between mid December 2008 and mid January 2009. Despite being in the field for a very restricted time period which incorporated Christmas holidays, the survey received 25 responses from PES Directors (21 completed from 23 countries) and 16 responses (11 completed) from the SYSDEM network.

Phase 2 of the project involved more in depth research in five case study countries which were selected because of a range of factors including labour market or institutional similarity to the UK context (now or in relation to current reforms) as in the case of Denmark/Germany/Netherlands or because of an apparently innovative approach to performance measurement as in the case of Austria/ Switzerland. These case studies included telephone interviews with key individuals in the PES and stakeholder communities (e.g. knowledgeable researchers) to

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1 The SYSDEM network is a network of independent labour market experts which operates within the European Employment Observatory. Its aim is to report on employment and labour market policy developments and statistical trends and to provide research and evaluation services to the European Commission. More information is available at: http://www.eu-employment-observatory.net/en/about/abt03_01.htm.
identify in more detail the ways in which performance measurement systems operate, how they are underpinned by data systems, the construction of targets, how decision making procedures use performance information and any strengths and weaknesses of approach. While up to five interviews were attempted in each Phase 2 case study, a combination of the timescales involved and respondent workloads meant that only single interviews were possible for this phase of the work. The interviews were conducted in English and in one of the case studies this may have been an additional barrier to participation. The topic guide for these interviews is presented in Appendix E.

This report presents findings from both phases of the project.
3 Approaches to performance management

3.1 Definitional issues: What is performance measurement?

Performance measurement is closely associated with performance management (Audit Commission 2000a: 5) and the central focus of this review is the intersection between the two. While performance management might include a range of management responsibilities, down to managing the performance of individual members of staff through very soft and arbitrary collection of information (such as unstructured observed performance in the workplace) (Treasury 2001; Centre for Business Performance 2006: 3), the focus here is on the measurement and management of whole organisation performance.

Whilst some approaches, such as the DuPont Pyramid\(^2\), extend back to the development of major modern industrial corporations, performance measurement is particularly associated with the notion of Management by Objectives (MBO) first put forward by Drucker (1955) in the 1950s. The essence of MBO is that senior management set objectives to be measured by quantitative targets, with associated performance indicators designed to ensure that these are achieved but allow considerable operational flexibility and autonomy over the ways in which

\(^2\) The DuPont Pyramid is a model developed by the DuPont Corporation in the early years of the 20th century to organise various aspects of corporate financial performance into a hierarchical and complex system of financial ratios. While it is recognised as being important in historical terms, it is often criticised by modern business commentators for being overly focused on retrospective measures of financial performance, encouraging short-termism and not offering insight into future trends (Kennerley and Neely, 2001:146).
organisational units, teams and individuals attempt to achieve these goals (Mosley et al., 2001:3-4).

There are three distinct ways in which the performance management process can be approached (Neely et al., 1995): First, it can be approached from the perspective of individual measures which indicate performance on a single set of criteria, often on the basis of product or service quality, time, cost or throughput. Second, it can be approached from a more systemic perspective where individual measures are placed in some form of analytical framework designed to understand the relationship between different types of information. The most famous example of this sort of systemic perspective is the widely adopted Balanced Scorecard approach (Kaplan and Norton, 1992). Third, performance measurement can be understood from the point of view of how the performance measurement system (e.g. a balanced scorecard) interacts with the wider context, whether that be an internal organisational context, an external stakeholder or market context.

3.2 Designing performance measures

There is a variety of guidance and good practice style guides available for establishing and designing performance measures and indicators (see, for example, Audit Commission, 2000b; 2000a; Kennerley and Mason, 2008). Such guides frequently include a large number of criteria which can be used to establish robust performance indicators and targets. Typically, these include relevance to strategic objectives, clarity of indicators and their definitions to ensure ease of use. The Commission also suggests that indicators need to provide timely and usable information and avoid several common pitfalls. These include avoiding generating perverse incentives and ensuring that indicators provide information that is attributable to those who are responsible for the relevant activity. In common with others, the Commission also recommends that targets which are associated with particular indicators are Specific, Measurable, Achievable, Relevant and Time-bound or ‘SMART’ (Audit Commission, 2000a; 2000b). The 2001 joint Treasury, Cabinet Office, Audit Commission, National Audit Office and Office for National Statistics publication, Choosing the Right Fabric, suggested that performance measures should be relevant, attributable, well-defined, timely, reliable, comparable and verifiable (Treasury, 2001).

3 The Balanced Scorecard presents a range of financial and other measures of performance in an established four-part framework focusing on customers, internal processes, and innovation and learning (Kaplan and Norton, 1992:72).
3.3 Performance measurement frameworks and understanding causality

Much of the literature on performance management highlights the importance of using performance management and measurement to better understand causal chains and linkages (Centre for Business Audit Commission, 2000a; Centre for Business Performance, 2006: 11). This has led to the establishment of a variety of tailored and ‘off the peg’ frameworks which attempt to structure the process of generating an holistic set of performance measures to assess organisational performance (Kennerley and Neely, 2001:145-155; Rouse and Putterill, 2003:791-5). Among these, perhaps the Balanced Scorecard is the most widely publicised, though this itself emerged from a critique of earlier attempts at mostly financially-oriented performance measurement frameworks such as the ‘DuPont Pyramid’ (Kaplan and Norton, 1992:71; Kennerley and Neely, 2001:146; Paranjape et al., 2006:5). The Balanced Scorecard presents performance information representing four dimensions of organisational performance which incorporate financial and cost measures but also include a range of additional measures related to customers, internal processes and innovation and learning, which are typically expressed collectively as four sets of questions (Kaplan and Norton, 1992:72):

- How do customers see us? (Customer perspective).
- What must we excel at? (Internal perspective).
- Can we continue to improve and create value? (Innovation and learning perspective).
- How do we look to shareholders? (Financial perspective).

3.4 Problems with the use of performance management and measurement

3.4.1 Perverse Incentives

Bouckaert and Peters (2002) identify a range of perverse incentives that might arise from poorly designed performance measurement. Performance measures can sometimes generate inappropriate behaviour because of the way that they are linked to formal or informal incentive structures (Grizzle, 2002). For instance, where capturing performance is dependent on the existence of an intervention, individuals and organisations have an incentive to generate unnecessary interventions in order to claim performance ‘points’. This was the case in the Job Entry Target (JET) system in the UK Public Employment Service (PES), which was replaced in April 2006.

The way in which performance measurement is linked to incentive structures can produce behavioural results known as ‘creaming’ and ‘parking’. Here incentives linked to performance data create a pressure to focus attention on ‘easy wins’ while ignoring more challenging and pressing problems. There are noted examples
of this sort of behaviour in PES where incentive structures associated with performance measures lead easy to place customers to be the focus of attention (i.e. creaming) while more difficult to place customers are effectively ignored (i.e. parking) (Bruttel, 2004:16-17; Bruttel, 2005). Creaming and parking are generally thought to be more important dangers where contracts with private or other providers emphasise payments for results (Struyven and Steurs, 2005).

3.4.2 Costs
Bouckaert and Peters (2002) argue that the costs associated with producing performance information are often opaque and are infrequently cited in discussions of performance measurement. However, they draw attention to the fact that the costs associated with performance measurement are often immediate while the benefits of it are reaped only over the longer term and are frequently uncertain or unquantifiable in advance.

3.4.3 Negative externalities
Demand for services or outputs are not always determined by levels of supply. Performance indicators, targets and incentives may generate supply of services above the level of demand, simply resulting in costs associated with producing them and with measuring them without any additional benefit arising (Grubb 2004:363).

3.4.4 Balance and breadth
Neely et al., (1997:1113-1135) argue that perverse behaviour is not always generated by inappropriate performance indicators but by a lack of forethought about the behavioural implications that might result from particular indicators, benchmarks or targets. Rather, they argue that it is important to ensure balance in the design and range of indicators used and that definitions and methods of calculation and levels of target are important in generating specific outcomes.

3.4.5 Joint measures and targets
It is widely noted in the literature that it is often difficult for organisations to develop performance measures and targets that apply to more than one organisation (Mackie 2008:7). Indeed research with central Government departments has indicated that they have found it difficult to negotiate Public Service Agreement targets which are contributed to by more than one Government department (National Audit Office, 2001:2).

3.4.6 Poor use of performance information
Other critics suggest simply that one of the pitfalls of performance measurement is that its results are inappropriately or insufficiently used in the policy-making, implementation and management process. For instance, Hatry (2002) suggests that performance information is frequently not well integrated into the decision-
making and planning process and that management tools are insufficiently used or used in a confused manner.

3.5 The role of performance management in the public sector

It is acknowledged that the role of performance management in the private sector differs to that in the public sector where there is no financial bottom line to act as an outcome measure (Micheli and Kennerley, 2005:125). In the public sector, performance management is linked to the application of new management techniques, such as the New Public Management (NPM) (Dunleavy, 1994; OECD, 1994), which have been widely applied in developed countries over the last two or three decades.

In this context, performance management and measurement has been both a means of achieving reform and itself an objective of that reform (Osborne and Gabler, 1992). The application of the NPM has largely coexisted with attempts by the State to reduce its responsibility for the direct provision of public services and the increasing reliance, instead, on ensuring that these services are provided by a range of arms length agencies and contractors (Sanderson, 2001: 297-9).

3.6 The importance of context in designing performance management systems

The institutional context for performance management of employment services is important because it sets the parameters for the design of performance management and it also helps to identify and understand the purpose to which performance management might be put.

Since 1998, the overall approach has used a number of layers which cascade central government policy objectives established as part of the Comprehensive Spending Review (CSR) process down to individual Government departments, and then from them down to their Departmental Public Bodies, contractors and local delivery organisations. Public Service Agreements set out overall Government policy objectives which are funded as part of the CSR-Public Service Agreement (PSA) process over a three year period. In relation to the Department for Work and Pensions (DWP), these currently include employment opportunity and well-being in later life. The performance management framework used by Jobcentre Plus must, therefore, respond to these PSAs. Various guidance documents published by central government and its agencies advocate that performance objectives starting with PSAs be cascaded not just to organisations but down to individual level through individual performance and development appraisals and reviews (Treasury, 2001:7).
A second part of the institutional context relates to the policy approach to service delivery. There has been a gradual shift toward increasing the role of the private and voluntary sector in delivering employment services in the UK, whether this be specific aspects of contracted provision or the more comprehensive approach to the use of the private sector in pilot programmes such as Employment Zones or the new Flexible New Deal. Importantly, the extent of direct delivery on the one hand or contracted delivery on the other will determine the roles to which performance management is put. In the case of direct delivery, performance management is about an internal management process, whether this be management by control or MBO. Different performance management regimes are currently in place for Jobcentre Plus and for external providers contracted by DWP, reflecting the different relationships between these delivery arms and the Department. It is important to note, however, that outcomes from external provision will also be captured by Job Outcome Target (JOT). For this reason, and given the Department’s role in managing external contracts, accountability for delivering JOT is shared between the Department and Jobcentre Plus. It is important to the successful delivery of DWP’s welfare to work policies that Jobcentre Plus and external partners and providers work effectively together. Any future labour market measures must support this.
4 Performance measurement and Public Employment Services

4.1 The role of Public Employment Services in the labour market

Public Employment Services (PES) perform several important roles in the labour market: First, they help to bring labour supply and demand together through registering and advertising vacancies. Second, they tend to adopt progressively more ‘active’ strategies to expand effective supply in the form of unemployed workers being supported to access job opportunities that would be beyond them without the intervention. This can include simply channelling particular individuals towards vacancies as well as working with unemployed people more intensively to overcome their ‘barriers to work’, including through the purchase of specialist help. The adoption of Active Labour Market Policies (ALMPs) over recent decades by PES throughout the world is generally thought to have helped to improve the functioning of the labour market. However, estimates of their impact vary widely (Boone and Van Ours 2004, Tergeist and Grubb, 2006; Koning, 2007) and it may be that they are more effective in the context of increasing economic growth rather than recession.

4.2 Cross-country studies of performance measurement in Public Employment Services

There are relatively few cross-national studies of performance measurement in PES. Among the most prominent are studies by Mosley and Grubb as well as several European benchmarking projects.

Mosley et al., (2001) undertook a study of all 15 members of the (then) European Union and Norway to assess the extent and nature of take-up of Management
by Objectives (MBO). The results suggested that take-up of MBO was widespread throughout Europe. They also found that prerequisites for successful MBO included a strong level of senior management and political commitment and some degree of relative organisational autonomy of the PES from political control. Examples of problems caused by a lack of this autonomy included the British case study where frequent introduction of new initiatives outside the performance planning cycle hampered the success achieved by MBO. The study also found that MBO is not easily compatible with strong centralised controls. The study suggests that MBO needs to be consistent with the overall management approach and that attention needs to be given to ensuring appropriate design, taking account of the costs of data collection and the timescales associated with delivery, measurement and feedback. They also suggest that quantitative assessment through numerical targets needs to be mixed with qualitative assessments and evaluation.

Grubb (2004) presents a detailed analysis of a variety of different approaches and places emphasis on four main possible institutional settings including: (1) traditional hierarchical management using centralised command and control with in-house service delivery; (2) continuous recontracting with competing providers, including potentially arms-length public service delivery and where payments are set over the lifetime of a contract; (3) payment for results where payments are determined by levels of performance (volume and quality) over the course of the contract; (4) purchase of services directly by clients who exercise market choice.

Grubb pays particular attention to the role of marrying outcome performance indicators to social welfare. However, he is critical of both placements (e.g. off-flows from benefits where there is some evidence of a PES interaction) and employment spell data (e.g. average time on benefits) because, he argues, they both create perverse incentives, either to generate short-term placements into employment or for ‘creaming’ and ‘parking’ behaviour. Even attempts to control for this through using job sustainability indicators, for example, can be problematic and are often set rather arbitrarily. In response to this he suggests the use of long-term outcome indicators such as achieved per-hour income over a period of up to five years is a better measure of the social and private welfare attributable to PES/contractor interventions. He also suggests that this helps to ensure that interventions are tailored toward more long-term rather than short-term outcomes. Finally, Grubb also argues against the use of weights in performance measures to prioritise particular social groups in service delivery. This, Grubb argues, is because there are already in-built incentives into payment for results type structures which result from the fact that easy to place clients will flow into the labour market in any event, leaving the variable element of performance to be determined by those that need assistance to move into work.

However, Grubb’s arguments in relation to different priority groups are in contradiction with widely shared assumptions about performance measurement and payment structures, even where disproportionate rewards are applied to those who genuinely need additional help (for e.g. see Bruttel, 2004; 2005; Struyven
and Steurs, 2005). Indeed, some private contractors have adopted the practice of passing structured incentives on to clients in order to reward them for finding work unassisted where this is possible (Bruttel, 2005:397).

The European PES Benchmarking programme has incorporated several projects partners (Lehner et al., 2005; Synthesis Forschung and OSB Consulting 2005; 2007) in which research has been used to identify and refine a list of benchmark indicators on which participating PES can be measured. These include measures such as off-flows, benefit duration, the influence of interventions on achieving off-flows from benefits and indicators related to the job mobility in potential redundancy situations (OSB Consulting and Synthesis Forschung, 2007). The benchmark list also includes both internal and external contextual indicators such as inputs and labour market indicators to allow the adjustment of benchmark output and outcome performance (Synthesis Forschung and OSB Consulting 2008).

The PES benchmarking project is also linked to the European Employment Strategy (EES) Indicators which have been under continual development since 2002 to fit the changing requirements of the EES. The EES indicators consist of a wide range of final outcome indicators concerned with wider labour market trends and direct PES activity, including measures which incorporate output and outcome indicators in relation to specific interventions and activities. Other measures incorporate input indicators such as PES staff numbers. The measures also incorporate indicators of the quality of employment such as off-flows to work into different pay bands or contract types (European Commission, 2007b; 2008b).
5  Commentary on an international review of performance management systems

5.1  Overview of performance measurement approach

While the nature of the consultation does not lend itself to presentation in numerical survey form, it is nonetheless worthwhile discussing an overview of the general findings from the exercise. The Public Employment Services (PES) from the following 20 countries responded to the consultation, with some of them responding twice:

1  Portugal;
2  Spain;
3  Romania;
4  Turkey;
5  Sweden;
6  Cyprus;
7  Switzerland;
8  Finland;
9  Denmark;
10  Germany;
11  Belgium;
12  Malta;
Most but not all responding organisations use some form of headline performance indicator. Those that do, see the primary function of this as being simply to measure organisational performance and to manage organisational activities. Other uses for performance information, such as to provide information to politicians or Government, were also seen as important, while providing information to the public, managing contractor performance or following labour market trends were seen as less important.

Those that do have headline performance measurement indicators tend also to have some form of target associated with this. These take a number of forms but the most frequently cited type of indicator used relates to outputs rather than inputs or outcomes. Nevertheless, around half of those that suggested that they have a headline indicator had outcome indicators, with slightly more of these having a levels-type off-flow measure than a duration on employment measure. The nature of both these types of indicator vary widely though. In some cases, for instance, off-flow levels are measured as a proportion of another indicator such as the overall unemployed stock or the particular segment of it. In relation to benefits-duration indicators and targets some are simple averages while others are specified for particular customer segments and are again proportional (see Section 5.3 for more details of types of outcome indicator used). The types of output indicator cited also vary widely but tend to count the proportion of the unemployed stock or particular proportions of it that have received various types of activation intervention or training.

Respondents were asked a series of questions about the strengths and weaknesses of the performance measurement systems that they use and detailed information about what features of the performance measurement system led them to be effective or ineffective was also asked for. These questions revealed several common themes. Where strengths were identified these tended to relate to the integration of performance indicators with organisational strategic objectives and clear political goals. Strategic fit with contextual features such as labour market context were also mentioned, as was the maintenance of a balanced set of indicators reflecting the full range of organisational goals. Finally, the ability to compare performance between organisational units (for example, on a sub-national basis) was also raised as a strength where it was present.
Where respondents identified weaknesses in the performance measurement approach used these were overwhelmingly related to the difficulty of attribution of trends in the data to organisational activity rather than a range of alternative labour market trends. A failure to reflect workload pressure and the administrative burden created by performance measurement were also raised.

5.2 Output measures

5.2.1 Types of output measure

The evidence reviewed and responses to our consultation suggested that it is possible to group the types of output measures used in six broad categories.

Vacancy registration

Vacancy registration may have declined in importance in the portfolio of PES roles as they first have taken up a greater focus on activation and second, since the advent of the internet and introduction of private free-to-use vacancy registration services. Nevertheless, most PES continue to register and advertise vacancies as part of a job broking and matching service. The review also suggests that a wide number of PES continue to see this as an important part of their role that needs to be subject to performance measurement. Vacancy registration in some form is therefore a prominent output measure (Cyprus: p84; Estonia: p92; France: p97; Lithuania: p112; Portugal: p120). Austria (see p79), Belgium (p82) and Hungary (p104) go further than simply measuring the number of vacancies and use indicators of the relative quality of vacancies, with these structured according to skills level required in the case of Austria and indicators of permanency in the latter two.

Activation interviews completed

Several PES appear to measure outputs in relation to the number of ‘interviews’ completed with beneficiaries overall and particular groups of beneficiaries (France: p97; Ireland: p108; Norway: p132). While the nature of the interviews completed is not entirely clear, the prominence of such interventions in the performance regime suggests that these can be regarded as ‘activation’ interviews similar to the Work Focused Interview (WFI) interview in the UK where the emphasis is on job search coaching, confidence building and the promotion of active job search, for instance through the provision of Better off in Work Calculations. In Norway a target is established for this indicator and in France the measure is an ongoing one of whether these are undertaken on a monthly basis.

The measurement of such interviews helps to establish a number of reference points for management interpretation of performance. To the extent that such interviews are regarded as important in ensuring and promoting active job search and transitions into employment and they are the subject of substantial organisational investment then their measurement is a central indicator of whether
the organisation is undertaking the work activity required of it. To the extent that this data can be linked to sub-national off-flow or other outcome data, then it may be reasoned that causal assumptions of what types and volumes of activity help to generate desirable outcomes. Measurement of such interventions can also serve as an indicator of workload pressure on the organisation and therefore may provide contextual information which might help to accurately interpret outcome trends. In Great Britain, the Interventions Delivery Target (IDT) is intended to work in conjunction with Job Outcome Target (JOT), with the former measuring the timeliness of work-focused interventions and the latter providing a form of quality check of the effectiveness of those interventions. However, with other exogenous factors influencing the level of job outcomes that flow from interventions, there is a need to support this model with other ways of measuring quality and effectiveness.

**Referrals to training/activation provision or other support**

Referrals to training, external provision or other support to overcome barriers to work is a central aspect of active labour market programmes (ALMPs). It is, therefore, unsurprising that many PES measure this activity as an output indicator. These include Belgium (LeForem) (p82); Czech-Republic (p87); Denmark (90); Estonia (p92); Germany (p100); Hungary (p104); Ireland (p108); Lithuania (p112); Norway (p132); Portugal (p120); Slovenia (p126); Sweden (p130). In some cases these include a rapidity indicator (e.g. Sweden) and in other cases they are specified to particular benefit groups (as in the case of Norway and several indicators and targets related to interventions for lone parents). In several of these cases there is also a differentiation between different types of ALMP referral.

Referral to programmes is a useful indicator for many of the same reasons as interview completion – it helps to understand the volume and nature of activity and support being provided to job seekers. It also helps to contextualise off-flows and specifically off-flows after particular types of interventions and, where it is possible to combine this information with off-flow indicators and to disaggregate this information between different types of programme then this can help to understand the different success rates of different types of intervention. Again though, volume measures don’t provide a complete picture and the quality of referrals plays an important part in the success of the process and the different programmes and interventions.

**Penetration measures**

In some cases referrals to provision or other types of intervention were measured as a proportion of some other population or over a particular time period to constitute a penetration indicator.

**Individual plan completion**

Several PES use output performance measures related to the completion or processing of individual statements/plans: Though the precise nature of these were not clear they appeared to take two forms. The first was a portfolio of information
which appeared to relate to either benefit claim processing or referral to private sector provision (e.g. in the Netherlands). In other places this appeared to be similar to Jobseekers Agreements (JSAg) which set out work-related aspirations and planned activity and support that job seekers will take/require in order to fulfil these (as in Portugal: p120; Slovenia: p126; Spain: p129; Sweden: p130). Again, like referrals and interviews, where individual action plans are part of the package of ALMP interventions assumed to make a difference there is some rationale for monitoring data on their timely completion.

Placement into work trials or subsidised employment

In three countries placements into work trials or subsidised employment appear to be monitored as performance indicators in a similar way to referrals to training and external provision (Estonia: p92; Slovenia: p126; US: p140). What is important to note in both of these cases is that these indicators are both used as part of a package of other indicators.

Sanctions

Despite many of the PES in our review apparently applying more rigorous expectations of benefit recipients and a more activation-oriented approach with sanctions and conditionality, only Slovenia appeared to be tracking sanctions as a performance indicator.

Process quality measures

Several countries match output measures with more qualitative measures of process quality. These are presented here under output measures as they are closely related to outputs. For instance in some PES (e.g. Netherlands: p116) process quality measures are directly related to output measures such as the comprehensive completion/quality of individual dossier/plans or the timeliness of the delivery of key interventions as discussed above. A further category of process quality measures relates to ‘customer feedback’, whether this be from individual job seekers/benefit recipients or from employers, usually gathered in survey form (Netherlands: p116; Sweden: p130; US: p140), though in at least one case this is matched with a system of quality standards (Norway: p132).

5.3 Types of outcome measure

5.3.1 Final outcome measure

Final outcome measures are distinguishable from intermediate outcome measures because they relate to final social conditions which organisational activities aim to influence. In this instance the relevant social indicators relate to the static (stocks) and dynamic (flows) performance of the labour market. Example indicators therefore include the overall rate of employment and unemployment, the employment rate for particular groups in the population and potentially other broader economic indicators which are related to labour market performance such as productivity.
Many PES track some form of final outcome indicator, though this is often reported in high level strategies (for instance long-term economic or labour market plans or documents required under the Open Method of Coordination (OMC) in the European Union Lisbon Strategy process such as National Reform Programme documents). In these instances it is not clear what managerial or operational use is made of performance data against these indicators. So for instance, the consultation response from the Estonian PES was that the organisation does not use headline performance indicators but the organisation’s annual report does offer a qualitative narrative on performance which draws on general labour market information such as the employment and unemployment rate and this information is also broken down for specific target groups (see p92). In other PES this information is turned round in monitoring the employment position of specific groups – i.e. a commentary and supporting data is produced on the position of specific social groups, including the use of employment/unemployment data. An example here is the Polish PES which also reports on productivity through an indicator on GDP per capita. The Polish PES is also an example where specific targets are used in relation to final outcome indicators, for instance in the form of a target for quarterly employment rates (see p119).

5.3.2 Intermediate outcome measure

Again, the PES included in the review used a very wide range of different types of intermediate outcome indicator. These are categorised below under the following five headings, but even when grouped in this way it should be noted that there are differences in the construction, expression and calculation of the measures. In the discussion below examples are given. However, these are illustrative and do not necessarily represent an exhaustive list of all those PES where these types of measures are used.

General off-flow measures

General off-flow measures focus on the numbers of people who move out of unemployment into some other employment status. While it is not always clear from published documentary evidence, some of these measures appear to be constructed with a specific destination built into them (e.g. employment) while others do not and simply leaving the unemployment/benefits register is enough to count as an off-flow (e.g. in some cases in the Netherlands: p116; Portugal, p120). It is clearly desirable in these kinds of measures to build in a defined destination as off-flows to destinations other than employment may have very different social outcomes or interpretations associated with them. For instance, reasons other than employment for moving out of unemployment include death, migration, movement between benefit status (i.e. to another benefit) or into the informal and unregulated economy. From the perspective of PES none of these are desirable outcomes. Examples where employment is prescribed as a destination include Austria where comments from the PES respondent to our consultation stressed the importance of this.
Specific off-flow measures

More specific off-flow measures include those where particular types of off-flow are specified in the measure. Again, though, the nature of these varies widely. One way of specifying the types of off-flow to be measured and therefore to be promoted in PES activity/behaviour, is in relation to specific target groups among the unemployed stock as is the case in many European countries.

A second means of specifying particular types of off-flow is in relation to whether those moving into employment have received some form of intervention. Such measures are preferable to general off-flow indicators because they more accurately measure the direct contribution of the PES to labour market trends, though there is scope to argue that PES activities contribute to off-flows even where there is no direct intervention (see p69). Off-flow measures which specify an intervention are widespread and include a wide range of different types of interventions from submission activity (e.g. France: p97; Ireland: p108; US: p140) to those which specify other interventions such as activation measures, training or other support (e.g. Austria: p79; Belgium: p82; Denmark: p90; Germany: p100; Hungary: p104; Ireland: p108). Again, assuming that the quality of the data collected against these measures is robust, consistent and comprehensive, the more detail that can be provided in relation to the type of intervention that is specified the better. This is because analysis of such data can begin to address more complicated and useful performance-related evaluative questions about what type of interventions appear to be successful in specific contexts, and ideally in relation to specific groups (for instance by specifying both the type of intervention and the particular group of unemployed to which beneficiaries belong). Specificity in the definitions being used in these respects is particularly important when comparing between different organisational units sub-nationally (i.e. regions or local offices) and when attempting to compare or benchmark performance internationally, as in the PES Benchmarking Project and the comparative performance indicators in the European Employment Strategy (EES). It would also enable national managers to pinpoint apparent good and bad practice in order that the precise causal dynamics and their transferability can be explored in further detail.

Other means of specifying particular types of off-flow relate to indicators of the quality of employment that the previously unemployed are moving into. While these types of indicator are less common, where they are used they tend to focus on the duration of employment, with this most usually being expressed as a threshold such as three, six or 12 months. Such measures are used, for example in France (p97), New Zealand (p142), Australia (p144) and in Employment Zones in the UK.

Such measures are useful because they help to overcome perverse incentives or negative impacts that might be induced by other types of off-flow measures. For instance, where off-flow measures induce PES activity related to volume placements, it may be that this activity does not lead to desired aggregate or individual social outcomes such as higher or better quality employment or enhanced economic
output and competitiveness over the long-term or well-being for the individual concerned. This is because volume placements into work might have deadweight, substitution and replacement effects or because they may deter employers from improving the quality of employment to retain staff because they know that there is a ready supply of replacement labour from the PES (especially where activation measures are mixed with conditionality and sanction). This, then, may hamper productivity and competitiveness because employers have no incentive to invest in improvements to process, capital or skills. It may hamper the widely promoted social, economic and well-being effects of employment because of low wages and/or poor terms and conditions. However, measures of sustainability which involve simple threshold indicators have been criticised as unsophisticated and arbitrary, thereby not being a reliable marker of quality (Grubb, 2004). Interestingly, in some evaluations of ALMP programmes in the US longer-term measures of quality such as income are used instead, though the evidence collected on the US suggests that these may also have proven problematic (see US; p140). While it may prove difficult, it may be that this would be possible using data sources such as the DataWarehouse in Austria or the Work and Pensions Longitudinal Study (WPLS) in the UK. Concerns regarding the quality of data and the integration of subsidiary-datasets in these aggregate databases may mean that this is not currently technically feasible but it may be desirable as a longer-term objective when these problems are addressed.

Further indicators of the quality of employment are used in other countries as specific elements in off-flow measures. For instance, in Lithuania, some off-flow measures are associated with specific types of contractual destination (e.g. permanent and temporary employment, p112).

Finally, off-flow measures are sometimes associated with target levels of expected performance and sometimes targets are not used. However, this is difficult to assess accurately from published data and from consultation responses. The consultation responses were sometimes unclear on this issue and published data does not always include details of targets, even where there is evidence that these are used. For instance, one expert respondent to the consultation suggested that they were aware that the PES set specific targets but these were never published or released to an external audience. This may therefore be the case elsewhere where this information was difficult to access and may be the product of a concern not to release details which may in the future appear to show poor organisational performance. Examples of where explicit targets are evident include Finland (see p94), Norway (p132), New Zealand (p142) and Australia (p144).

**Penetration measures**

Other types of intermediate outcome indicators include measures which are expressed in some way as a penetration indicator. These include, for instance, off-flow measures expressed as a proportion of a specific stock population. These include off-flows as a proportion of overall registered unemployment (as in Estonia: see p92) or the proportion of off-flows from all those receiving a
particular intervention (as in Finland: p94) or the proportion of vacancies in the open market filled through the activities of the PES (Greece: p104). The advantage of such penetration measures is that they indicate the relative success of activity. However, depending on external labour market conditions, there may be reason to think that they unhelpfully express this. For instance, in a context of labour market contraction use of such an indicator over time or between places where the impacts of this are felt unequally, may suggest declining performance, where this is not necessarily the case. In addition, measures like those used in Greece may incentivise deadweight, substitution and replacement.

**Benefit duration measures**

Benefit duration measures help to understand the impact of PES activities, overcoming one of the problems identified with the current off-flow level target as it operates in the UK (Anon., 2008) that performance returns to trend regardless of how successful interventions are because most of the unemployed flow off benefits at some point with or without an intervention. Benefit duration measures therefore help to understand the impact of PES interventions on how quickly off-flows happen. Several countries use these kind of measures (e.g. Denmark: p90; Estonia: p92; France: p97; Germany, p100 Netherlands: p116; Lithuania p112; Sweden: p130), with some of them referring to them as the ‘re-employment rate’. As with off-flow sustainability measures, these tend to be expressed in the form of thresholds (e.g. Netherlands; Sweden) but there are also cases where they are expressed as averages (Lithuania), including with targets (Denmark) and expressed in relation to interventions (Finland). In Switzerland rapid reemployment (measured as mean average) counts as a heavily weighted component of the econometric model used to assess performance (p134) and measures of transitions into longer-term unemployment is another component in the model. Switzerland is also interesting because the model contains a further measure which relates to benefit reclaim, which is a reversal of the sustainability element attached to some off-flow measures.

The main benefit of these types of measure other than the issues raised above, is in relation to their connection to a major documented cause of longer-term unemployment. There is considerable evidence to suggest that periods and more importantly duration of unemployment has a ‘scarring’ effect on individuals and effects their long-term employment prospects in terms of likelihood of being in employment and quality of employment (for example, see Arulampalam et al., 2000; Manning, 2000; Arulampalam, 2001; Gregg, 2001; Hogarth and Wilson, 2003).

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4 Though it needs to be noted that Estonia’s consultation response suggested that no indicators are used and this evidence was drawn from the PES annual report which may be produced more for external consumption than for management purposes.
Vacancy outcome measures

A number of PES appear to use information which combine outcomes in relation to both job seekers and employers. These tend to focus on vacancy-related outcomes and are constructed in a number of different ways. For instance, they are sometimes expressed as simple numbers of vacancies with proportions of these that are filled (e.g. Ireland: p108; France: p97; Germany: p100). In other cases they are expressed as the time taken to fill vacancies either as a threshold (France) or as an average (Hungary: p104) sometimes with targets attached (Finland, p94). In Sweden this is expressed differently again as an indicator of volumes of applicants for a vacancy which is sufficient to fill it (suggesting that it may not matter if the employer does not fill it). The Swedish case here raises an important issue related to skills and suitability of job seekers for available vacancies which has been an important issue in many Western European countries, including the UK, over the last decade where there have been cases of high labour market demand and unfilled vacancies coexisting with long-term unemployment and worklessness.5

Hybrid measures

In addition there are several measures used which amount to hybrids of several of the intermediate outcome measures described above. For instance, in Sweden one performance measure uses a complex calculation of the number of long-term unemployed divided by the number of completed months of the year set against a target of the average monthly number of long-term unemployed to be below 50,000 (p130).

5.4 Use of performance information and frameworks

5.4.1 Hierarchical management and autonomy

Several PES operate with very different management arrangements to those used in Jobcentre Plus which is highly centralised and utilises top down management techniques with a mixture of outcome performance targeting in addition to quite rigid process guidelines and controls. At least part of this is the result of the highly centralised nature of the UK state. By contrast, and especially in those countries with Federal systems, some other PES operate with much more local and regional autonomy, with some able to set their own performance measurement regimes locally or in negotiation with central agencies and ministries (for example, Belgium: p82; Czech Republic: p87; Denmark: p90; Finland: p94; Germany: p100; Italy: p110; Portugal: p120; Spain: p110; Canada: p136; US: p140).

There are several explanations for this which focus on area-based effects (Ellen and Turner, 1997; Atkinson and Kintrea, 2001; Buck, 2001), spatial mismatches (Houston, 2005) and skills mismatches (Berthoud, 2003; Sanderson, 2007) as well as employer discrimination.
In both cases, however, there is merit to the maintenance of national performance measurement datasets. This is because this would allow comparison of managerial approaches between territorial/managerial/governance units to address central policy-evidence questions such as ‘what works for whom in what circumstances?’.

While evidence-based-policy making has made much ground over the last decade and a half and certainly there has been considerable investment in research into ‘what works’ in the delivery and construction of ALMPs, the vast majority of this was undertaken at a time of an expanding economy. Previous research on unemployment in the last major recession was largely grounded in alternative economic policies connected to industrial decline. As such there is a need to map contemporary performance measurement into evaluative research to better understand what works in changed economic and institutional circumstances. Such issues are central to the design of new performance measurement frameworks at national level and whether they will continue to be matched to the application of rigid process controls.

### 5.4.2 Performance measurement frameworks and qualitative assessment

Several countries apply qualitative or interpretative frameworks for the analysis of performance information. For instance, in both the Netherlands (p116) and Norway (p132), performance information is interpreted via a Balanced Scorecard-type approach. In Finland (p94) an alternative approach, based on the Performance Prism, is used alongside a ‘value driving scorecard’. In other countries (Denmark: p90; Estonia: p92; Ireland: p108; Sweden: p130) performance information of both a quantitative and qualitative nature is integrated in a more qualitative narrative explanation of performance. In Sweden for instance, in the past performance has been addressed through ‘County exams’ whereby national and municipal authorities assessed performance and developed future plans. In Ireland the annual report sets out a case against an over-reliance on quantitative information and expresses a preference for, and plan to increasingly use, more qualitative information, including customer and stakeholder feedback. In Denmark annual performance reviews are undertaken for each jobcentre with input from different national and regional state agencies in addition to trade unions and the business community. These reviews are then used to formulate annual plans. In Canada (see p136), performance reporting is much more qualitatively based with an emphasis on both formative and summative evaluation based at sub-national level, but incorporating a set list of issues agreed nationally. In Switzerland (p134) a variety of information related to return to employment rates, prevention of transitions to long-term unemployment and the prevention of re-claiming are fed into a complex econometric model alongside a range of contextual data to produce locally adjusted performance measures and targets. In Australia a system of star ratings, based on outcome performance data, is used to represent the quality of external provider services as a means of strengthening incentive effects of consumer choice within the quasi-market system.
5.5 Addressing customer segmentation

As Table 5.1 shows, most PES in the review segment customers into different and priority groups. Some of these priorities then become reflected in specific targets. For instance, it is common for PES to set specific output or intermediate outcome targets for particular priority groups. Austria has a number of measures and targets set around age, gender and short- and long-term unemployment. This sort of approach is typical though there appear to be few other countries that follow the UK example of setting explicit weights for off-flows of specific groups.

In some countries more complex approaches are used to group customers. For example, in Germany, Australia and the Netherlands complex profiling systems are used to classify customers on initial registration. In Germany, four classifications are used (Tergeist and Grubb, 2006: 24):

• ‘market clients’ who need no support since they are expected to find a new job rapidly;
• those who need support with motivation and job-search strategies;
• those with skills deficits or other obstacles that need specific measures; and
• clients who are not considered placeable within the next 12 months.

In the Netherlands, a similar approach is used, with job seekers placed in one of four ‘phases’ which are associated with an estimation of the time period in which job seekers are likely to find work (Tergeist and Grubb, 2006: 24). These classifications involve customers being placed in specific groups which have access to differential services. It is noticeable that this sort of approach gains sophistication in contracted-out quasi-market systems as a means of channelling job seekers to the most appropriate provider. In these cases additional payments are provided in relation to the placement of the hardest-to-help customers into employment.
Table 5.1 Customer segmentation: PES priority or target groups

<table>
<thead>
<tr>
<th>Country</th>
<th>Young people</th>
<th>LTU</th>
<th>Older workers</th>
<th>Disabled</th>
<th>Health limitations</th>
<th>Single parents</th>
<th>Low income</th>
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6 Case study Public Employment Services

The case studies in this chapter augment the detailed information presented in Appendix C. The case study interviews explored the following additional themes, typically through a single interview with an expert or PES official:

- selection and prioritisation of customers;
- data collection methods;
- data analysis and interpretation;
- commissioning of services from external providers.

6.1 case study summaries

**Denmark**

All aspects of performance, employment measures, and benefit-related data are supported through the use of the official web portal, jobindsats.dk (Hendeliowitz, 2008). Individual jobcentre advisers are responsible for inputting relevant standardised customer data into the portal. This information can include: an up-to-date CV; information relating to income; details of any job seekers ‘agreement’; and any information relating to previous measures undertaken or measures needed to help the customer move into, or nearer, the labour market. Jobindsats also carries information collected by employers on a customer’s previous employment history.

Individual jobcentres can also use the instructions available via jobindsats.dk relating to the preparation of their relevant annual Performance Audit. The three employment policy priorities against which each jobcentre must improve its performance relate to: the reduction in number of customers unemployed for more than three continuous months; an increase in the number of

Continued
customers from ‘vulnerable groups’ being referred to the ‘New Chance for All’ programme; and a reduction in the number of benefit claimants aged under 30 (measured by outflows from unemployment). Individual jobcentre performance is benchmarked at the regional level.

This customer information is input via a standardised portal ‘form’ and is combined with all other information relating to the customer held by jobindsats. Denmark’s Ministry of Employment is able to take advantage of legislation that allows for an administrative combination of different official databases (however, the Ministry of Employment is answerable to Denmark’s National Registry Authority in respect to the access, use, and purpose of this information). In this way, the PES is able to track an individual customer thoroughly – including information relating to the amount of resource committed to a customer by the relevant municipality in respect to benefits payments, training, or other measures. The ability to access comprehensive data relating to an individual customer also enables the four Danish Employment Regions to determine the performance of a particular jobcentre.

Moreover, utilising Jobindsats ensures that jobcentre staff have no need to chase performance, as all relevant data can be gleaned from the portal’s access to combined official databases. However, although the system allows for determining performance to individual adviser level, this is not currently part of the formal performance management process. Individual jobcentres are increasingly requesting performance data disaggregated down to adviser level.

All four Employment Regions have reported confidence in jobindsats data collection and availability, which has enabled them to gain a detailed picture of the relative performance of individual jobcentres for the purpose of benchmarking. The Ministry of Employment has also been pleased that hitherto political disagreements or issues relating to the reliability of data relating to both regional and national performance have all but disappeared. All relevant parties acknowledge the comprehensive nature and accuracy of the date available from jobindsats.

The Ministry and the Employment Regions have also found that the reliable nature of the performance data held by jobindsats has improved both the relationships they have with individual jobcentres, and the general management process. Subsequently, there is now little disagreement concerning the accuracy or interpretation of performance-related data during discussions with the jobcentres. The reliability of the data also ensures that jobcentres are almost always well prepared when meeting with their relevant Employment Region.
All individual jobcentre performance information, as well as regional and national performance data, is made publicly available via the Ministry of Employment websites. As jobcentre performance is benchmarked at the regional level, this has resulted in various media reports concerning the performance of certain jobcentres compared to others. However, the Ministry of Employment has found that the process of gathering and retrieving the data from each separate database for the purpose of inclusion into jobindsats can be adversely affected by delays in the updating of data in some databases held by other state agencies. Indeed, following recent discussions with jobcentres relating to recent labour market developments and performance, the Employment Regions discovered that delays in necessary data being made available to jobindsats necessitated a further round of discussions because when the updated information became available to the portal, it revealed important developments.

Accurate collection and inputting of performance-related data to jobindsats is tied to the payment structure detailed in the contracting and re-contracting procedures with providers. As each provider is contractually required to input all relevant customer and activity data directly into jobindsats, jobcentres and the Employment Regions can see the details of measures offered to each referred customer, as well as the progress of each customer whilst registered with the provider. The key informant interviewed for this study believes that as the data input by providers can be viewed and assessed on a monthly basis, this has been a significant contributory factor in the tangible reduction in cases of ‘creaming’ or ‘parking’ of customers by providers.

Netherlands
The Dutch PES, the Central Organisation for Work and Income (CWI), is a public statutory organisation which delivers services related to work and income. The CWI system includes the employee insurance agency (UWV) and the municipalities (a large spectrum). The tasks of CWI are: registration of (non-working) job seekers and their profiling; increasing labour market transparency by providing information to job seekers and employers and job mediation. Further, CWI checks the entitlement of clients to an unemployment or social assistance benefit and refers them to the appropriate benefit agency (the Social Security Agency or municipalities).

CWI now differentiates between two broad groups of job seekers: those who are capable of finding a job (with some assistance) and those who cannot. Current policy in relation to job seekers is based on the tenet that they are responsible for their own future. CWI and the other support agencies and services are designed to help the jobseeker meet their particular needs – albeit under the general legislative framework relating to citizens’ rights and responsibilities.

Continued
CWI draws up a jobseeker’s agreement with each customer shortly after the first claim stage. This agreement details the industry or job sought by the customer and also includes details of what CWI (and other services) can offer in relation to securing the preferred job. The agreement is then reviewed after three months and if the jobseeker is still unemployed, the measures to be taken or support offered can be altered. The customer must be prepared to undertake more intensive assistance and measures should their spell of unemployment continue and, under a new piece of legislation just enacted, if that period extends to one year the jobseeker must accept any reasonable job offer. This new legislation came into effect on 1 July 2009.

CWI has also developed particular job seeking services (and performance targets) relating to certain priority groups – namely, young people, older job seekers, and long-term asylum seekers granted leave to stay in the Netherlands. In respect of older job seekers, recent targets have been set to move an additional 30,000 into work. This has led to the establishment of dedicated ‘job coaches’ at CWI.

Individual job coaches can input administrative data in relation to an individual jobseeker into a central database. This database holds benefit registration data as well as information relating to the jobseeker’s agreement and the types of services being accessed by the jobseeker, and is based on CWI’s administrative systems.

Collected customer data can be disaggregated down to individual job coach level, and then to office, regional- and national-level. The balance scorecard system is composed of the key performance indicators and was until recently monitored fortnightly by the CWI Board of Directors. CWI operates a transparent scorecard system where Management Information (MI) is available to all relevant and authorised personnel. It is the figures relating to the scorecard that form the basis of analysis by the CWI Planning Control Department.

Currently, the internal control and check system relating to the input of customer-related data is a cause for concern for CWI. Indeed, they have made enquiries as to whether they could establish an integrated database (or data ‘warehouse’) with related agencies. It is hoped that the recent amalgamation with UWV will provide the opportunity to establish such a data warehouse.

At CWI, performance management is strongly focused on outflow of benefit claimants. Outflow of other job seekers is not a part of the performance measurement system. With regard to prevention, only outflow before transfer of the completed benefit dossier to UWV and the relevant municipal body is measured. In respect of those job seekers for whom a completed benefit dossier has been handed to UWV and the responsible municipal body, CWI measures outflow before these job seekers reach the threshold of six months registered. Outflow from the registration is thus measured. Outflow in the

Continued
Direction of employment is an ambition of CWI but is not yet measured due to technical problems.

With regard to the supply side, the performance measurement at CWI is focused on the number of vacancies notified by employers in expectation of direct assistance in their recruitment efforts and on the number of filled vacancies of that kind. In recent years CWI has exceeded its target in relation to this measure.

CWI is also in ongoing attempts to be an effective channel for market transparency in the sense that job seekers and employers can meet and find each other via a self-service system. Performance indicators are operated with regard to CWI's internet site: number of vacancies entered and number of jobseeker CVs available on the site. Also, the number of site hits.

CWI also measures client satisfaction (concerning jobseeker clients, unemployed benefit claimants, employers). CWI also measures satisfaction of other providers of intermediary services with whom it co-operates. Furthermore, CWI – as the entry office to most of the unemployed clients of the Work and Income system (approximately 80 per cent) – measures timeliness and degree of completeness of benefit claim dossiers that are passed on, for a final decision, to UWV and the municipal bodies.

The local employment offices are ranked according to their performance. On the basis of regression analyses, the influence of various exogenous factors on local performance are filtered out, resulting in a ranking that can more reliably be linked to efforts made, to good management and to service methods chosen. All the various performance indicators are put together in a ‘balanced scorecard’.

Until 1 January 2009, local managers were offered performance incentives in the form of bonuses to reward performance of five per cent or more above target; and individual employees could also receive bonuses for ‘more than excellent’ performance. However, these incentives are currently under review.

Although commissioned private sector providers are awarded autonomy in relation to the forms and types of services and support they offer to referred job seekers, they are contractually bound (via the mechanism of advance and end payments) by the overall rationale of assisting job seekers into the labour market (Struyven and Steurs, 2005). The model can be characterised as distinctly outcome-focused under the central tenet of ‘less cure, less pay’. Also, despite the prevalence of private sector providers and job search organisations, there has been a move in recent years whereby individual job coaches can organize some short-term specific training without referring the jobseeker to one of the private sector providers. For example, the training for a forklift driver takes two weeks and job coaches can arrange for a jobseeker to access this training direct.

Continued
The system of external commissioning has drawn some criticism from CWI, according to the key informant, because evidence of some duplication of services and some issues with the training/services offered by some private sector providers has arisen. The key informant argues that the CWI/UWV amalgamation should result in the Public Employment Services (PES) taking a much more direct steering role in relation to the form and type of assistance made available by the providers to the job seekers.

Germany

Germany classifies job seekers into four groups:

1. ‘market clients’ who need no support since they are expected to find a new job rapidly;
2. those who need support with motivation and job-search strategies;
3. those with skills deficits or other obstacles that need specific measures; and
4. clients who are not considered placeable within the next 12 months (.24).

Data is collected in Germany through the use of administrative datasets and through the collection of data from job seekers by PES advisers. These datasets enable the tracking of individual transitions and destinations, such as from benefits into different categories of employment and a data warehouse has been established for this purpose. Researchers are encouraged to make use of this data (with appropriate data protection safeguards) for labour market analysis. Performance is measured and analysed down to the level of individual jobcentres with the central performance measure being off-flows into employment. However, this performance indicator is analysed with reference to contextual indicators which allow individual jobcentre performance to be assessed against comparator jobcentres facing similar labour market conditions. This enables fair comparison but also applies a competitive logic to performance assessment. In addition, outcome performance can be combined with output measures (e.g. take-up of various types of programmes and programme expenditure) and benefit duration measures.

After the Hartz reforms of the PES, much emphasis is placed in Germany on commissioning support for the unemployed from private sector Personal Service Agencies who are paid a basic contract payment in addition to outcome and sustainability payment which are paid when individuals are placed into work and then when they sustain it for six months. The initial evaluations of these reforms suggest that referral to the private provision (which can be triggered after six weeks unemployment at the behest of the

Continued
individual) has been widely taken up. However, they also show that outcome results have been disappointing with only eight per cent of cases entering employment and only half of those remaining in work after six months. Private providers view the placement and sustainability payments (EUR 1,000 each) as too low to incentivise intensive work with harder to help clients, and they must also prove that they were responsible for the job entries. Evaluation conclusions have been that the system is ineffective and inefficient.

**Austria**

Priority customer groups are selected and defined on an annual basis through discussions in the PES Board which has tripartite representation from government, employers and trade unions. These discussions are informed through a detailed assessment of performance over the previous year, supported by input from research organisations that typically use data from the well-developed Datawarehouse which enables detailed longitudinal analysis of the experiences of different customer groups in the labour market and how this is influenced by PES interventions.

Data is collated in the Datawarehouse through the integration of a number of large scale official administrative datasets, importantly including the PES’s own administrative data collection system and the social security system which tracks transitions in and out of employment. Individual Advisers in local jobcentres are able to update this in real time but there are safeguards and cross-checks in the system that identify where there are inconsistencies in individual records shown by the different datasets.

The Datawarehouse is widely regarded as having robust and high quality data and there is therefore a strong degree of confidence in it. By linking several government datasets together it also enables longitudinal analysis on the basis of both individuals and groups over a period dating back to the mid 1990s. This can be used for both performance analysis and detailed econometric analyses of labour market performance. This analysis is undertaken both in-house and by external research organisations. It is technically feasible for all users to see all data. However, safeguards are in place and most users of the system are only able to map performance of the PES down to regional and office level. Individual managers however, are able to compare the performance of individual Advisers. Performance bonuses are paid to individuals and there is a strong culture of responsiveness to the performance measurement regime.

There have been pilot projects to extend the performance measurement approach to external providers. However, these have only proved to be partially successful and have resulted in suspicion of ‘creaming and parking’ behaviour. Further work is needed to support the roll-out of the system to providers in the future.
Switzerland

The main disaggregation between customer groups in the Swiss PES performance measurement arrangements is on the basis of long-term and short-term unemployment with the emphasis being on the prevention of longer-term unemployment. However, there is a great deal of flexibility and autonomy at the Cantonal level and as such some Cantons may prioritise other groups, by agreement with the national confederation.

The data used in the Swiss PES performance measurement framework appears to be solely of an administrative nature. It is analysed using a complex econometric model which combines a range of outcome indicators related to unemployment duration, unemployment cycling and the reduction of long-term unemployment. These combined indicators are then adjusted for a range of contextual factors including local labour market conditions, seasonal demand variations and the impact of cross-border workers. This system is regarded by some as effective in understanding the links between organisational activities and performance but this appears to be a matter of some debate, especially given the relatively small ‘market share’ of the Swiss PES.

The Swiss PES is highly decentralised with both regional and local unemployment offices. The regional offices also have a national association which acts as a link to the national PES structure. In addition, there are many employer- and employee-based private unemployment insurance funds and independent private sector placement agencies which act independently of the PES. While there is a substantial literature looking at the performance of the Swiss PES and its decentralised Regional Employment Offices, there is a general tendency not to compare performance with private placement agencies.
7 Conclusions

The review of evidence on performance measurement in public employment services aimed to identify what performance measures and targets are used across Europe and the extent to which these might be learned from by Public Employment Services (PES) like Jobcentre Plus. Key insights from the theoretical literature and use of performance measurement elsewhere in the world is drawn on below to establish some core elements of good practice in public employment service performance measurement. Unfortunately, one of the objectives – to consider evidence about the use of performance measurement by private and voluntary employment service providers – was not met because there is insufficient publicly available evidence on this issue. While this was expected at the outset, it still constitutes a major gap in the available research literature.

7.1 General principles

The theoretical material reviewed on performance measurement suggested that the following lessons might be learned in terms of the general principles that good practice public employment service performance measurement might follow:

- Performance measurement should be based on robust data – especially ensuring that there are no biases or problems associated with the collection and collation of data which undermine its suitability as a basis for decision-making. Here a crucial issue is related to trust. It is not only essential that data is robust; managers, decision-makers and staff need also to believe that it is robust. Without that confidence the operational utility of performance measures is undermined. This might be seen in the case of Jobcentre Plus in the way that some managers have historically lacked confidence in the Job Outcome Target (JOT) measure (Nunn et al., 2007b: p26,45,89) as a guide for operational decision-making because of the significant proportion of outcomes that are not captured as a result of the particular way in which data is currently collected against the target (Adams et al., 2008). This is despite JOT picking up a greater proportion of outcomes than the previous Job Entry Target (JET) measure, although under JET it was much more difficult to assess outcomes that weren’t being captured. A significant difference between the JET and JOT measurement systems is that data on which...
JOT is based is collected independently by an external agency – Her Majesty’s Revenue & Customs (HMRC). This brings some advantages, for example costs (see below) and validation of outcomes, but it may also contribute to lack of trust in the data where managers know that not all outcomes will be captured and linked back to Department for Work and Pensions (DWP) systems.

- Decision-making requires data which is both comprehensive and timely – not all data needs to be fully comprehensive and there are cases where data available with a lag is still useful. However, the relationship between these issues and decision-making requirements needs to be firmly established at the outset to ensure that collected data is suited to the purposes for which it will be used. Concerns over the timeliness of data were raised when the JOT target was first introduced into Jobcentre Plus in several pilot Districts early in 2005, since it introduced long delays for performance data that had previously been more immediately available (Johnson and Nunn, 2005). It was always envisaged that JOT would need to be supported by output measures to enable operational managers to manage performance (Nunn and Kelsey, 2007).

- The relative cost and benefit of performance measurement and the collection of data need to be carefully assessed – the collection of performance data is often costly and this needs to be consciously balanced against considerations of the benefits associated with this activity. By using data captured by HMRC for other purposes, JOT represents a particularly cost effective measure of job outcomes for DWP.

- Performance measurement needs to avoid generating perverse incentives – it is important that the operational and behavioural incentives that are generated by performance measures are fully aligned with strategic objectives. This issue is frequently raised in evidence on the role of performance measurement in PES. Performance measures and targets can sometimes lead to ‘creaming’ and ‘parking’ of customers and the general suggestion is that targeting of incentives and longer-term outcome measures may help to avoid this.

- The design of performance measures and considerations of incentive effects needs to bear in mind variation at different levels of analysis – some performance measures operate differently at different organisational levels. As such it is important to ensure that measures and targets operate consistently and without perverse incentives at all organisational levels. This generally requires a framework for cascading measures and targets organisational levels in ways that are coherent and serve to focus collective efforts rather than fragment them.

As DWP, working with Jobcentre Plus, develops and reviews its approach to performance measurement on an ongoing basis, these general principles will need to be considered to ensure that performance measures are appropriate and well designed.
7.2 Performance measurement and management approach

It is important to align the use of performance measures and targets with the overall management philosophy. In this context, outcome-focused management and performance measurement is seen as compatible with devolved managerial autonomy over inputs and processes and incompatible with rigid process controls. Alternatively, strong centralised control is seen as compatible with strong process controls, measures and targets but incompatible with holding organisational sub-units responsible for outcome performance levels, since in that model they have insufficient control of processes and inputs to warrant this. As such, the review found that strong outcome-focused targets were more appropriate in management approaches which emphasise local level autonomy, this often being the case in countries with strongly decentralised political and democratic systems. This does not mean that inputs, processes and outcomes should not all be measured, it may simply influence which are associated with targets and at what level responsibility for those targets should reside. In the case of Jobcentre Plus, its high level targets structure represents a ‘mixed economy’ of outcome, service and process measures, capturing different elements of the business. This approach is intended to provide a signal of core process (for example, through the Interventions Delivery Target (IDT)) while at the same time recognising and rewarding flexibility in labour market delivery, including effective partnership working, through JOT.

Considerations of the alignment of management approach and context with performance measurement may be significant for Jobcentre Plus in the future as a result of two contemporary trends in labour market policy. The first sees a greater emphasis on autonomy for front-line Jobcentre Plus staff, in the form of the Flexible New Deal and Adviser Discretion Pilots. The second sees an enhanced role for a range of local-level stakeholders in tackling employment and promoting competitiveness, through, for example, City Strategy Pathfinders, Employment and Skills Boards and City Regions. Both of these developments, may ultimately mean that an increased degree of local and operational autonomy for the design and delivery of interventions is necessary and performance measurement may need to be adapted to reflect this. The movement toward more localised democratic accountability may also mean increased local level scrutiny for performance and setting of performance targets.

7.3 Performance measurement frameworks

There is a substantial management literature which advocates the organisation of performance measures within frameworks to help to establish causality between organisational activities and outcomes. Such frameworks include Balanced Scorecards and Performance Prisms. There is also a discernible trend in the literature to identify second and third generation variants of these frameworks which do not only combine measures to create a more holistic impression of performance,
but also seek to draw out greater degrees of attribution in relation to causality and map the production of relatively intangible outcomes. These frameworks tend to include a distinction between input, output and outcome measures. This distinction provides a useful means of categorising the types of performance measure used in PES. The emphasis on less tangible outcome measures or measures for which there is a less clear causal chain of influence, in addition to more directly influenced outcomes, is also useful for thinking about PES performance measurement.

Table 7.1 shows a typology of performance measures, categorised by inputs, process measures, outputs and outcomes. Input measures include measures of spending and staff resource. Few PES appeared to include measures of inputs in their performance measurement activities and frameworks but there are clear reasons to think that there are causal relationships between inputs and outcomes and therefore an appropriate performance measurement framework might include these. For instance, it is plausible to suggest that greater resource in terms of staff hours or programme spending will impact progressively and positively on the volume of outputs produced and the extent to which these are conducted within appropriate timescales. However, the progressive nature of this relationship is not smooth and there will be a point after which the benefit to cost ratio of additional inputs begins to break down. It is also possible to produce excess inputs which will not be required on the demand side for conversion into outputs. Further, excessive inputs may drive excessive outputs (see below). As such, indicators and evidence on the relationship between inputs and outputs ought to be studied over time to establish where such points in the relationships might lie.

Outputs include services delivered to employers in terms of vacancy registration and more active measures delivered to different types of jobseeker such as referrals to training provision or activation interviews such as Work Focused Interviews. It is plausible to suggest that, like inputs and outputs, there is again a positive and progressive relationship between outputs and outcomes. The volume of and speed with which interventions are delivered are likely to impact upon the achievement of outcomes such as off-flows from unemployment benefits. However, again this relationship is not linear or constant. It is possible to over-produce outputs with little social welfare gain because of deadweight, displacement and substitution effects. Effectively, some people may be referred to support that they do not need to get a job and will get a job regardless of whether they receive an intervention or not (and this will vary for the different types of intervention). Additionally, individuals may find work as a direct result of receiving an intervention but this may have no positive aggregate impact because it displaces an alternative jobseeker who would have otherwise moved into that job. In other cases, employers benefiting from customers receiving interventions may gain an advantage and crowd-out other employers who would have otherwise recruited (and in places that may have an anti-competitiveness impact). Again, continual analysis of the relationships between these sets of indicators would yield more reliable assumptions about these relationships and the point at which marginal benefits begin to decline.
In many countries, and in the European Employment Strategy (EES) indicators, there is a differentiation between different types of outputs (see Section 5.2.1) and different types of outcome (see Section 5.3.2). Where possible, in technical, administrative and cost terms, this is beneficial because it helps to understand the relationship between different types of intervention and different types of outcome. This clearly moves performance measurement away from a more simple understanding of volumes of activity to outcomes to one based on types of activity. For example, understanding the types of outcome (e.g. employment generally or permanent/sustained employment) that result from types of output (e.g. specific types of programme or training referral) would help to identify ‘what works’ for different types of customer in different circumstances. Clearly from a management perspective this has huge interpretive benefits, especially when placed within the context of the type of mixed-methods performance review suggested below. The precision of this data could be further enhanced were it available to sub-national levels of analysis where this would allow more targeted analysis and exploration of particularly well functioning or poorly functioning examples of different types of intervention to investigate the precise causal mechanisms at work, shifting the emphasis to a strong link between evaluation and performance measurement (Sanderson, 2001).

Table 7.1  A typology of PES performance measures

<table>
<thead>
<tr>
<th>Input measures</th>
<th>Output measures</th>
<th>Process quality measures</th>
<th>Intermediate outcome measures</th>
<th>Final outcome measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Staff hours in different roles</td>
<td>• Vacancy registration</td>
<td>• Assessment of interviews or plans</td>
<td>• General off-flow measures</td>
<td>• Employment rate</td>
</tr>
<tr>
<td>• Spending on staff</td>
<td>• Interviews completed</td>
<td>• Customer satisfaction surveys</td>
<td>• Specific off-flow measures</td>
<td>• Unemployment rate</td>
</tr>
<tr>
<td>• Spending on programmes</td>
<td>• Referrals to training or other support</td>
<td>• Employer satisfaction surveys</td>
<td>• Penetration measures</td>
<td>• Inactivity</td>
</tr>
<tr>
<td>• Office numbers</td>
<td>• Penetration measures</td>
<td></td>
<td>• Benefit duration measures</td>
<td>• Productivity</td>
</tr>
<tr>
<td>• Spending on compliance and processing</td>
<td>• Individual plan completion</td>
<td></td>
<td>• Place site outcome measures</td>
<td>Long-term wages/employment history of beneficiaries</td>
</tr>
<tr>
<td></td>
<td>• Placement into work trials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sanctions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Acknowledging the importance of less tangible or responsive indicators, outcome measures in Table 7.1 have been separated into intermediate and final outcomes. From the point of view of PES, ‘final outcomes’ are closely related to overall policy objectives such as increasing employment and the quality of employment. These
can be tracked by outcome indicators of general labour market trends and help to focus attention on long-term strategic objectives. However, these measures alone are problematic because PES only affect these types of indicators at the margins and over the long-term. As such, PES need ‘intermediate outcome’ indicators which are more closely related to PES inputs and outputs. These types of outcome might include off-flows from benefit where a PES intervention is evident and may relate these to wider but short-term labour market trends such as all off-flows from benefits in the same period. For instance, in this example off-flows linked to a PES intervention could be measured separately and as a proportion of all off-flows, thereby addressing organisational contribution to observed labour market trends, helping to account for issues associated with deadweight.

Jobcentre Plus already has a series of different types of performance indicator, including process, output and outcome indicators. It would be relatively easy to place these into a similar framework, such as a logic model or strategy map. Augmenting existing measures with linked input, output and outcome measures may be more difficult. However, the Work and Pensions Longitudinal Study (WPLS) is similar in nature to some of the underpinning datasets in the Austrian and Danish Data Warehousing approaches and therefore offers some potential to develop more sophisticated performance measures which allow specific outcomes to be related to particular types of output. Clearly, this sort of development would be costly, however and would need to be developed over the medium- to long-term against appropriate assessments of cost and benefit.

7.4 Commentary, performance review and organisational learning

The emphasis in the literature on performance measurement on causality and mixing qualitative and qualitative measures is replicated in some PES where the presentation of quantitative performance data is contextualised with a more qualitative commentary which explores and explains apparent measured performance. This helps to balance the data on which decisions are made. Even if this sort of commentary isn’t formally in place, the literature on decision-making and information suggests that this type of qualitative input does influence decisions but in more opaque ways. In addition, it is desirable to fully understand causal relationships in decision-making. The establishment of a causal framework should help with this. However, the literature on organisational learning suggests that there is a need to build in regular reviews of these causal frameworks, drawing on available performance and other information, in two distinct but related respects. Firstly, reviewing data in this way helps to ensure that activity and interventions are being implemented in the right way (i.e. single loop learning). This is likely to involve the use of qualitative evaluation, research and impact assessment-type evidence to augment performance data and is also likely to identify gaps in the available qualitative and performance data on an ongoing basis. It would therefore need to include reference to, and estimation of, the achievement of
relatively intangible benefits from organisational activity covering the full range of policy goals (e.g. aggregate health and well-being resulting from employment outcomes).

Second, more fundamental reviews should help to question the validity of the assumed relationships between inputs, outputs and outcomes (i.e. double-loop learning). This may suggest the need for reviews on an annual and a multi-year basis to provide input into annual reports and reporting over public spending review periods. Some element of both single and double-loop learning should be present at both annual and multi-year reviews. Both types of review should result in the development of an explanatory commentary to underpin performance data. This process would be helpful in shaping management and leadership thinking and help to shape wider understanding (within and outside the PES organisation) of the role and performance of the PES in relation to the labour market and overarching policy goals.

In the case of Jobcentre Plus such commentaries might draw together the results of the large number of research, survey and evaluation projects commissioned by DWP and Jobcentre Plus alongside performance data to develop contextualised and explanatory commentaries on Jobcentre Plus performance. These commentaries might be prepared on an annual basis and on a more comprehensive basis on a three-year basis to coincide with the Comprehensive Spending Review schedule. Such commentaries would need to broadly explain performance but also need to clearly demonstrate the contribution that the organisation makes to achieving Public Service Agreement (PSA) targets.
Appendix A
Approaches to performance measurement

Definitional issues: What is performance measurement?

Performance measurement is closely associated with performance management (Audit Commission, 2000a: 5) and the central focus of this review is the intersection between the two. While performance management might include a range of management responsibilities, down to managing the performance of individual members of staff through very soft and arbitrary collection of information (such as unstructured observed performance in the workplace) (Treasury, 2001; Centre for Business Performance, 2006: 3), the focus here is on the measurement and management of whole organisation performance.

Performance measurement arises from the management literature. Though some approaches such as the DuPont Pyramid extend back to the development of major modern industrial corporations in the early years of the 20th century, particularly in the US, performance measurement is particularly associated with the notion of Management by Objectives (MBO) which was first put forward by Drucker (1955) in the 1950s. The essence of MBO is that senior management set objectives to be measured by quantitative targets, with associated performance indicators designed to ensure that these are achieved but allow considerable operational flexibility and autonomy over the ways in which organisational units, teams and individuals attempt to achieve these goals (Mosley et al., 2001:3-4).

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6 For instance, the development of industrial corporations such as DuPont, Standard Oil and Ford brought with it the need to establish mechanisms for control of workflow, different aspects of production and quality and the rise of new corporate managerial occupational roles to do this in large multi-site and often multi-national companies.
Performance measurement is the subject of many different definitions (Centre for Business Performance, 2006: p4-5). Neely et al., (1995: p80) define performance management as: ‘the process of quantifying the efficiency and effectiveness of action’. Mackie suggests that:

‘Organisational performance management in a government context is therefore the activities of government or its agencies in planning, implementing, reviewing, evaluating and reporting, the effectiveness of its policies, programmes and projects.’

(Mackie, 2008:3)

They then suggest that there are three distinct ways in which this process can be approached: First, it can be approached from the perspective of individual measures which indicate performance on a single set of criteria, often on the basis of product or service quality, time, cost or throughput. Second, they suggest that it can be approached from a more systemic perspective where individual measures are placed in some form of analytical framework designed to understand the relationship between different types of information. The most famous example of this sort of systemic perspective is the widely adopted Balanced Scorecard approach (Kaplan and Norton, 1992). Third, they suggest that performance measurement can be understood from the point of view of how the performance measurement system (e.g. a balanced scorecard) interacts with the wider context, whether that be an internal organisational context or an external stakeholder or market context. Kennerley and Neely (2001:145) also identify a fourth constituent part to any performance measurement framework: ‘a supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated’.

Mackie (2008) suggests that there are differences in the role of operational and strategic controls through the use of performance management. Strategic controls and measures relate to the overall performance of the organisation, while operational controls ‘measure activities within sub-units of an organisation and usually cover a shorter time period than strategic controls’ (3). He also suggests that performance management can be exercised on an intra-organisational basis and an extra-organisational basis. The former refers to internal management processes while the latter is related to processes of governance and political accountability (2).

Mackie (2008:6-11) also uses Hicks and Gullett's earlier (1981) differentiation between different sorts of management controls to suggest that organisational performance management can be used in one or all of three distinct ways:

- pre-controls – these include strategic and operational plans in which objectives and performance measures are set. This helps to guide actions and behaviours and establish a sense of shared objectives and clarity of purpose within an organisation;
- concurrent controls – involve the regular reporting of information regarding performance against established objectives and targets. They might include ‘dashboards’ of performance indicators, traffic light reporting systems and balanced scorecards;
• post-controls – involves reviewing achievements over a particular period of time (e.g. a year or a strategy implementation cycle) and reflecting on the causes of successes and failures. It often involves the use of more qualitative information such as evaluation or consultative type evidence. Examples here might be evaluation programmes or the Best Value Review process which was introduced into English local government in early part of the current decade.

Like many others (Audit Commission, 2000a; 2000b) Mackie suggests that all three types of control must be included in an holistic performance management system. This exhortation links with the literature on organisational learning. Over the last three decades a substantial body of literature has been produced on the issue of ‘organisational learning’ and ‘learning organisations’ (Easterby-Smith and Araujo, 1999; Elkjaer, 2004). For instance McGill et al., (1992) define the process of organisational learning as:

‘...the ability of an organisation to gain insight and understanding from experience through experimentation, observation, analysis, and a willingness to examine both successes and failures.’

The basis for much of this literature is in the work of Argyris and Schön (Argyris and Schon, 1978) and Senge (Senge, 1992) who identify the role of proving and disproving initial causal assumptions in the process of learning. Here, performance management can be used to indicate whether strategic assumptions about the role of linkages between inputs, outputs and outcomes are correct or require adaptation. To both Argyris and Schön and Senge this learning can take different forms and be used to adjust relatively minor operational assumptions (e.g. related to policy or management implementation) or much more significant strategic ones (e.g. related to the design of policy in the first place). This is Argyris and Schön’s famous distinction between single- and double-loop learning. The former relates to error detection in implementation and making relatively simple corrections. It focuses on the question ‘are we doing things right?’ By contrast, double-loop learning involves much more fundamental questioning of established assumptions and promotes error detection and correction in ways that involve changing the underlying norms, policies, objectives and practices. Here the question that one is faced with is: ‘are we doing the right things?’:

‘When the error detected and corrected permits the organisation to carry on its present policies or achieve its present objectives, then that error and correction processes single-loop learning. Single-loop learning is like a thermostat that learns when it is too hot or too cold and turns the heat on or off. The thermostat can perform this task because it can receive information (the temperature of the room) and take corrective action. Double-loop learning occurs when error is detected and corrected in ways that involve the modification of an organisation’s underlying norms, policies and objectives.’

(Argyris and Schon, 1978:2)

The relationship between performance measurement and performance management is often variable. Performance management is the full range of
managerial actions that connect information to management decision-making. At the most ambiguous and unconscious level the very collection of data against one or another measure adds some managerial emphasis to a particular set of actions and activities which are associated with it. At a more conscious level, managers can set targets and objectives whose achievement can be assessed using performance measures and incentivised by rewards and/or sanctions (Centre for Business Performance, 2006: 5). In various ways though, the aim of performance management is to relate the measurement of performance information to activities designed to meet the organisation’s goals and objectives.

Performance management systems

Designing performance measures

There is a variety of guidance and good practice style guides available for establishing and designing performance measures and indicators (see, for example, Audit Commission, 2000b; 2000a; Kennerley and Mason, 2008). Such guides frequently include a large number of criteria which can be used to establish robust performance indicators and targets. Typically these include relevance to strategic objectives, clarity of indicators and their definitions to ensure ease of use. The Audit Commission also suggests that indicators need to provide timely and useable information and avoid several common pitfalls. These include avoiding generating perverse incentives and ensuring that indicators provide information that is attributable to those who are responsible for the relevant activity. In common with others, the Audit Commission also recommends that targets which are associated with particular indicators are Specific, Measurable, Achievable, Relevant and Time-bound or SMART (Audit Commission, 2000a; 2000b). The 2001 joint Treasury, Cabinet Office, Audit Commission, National Audit Office and Office for National Statistics publication, Choosing the Right Fabric suggested that performance measures should be relevant, attributable, well-defined, timely, reliable, comparable and verifiable (Treasury, 2001).

Neely et al., (Neely et al., 1997:1136-51) review the literature on design of performance measures, identifying 22 common recommendations which they helpfully summarise in a ten point framework. This is set out in Box A.1 and is used to suggest what information is needed to establish a balanced performance measure. Neely et al., (1997) then go on to suggest that each measure needs to be tested in both theory and practice to ensure its credibility and suitability.
Box A.1 Neely et al.’s ten element framework to ensure appropriate performance measure design

1. Measure – The title of the measure should be clear, understandable and unambiguous.

2. Purpose – The rationale underpinning the measure should be clear and widely understood.

3. Relates to – The measure needs to clearly relate to identifiable business objectives of the organisation, to reduce measurement for measurement’s sake.

4. Target – Targets need to establish expected levels of performance, but this needs to be established in the light of the relevant context. In a competitive context a target which sets expected levels of performance which is below that of other competitors will result in failure, even if it is met. Targets which overestimate possible performance in the context may lead to demoralisation or inappropriate management diagnosis of performance problems.

5. Formula – This relates to the specific ways in which performance measures are constructed. This needs to anticipate behavioural reactions and the types of information that might be generated by the measure. In both cases, care needs to be given to ensuring that specific design issues do not result in perverse behaviour or data which is not robust or usable for the purpose of the measure.

6. Frequency – This needs to ensure consistency with the availability of meaningful data and the pattern of relevant business or performance cycles and to ensure that feedback on levels of performance is timely to ensure that adjustments can be made.


8. Source of data – This relates to the availability and consistency of the data by which performance is to be measured. If the collection or generation of data is uneven or of inconsistent quality then the measure may need to be understood in a particular way or it may simply not be an appropriate indicator of performance.

9. Who acts on the data – The person who is to act on the data should be identified.

10. What do they do – While it may not be possible to identify in advance what the appropriate management response to particular performance data might be, it is possible to identify what management process will be used to decide on an appropriate response and this should be built into the design of performance measures at the outset, to ensure that there is a response and to build confidence and transparency among key stakeholders about how this will be agreed.

(Neely et al., 1997:1136-51)
Performance measurement frameworks and understanding causality

Much of the literature on performance management highlights the importance of using performance management and measurement to better understand causal chains and linkages (Centre for Business Audit Commission 2000a; Centre for Business Performance 2006: 11). This has led to the establishment of a variety of tailored and ‘off the peg’ frameworks which attempt to structure the process of generating an holistic set of performance measures to assess organisational performance (Kennerley and Neely, 2001:145-155; Rouse and Putterill, 2003:791-5). Among these perhaps the Balanced Scorecard is the most widely publicised, though this itself emerged from a critique of earlier attempts at mostly financially-oriented performance measurement frameworks such as the DuPont Pyramid (Kaplan and Norton, 1992:71; Kennerley and Neely, 2001:146; Paranjape et al., 2006:5). The Balanced Scorecard presents performance information representing four dimensions of organisational performance, which incorporate financial and cost measures but also include a range of additional measures related to customers, internal processes, and innovation and learning, which are typically expressed collectively as four sets of questions (Kaplan and Norton, 1992:72):

- How do customers see us? (Customer perspective.)
- What must we excel at? (Internal perspective.)
- Can we continue to improve and create value? (Innovation and learning perspective.)
- How do we look to shareholders? (Financial perspective.)

The Balanced Scorecard is not without its detractors, however (Bourn, 2005; Paranjape et al., 2006), and a range of alternative systems and frameworks are also promoted, such as the European Framework for Quality Management (EFQM), the Performance Measurement Matrix and the Performance Measurement Prism. The Performance Measurement Matrix includes cost, ‘non-cost’, internal and external measures to present a broad picture of performance (Keegan et al., 1989; Neely et al., 1997:146). The Performance Prism is promoted by Kennerley and Neely (2001) and is focused on tailoring performance management to the objective of generating stakeholder value and includes five distinct perspectives on performance:

- Stakeholder satisfaction – who are our key stakeholders and what do they want and need?
- Strategies – what strategies do we have to put in place to satisfy the wants and needs of these key stakeholders?
- Processes – what critical processes do we need to operate and enhance these processes?
- Capabilities – what capabilities do we need to operate and enhance these processes?
• Stakeholder contribution – what contributions do we require from our stakeholders if we are to maintain and develop these capabilities?

Neely et al., (2003) suggest that these frameworks are first generation approaches to performance management and are notable for being relatively static and not providing an automatic causal association between measures. They, thus, identify a second generation of performance measurement framework. For instance, the original proponents of the Balanced Scorecard have more recently advocated strategy maps as a means of not just maintaining a wide range of indicators of organisational performance but integrating indicators in such a way as they show the relationship between organisational activity and success and therefore, also link with, and inform, organisational strategy:

‘Strategy maps show the cause-and-effect links by which specific improvements create desired outcomes – for example, how faster process-cycle times and enhanced employee capabilities will increase retention of customers and thus increase a company’s revenues…From a larger perspective, strategy maps show an organisation will convert its initiatives and resources.’

(Kaplan and Norton, 2000: 168)

Neely et al., (2003) also identify an evolution of their own Performance Prism as a second generation performance measurement framework which incorporates risk/failure and success maps and the IC Navigator model promoted by Roos and Pike. Neely et al., (2003) go on to suggest that a third generation of performance measurement framework is required to link non-financial and intangible value generation to the cash flow implications of these.

Performance is usually measured by reference to inputs, outputs or outcomes, depending on the managerial approach in use. For instance, a tighter managerial approach which leaves little room for autonomy over actual behaviour may focus on inputs. A slightly more relaxed managerial approach may allow more freedom but still determine what the key causal chains in operation are. Here the focus might be on outputs. A more relaxed managerial approach still might focus only on some specific outcomes and leave considerable autonomy for organisations, groups and individuals to determine the causal relationship between inputs, outputs and outcomes. In the context of Public Employment Services (PES), these usually constitute some mix of interventions such as interviews with job seekers (inputs), outputs such as numbers of job seekers who engage in job search or submit applications for vacancies and outcomes such as the numbers of job seekers who find work. The precise definition of how these differ from one another though, is often complex, especially when determining between outputs and outcomes. For instance, some (Grubb 2004: 358) ignore the output category and distinguish instead between different types of outcomes, where ‘intermediate

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7 This paper is (Pike and Roos, 2001). The paper could not be sourced independently for inclusion in the review. however.
outcomes’ measure relatively short-term outcomes such as off-flows from benefits where longer-term ‘final outcome’ indicators focus on measures such as long-term earnings. Again, depending on the managerial approach being used, one or more of these types of measures might be employed.

Implementing and embedding performance management frameworks

Bourne (2005) suggests that while there has been a wide array of research on designing performance measurement and management systems, there has been comparatively little focus on implementing and embedding systems. In fact, he suggests that a large number, perhaps even the majority, of performance measurement systems ultimately fail to be implemented successfully. Bourne’s research suggested that the factors which were cited by organisations who embarked on establishing a new performance measurement system and completed the process as the reasons for continuing included the level of senior management commitment, alignment of the process with core managerial objectives and the sense of benefit that came from the project at an early stage. Where implementation failed, a lack of senior level commitment or changing organisational priorities were identified. In either case, the quality of project management and coordination in the process of embedding the system was also mentioned.

Problems with the use of performance management and measurement

Perverse incentives

Bouckaert and Peters (Bouckaert and Peters, 2002) identify a range of perverse incentives that might arise from poorly designed performance measurement.

Performance measures can sometimes generate inappropriate behaviour because of the way that they are linked to incentive structures whether these be formal or informal (Grizzle, 2002). For instance, where capturing performance is dependent on the existence of an intervention, individuals and organisations have an incentive to generate unnecessary interventions in order to claim performance ‘points’. This was the case for instance in the Job Entry Target (JET) system in the UK PES, which was replaced in April 2006. Under pressure to increase measured performance, front-line staff and managers would occasionally generate an unnecessary intervention, such as a small cash payment to a jobseeker who had found work of their own accord. These small payments were intended to help people who could not otherwise take up a job opportunity, to do so, perhaps by paying for initial transport to work or upfront costs such as specialist clothing. In these instances though, these payments were not needed and were used solely for the purposes of ensuring an outcome could be captured. It therefore generated waste in the payments themselves and in the administration required and led to low quality information which served as a poor guide to assessing the contribution of the PES to employment flows (Johnson and Nunn, 2005).
The way in which performance measurement is linked to incentive structures can produce behavioural results known as ‘creaming’ and ‘parking’. Here incentives linked to performance data create a pressure for actors in the system (be they individuals or organisational units) to focus their attention on ‘easy wins’ (i.e. creaming) whereas more challenging problems are ignored because they are considered to be too difficult to resolve (i.e. parking). There are noted examples of this sort of behaviour in PES where incentive structures associated with performance measures lead easy to place customers to be the focus of attention while more difficult to place customers are effectively ignored (Bruttel, 2004:16-17; Bruttel, 2005). This is perverse in view of the normal parameters of policy goals because it is usually thought that easier to place job seekers will find a job with or without PES support and it is therefore those with the most profound barriers to work that require and would benefit most from PES support. Creaming and parking is generally thought to be a more important danger where contracts with private or other providers emphasise payments for results (Struyven and Steurs, 2005). However, it is recognised that this is also a risk for Jobcentre Plus, given the very strong target driven culture within the business.

Costs

Bouckaert and Peters (2002) argue that the costs associated with producing performance information are often opaque and are infrequently cited in discussions of performance measurement. However, they draw attention to the fact that the costs associated with performance measurement are often immediate while the benefits of it are reaped only over the longer term and are frequently uncertain or unquantifiable in advance.

Negative externalities

A number of negative externalities may be generated by the behaviour which is generated by rewards and incentives in performance management regimes. For instance, in a framework where actors are encouraged to generate output of a desired service and outcomes, there may be a general level of demand for those outputs and services which is unaffected by their supply. When that point is passed, generation of additional outputs simply results in costs associated with producing them and with measuring them without any additional benefits. A labour market example relates to the level of demand for labour in the economy. If aggregate demand for labour is not determined by the level of supply then employment services which stimulate supply of labour beyond the level of aggregate demand simply result in competition between providers to achieve the same outcomes rather than generating new and additional outcomes. In such a context, the costs of providing the services and measuring performance rise above achieved benefits (Grubb, 2004:363).
As Grubb also shows these sorts of problems are frequently addressed in evaluations of active labour market programmes (ALMPs) where methodological approaches are devised to control for deadweight, substitution and displacement.\(^8\)

**Balance and breadth**

Neely *et al.*, (1997:1113-1135) argue that perverse behaviour is not always generated by inappropriate performance indicators but by a lack of forethought about the behavioural implications that might result from particular indicators, benchmarks or targets. Rather, they argue that it is important to ensure balance in the design and range of indicators used and that definitions and methods of calculation and levels of target are important in generating specific outcomes. They go on to identify a framework for establishing particular measures.

**Joint measures and targets**

It is widely noted in the literature that it is often difficult for organisations to develop performance measures and targets that apply to more than one organisation (Mackie, 2008:7). Indeed, research with central government departments has indicated that they have found it difficult to negotiate Public Service Agreement targets which are contributed to by more than one Government department (National Audit Office 2001:2).

**Poor use of performance information**

Other critics suggest simply that one of the pitfalls of performance measurement is that its results are inappropriately or insufficiently used in the policy-making, implementation and management process. For instance, Hatry (2002) suggests that performance information is frequently not well integrated into the decision-making and planning process and that management tools are insufficiently used or used in a confused manner.

**The role of performance management in the public sector**

It is acknowledged that the role of performance management in the private sector differs to that in the public sector where there is no financial bottom line to act as an outcome measure (Micheli and Kennerley, 2005:125). In the public

\(^8\) Deadweight relates to performance captured as an output/outcome of an intervention but which would have happened in any event without the intervention. Substitution relates to outcomes that appear to result from the intervention but where outcomes elsewhere reduce as a result of this. So for example, where an employer recruits the beneficiaries of a particular employment programme but reduces recruitment elsewhere to compensate for this. Displacement refers to a similar impact to substitution but relates to where this behaviour is split among several actors. In the labour market example a single employer may recruit more as a result of a particular intervention but others are crowded out, for instance by increased competition.
sector, performance management is linked to the application of new management techniques such as the New Public Management (NPM) (Dunleavy, 1994; OECD, 1994), which have been widely applied in developed countries over the last two or three decades. In this context, performance management and measurement has been both a means of achieving reform and itself an objective of that reform (Osborne and Gabler, 1992). The application of the NPM has largely coexisted with attempts by the State to reduce its responsibility for the direct provision of public services and the increasing reliance, instead, on ensuring that these services are provided by a range of arms length agencies and contractors (Sanderson, 2001: 297-9).

The current Government has also used performance management as a tool for improving public service quality. The approach has varied according to perceptions about the quality of existing services and commitment of public sector managers and staff to policy and improvement agenda. So, in the initial phase of public sector reform under the present Government there was a strong emphasis on targets and audit, this has gradually slackened with more autonomy offered to frontline managers about policy implementation and accordingly how to perform manage it, though the expectation that performance management will be used remains strong (Audit Commission, 2008:22-4).

In this context, performance management provides a variety of different roles:

- citizen accountability – here the focus is on engaging with the public and enabling them to have oversight of the quality of public service provision and its performance, through the pressure that they are able to place on elected politicians (Treasury, 2001:4; Lee, 2004);

- political accountability – here the focus is on politicians ensuring accountability of service provision. This function of performance management is often adopted where there is some form of institutional separation between delivery and political decision-making, such as in the case of agencification or privatisation (Sanderson, 2001). The questions being posed and answered by performance management systems are related to whether services are doing what politicians wanted of them and how well they are doing this. Variation from expectations may then lead to political decisions over policy and contractual decisions;

- management accountability – clearly management requires information to inform decisions over resource allocation, investment decisions, changes to service models (including quality standards and procedures) and staff training. This can be the case within unified delivery structures as well as more decentralised arrangements including partial contracting out or the establishment of quasi-market conditions even within a public system. Here the focus is on rewarding innovation and successful implementation, spreading good practice and adjusting inputs in response to changing contexts and causal assumptions (Mackie, 2008:3);
• consumer accountability – in some contexts public service users are offered some choice over the service or provider that they use, often with the assumption that the availability of performance information might encourage them to act like a consumer in a market. The result of this, in theory, is that provider behaviour is disciplined by market-type pressures and those that provide successful and high quality interventions are rewarded by payments which follow the customer while those that do not attract sufficient customers are disciplined and may ultimately leave the service provision system or market. Here the focus is on providing information about the types of outcomes that service users or ‘customers’ may require. Examples of this include the publication of data on public sector performance as introduced in John Major’s Citizen Charter (Doern, 1993).

In actual fact, the majority of performance management systems are usually designed to fulfil several of these functions at once (Mosley et al., 2001:96).

Micheli and Kennerley (Micheli and Kennerley, 2005) review a range of different performance management frameworks in the public sector and conclude that the adoption of performance measurement and management is widespread and involves multiple designs. They also conclude that context and purpose need to be kept in mind and that the implementation of performance management can be problematic in the sense of changing the nature of the service in such a way as its outcome focus means that some intrinsic value inherent in the way in which the service interacted with the service user is lost.

**Box A.2  A taxonomy of performance management**

**Inputs** – Resources used in the process of delivering an output.

**Outputs** – The immediate result of activities. This is often recorded as volumes of results such as the numbers of people using a particular service or being helped in a specific way.

**Outcomes** – The ultimate impact of a policy. This is often much harder to measure, is much more ambiguous or becomes apparent over a much longer time frame than outcomes. The relationship between inputs, outputs and outcome is often difficult to establish directly as a result of the number of additional intervening variables that might have a causal influence on the outcome.

**Targets** – A specific level of performance that an organisation, part of an organisation or an individual wants to achieve, often associated with specific indicator or measure.

** Benchmarks** – Are a performance measure or indicator which is used to compare (usually numerical or quantitative) levels of performance between individuals or organisational units. These may or may not have a target status, i.e. that a particular level of performance is expected to be achieved.

Continued
The importance of context in designing performance management systems

**Institutional context**

The institutional context for performance management of employment services is important because it sets the parameters for the design of performance management and it also helps to identify and understand the purpose to which performance management might be put.

One part of the relevant institutional context is the overall approach to performance management in UK government. The approach used in the UK has developed over time, from the first introduction of John Major’s Citizen Charter, through to the tight use of centrally defined performance targets, audit and inspection in the early years of the present Government to the existing position (Audit Commission, 2008:22-24). Since 1998, the overall approach used has a number of layers which cascade central Government policy objectives established as part of the Comprehensive Spending Review (CSR) process down to individual Government departments, and then from them down to their Departmental Public Bodies, contractors and local delivery organisations. Public Service Agreements set out overall Government policy objectives which are funded as part of the CSR-Public Service Agreement (PSA) process over a three-year period. In relation to the Department for Work and Pensions (DWP), these currently include employment opportunity and well-being in later life. The performance management framework used by Jobcentre Plus must therefore respond to these PSAs. Various guidance documents published by central Government and its agencies advocates that performance objectives starting with PSAs be cascaded not just to organisations but down to individual level through individual performance and development appraisals and reviews (Treasury, 2001:7).

A second part of the institutional context which is relevant for the performance management of PES in the UK relates to the policy approach to service delivery. Over many years there has been a gradual shift toward increasing the role of the private and voluntary sector in delivering employment services in the UK, whether this be specific aspects of contracted provision or the more comprehensive approach to the use of the private sector in pilot programmes such as Employment Zones or the
new Flexible New Deal. The specifics of the UK context are discussed in Chapter 3 but what is important to note is that the extent of direct delivery on the one hand or contracted delivery on the other will determine the roles to which performance management is put. In the case of direct delivery, performance management is about an internal management process, whether this be management by control or management by objectives. In the case of contracted out provision, performance management clearly plays a part in contract management processes, however, these might be structured.
Appendix B
Performance measurement in Public Employment Services

The role of Public Employment Services in the labour market

Public Employment Services (PES) have several roles in the labour market which in theory ought to improve its effectiveness, mainly in relation to matching labour supply and demand. First, in their passive role, they help to address the information problem. The information problem relates to asymmetric information and quality uncertainty. In the first instance, demand may not be able to come together with supply simply because employers do not know how to engage with available and suitable workers and vice versa. Here PES have an important role in collecting and publicising vacancy data. In a more active role, they can then begin to ‘match’ supply to demand by collecting information from unemployed workers and specifically directing them to suitable jobs. They can also help unemployed job seekers to find work by coaching them in job search activity.

Progressively more active strategies by PES include increasing the available supply of labour and its fit with demand by addressing the employability of unemployed workers and by activating relatively inactive groups through training and motivational measures (confidence building, coaching, conditionality and sanctions). Finally, they may help to deal with quality uncertainty through building employer confidence in specific groups of recruits where they go through employability programmes, training or pre-selection.

Evidence on the additionality offered by PES active labour market programmes (ALMP) programmes appears to be mixed but there is some evidence that such policies have had some impacts, though estimations of the scale of these vary widely (Boone and Van Ours 2004; Tergeist and Grubb, 2006; Koning, 2007). What may be notable about these studies though is that they were all conducted in relation to the application of ALMPs in a period of economic growth. It might
be expected that ALMPs and the role of the PES in general would create additional outcomes in such a period where the challenge is expanding the supply of labour to meet increasing demand. It may be more difficult to suggest that this is the case in more challenging economic circumstances where available and employable labour power is readily available.

Cross-country studies of performance measurement in public employment services

Cross-country studies of the application of performance measurement in PES are relatively few. One such study is that by Mosley et al., (2001). They undertook a survey of all 15 members of the European Union and Norway to assess the extent and nature of take-up of Management by objective (MBO). The results of the survey suggested that take-up of MBO was widespread throughout Europe and that full take-up was present in ten of the 18 PES surveyed and a further four member states’ PES had adopted elements of MBO. They also investigated the implementation issues associated with MBO in more depth in a smaller number of case study countries, including Austria, France, Great Britain and Sweden and related these findings to the management literature on MBO. They found that prerequisites for successful MBO included a strong level of senior management and political commitment and some degree of relative organisational autonomy of the PES from political control. Examples of problems caused by a lack of this autonomy included the British case study where frequent introduction of new initiatives (the example provided is that of the New Deal) outside the performance planning cycle hampered the success achieved by MBO. The study also found, in line with some of the theoretical literature they cite, that MBO is not entirely compatible with a large number of centralised rules and regulations governing service delivery as this hinders autonomy and innovation in attempts to meet stretching targets.

Mosley et al., (2001) also suggest that MBO entails costs as well as benefits such as those associated with the collection, collation and interpretation of management and outcome data and that if handled inappropriately the setting of quantitative indicators can lead to ‘gaming’ with performance information. The research suggested that the design of performance measures and targets is both crucial and very challenging. While it is relatively easy to concur that targets should be stretching yet achievable, many PES reported difficulties with ensuring that indicators and targets were designed in such a way as to measure appropriate behaviour. Particular attention was given to timescales with the conclusion being that a combination of longer-term strategic objectives and targets combined with shorter-term annual targets helped to broker an appropriate balance. On this dimension, the Mosley and colleagues were again critical of the British case study, suggesting that frequent and large changes in organisational objectives and performance measures were ‘unnecessarily disruptive for PES operations’ (p.95).

The survey included all three Belgian PES.
The research did not draw any firm conclusions about the relative performance of either centralised or decentralised management structures, other than that the performance measurement system in place needs to fit with this institutional structure. Importantly though Mosley et al., do indicate that problems of ‘moral hazard’ and gaming with performance management are likely to be more prevalent in highly centralised and controlling institutional structures and that the costs associated with trying to iron out these problems through further centralised control were likely to be prohibitive. The more appropriate response, they argue, is to attempt to generate staff commitment to performance measures and targets (p 96).

In conclusion, Mosley et al., argue that performance measurement in PES needs to be structured according to ‘good practice’ which they define according to a range of criteria.

**Box B.1 Mosley et al.’s good practice suggestions for PES performance measurement**

- Use of a limited number of clear and understandable targets.
- Providing employee participation to guarantee the commitment of regional and local PES staff to the performance management system.
- Reduction in the density and complexity of administrative information system for monitoring progress toward targets.
- Fair and transparent procedures for assessing and rewarding performance.
- Complementary quality management approaches.

(Mosley et al., 2001:96)

Finally, they suggest a number of qualifications to the use of performance measurement. They suggest that while achievement of target levels needs to be taken seriously, it should not be seen as the only management consideration and qualitative assessment of the reasons why targets are achieved and not achieved needs to be undertaken and as such there is a need for quantitative targets to be balanced by quality assessment and evaluation (p 97).

Other research has looked at the principles underpinning the organisation and design of PES performance management, especially as it relates to institutional structure and the extent of contracting-out of the delivery of employment services in the system. For instance, Grubb (2004) presents a detailed analysis of a variety of different approaches and places emphasis on four main possible institutional settings. These include (p 356):

- traditional hierarchical management – here the emphasis is on centralised command and control with standardised practices and perhaps operational manuals containing rules and regulations about the precise ways in which services are to be delivered. The scope for using performance measurement as a tool to encourage autonomy and innovation is limited and performance measures are usually part of the same top-down approach;
• continuous re-contracting – here there is a purchaser-provider split with the PES taking the role of purchaser and commissioner of services. Performance measurement provides the means of assessing the contribution of a range of different and competing providers to desirable outcomes and may form one part of the judgement about how contracts are re-let in the future, with less successful contractors replaced by more successful ones. Contract payments are fixed within the lifetime of the contract and are related to the volume of work undertaken (e.g. number of beneficiaries);

• pay-for-results – here there is no fixed payment for volume of work but payments are decided instead by reference to outcome data. Where a provider is successful with its client group (e.g. having a higher re-employment rate) then the payments are more generous. Where a provider is less successful they are simply paid less. In this context providers bid to be able to provide a service which may involve an initial payment from the provider to the PES or vice versa depending on context. Then within the contract, providers have autonomy over their activities which are designed to maximise outcome payments;

• purchase of services by clients – here payments follow individual customers who have choices over which employment services they can use. Performance information may be one part of the information on which customers make their judgement.

Grubb pays particular attention to the role of marrying outcome performance indicators to social welfare. However, he is critical of both placements (e.g. off-flows from benefits where there is some evidence of a PES interaction) and employment spell data (e.g. average time on benefits) because, he argues, they both create perverse incentives, either to generate short-term placements into employment or for ‘creaming’ and ‘parking’ behaviour:

‘...short-term placements, which do not reduce unemployment levels in the longer-term because the clients re-enter unemployment soon afterwards, are rewarded.’

(Grubb, 2004:358)

He acknowledges that many OECD countries use additional performance indicators (including linked to payment or reward structures) to partially correct for these perverse incentives such as sliding scale rewards based either on the difficulty of placing particular groups of job seekers or the duration of the job placement or a combination of both. However, he is critical of the rather arbitrary nature of the scales and cut-off points used in these measures and reward structures (e.g. three-month cut-off periods for claiming job placement incentive payments) (p 359). In place of these hybrid measurement regimes Grubb advocates a much longer-term and more purely outcome-based measurement approach. Citing the example of evaluations of US welfare programmes which report on longer-term measures of total earnings for five years following the intervention, employment and benefit recipiency rates among the
cohort he suggests that ‘long-term measurement of outcomes may be essential if performance management arrangements are not to create a bias toward using strategies that achieve only short-term outcomes’ (p359). Without such measures, he argues that the rewards resulting from or management emphasis lent to the achievement of the best social outcomes (‘stable, long-term returns to work, by persons who would otherwise have remained unemployed or left the labour force’ (p360)) will be too low.

Grubb advocates some form of social welfare cost-benefit appraisal in which outcome measures are based on an estimation of monetary value for instance in the form of an estimation of the ‘savings in benefit costs, plus the increase in tax receipts levied on wages’ (p360). However, two key problems are identified with this because benefit transfers are not real Government spending and as such the direct contribution of reduced benefit payments cannot be assumed simply to result in an increase in social welfare equivalent to the sum saved on benefit payments minus that spent on the respective employment programme. In addition, because for some people the problems and negative impacts (and costs) of employment are significant and mean that social welfare is only increased by a fraction of their total earnings.

In addition, Grubb argues against weighting performance results for or against particular types of client group. Because harder-to-help unemployed people are frequently on the boundary of being declared as unfit to work (i.e. should be in receipt of inactive benefits with no requirement to look for or be willing to engage in work as a condition for receiving benefits) the assumption that placing these people into work has a higher social benefit is incorrect. In fact, because of the problems that they may face in sustaining work, the social welfare increase associated with them moving from unemployment to employment may be less than for an easier to place individual. However, this does not imply that providers (whether these be contractors or parts of the PES) will be equally rewarded by the performance measures Grubb suggests. This is because easy to place clients will be likely to find work in any event so the incentive is still to assist harder-to-help clients because it is here that the greatest change in social welfare/performance is likely to be generated (p361). However, this is in contradiction with the general assumptions about performance measurement and payment structures, even where disproportionate rewards are applied to those who genuinely need additional help (for example, see Bruttel, 2004; Bruttel, 2005; Struyven and Steurs, 2005). Indeed, some private contractors have adopted the practice of passing structured incentives onto clients in order to reward them for finding work unassisted where this is possible (Bruttel, 2005:397).

In addition, Grubb advocates a number of other additional components of a final outcome measure. These include hourly rather than total wages. Assuming that wages are related to both the quality of employment on the one hand and the social welfare generated, then wages are an appropriate additional indicator of the type of outcomes being generated. However, a total earnings indicator is fallible
here because it measures not just the relative quality of different employment
but the numbers of hours worked. Hourly pay corrects for this and is, therefore,
a more appropriate measure. While he does not make the distinction, Grubb’s
final two components are not outcome indicators per se but qualitative measures
of service delivery (or process) quality such as customer satisfaction surveys and
audits of the use and uptake of particular types of services such as face-to-face
contact on ‘drop-in’.

The Public Employment Benchmarking project began with funding from the
European Commission through the European Heads of Public Employment Services
in 2002. From 2005 onwards the group developed a more formal approach in two
projects to strengthen the approach to developing common indicators and then
benchmarking between the participating partners (Lehner et al., 2005; Synthesis
Forschung and OSB Consulting, 2005; 2007). These projects initially resulted in
a list of 11 performance indicators (see Table B.1), though the list has now been
reduced to seven. These are used for the measurement of PES performance and
for benchmarking performance between the 16 participating members (Box B.2).

<table>
<thead>
<tr>
<th>Box B.2 Participating members in the European PES Benchmarking Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
</tr>
<tr>
<td>Belgium – Brussels</td>
</tr>
<tr>
<td>Belgium – Flanders</td>
</tr>
<tr>
<td>Croatia</td>
</tr>
<tr>
<td>Finland</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Hungary</td>
</tr>
</tbody>
</table>


The initial 11 indicators included outcome, output and input indicators as detailed
in Table B.1.

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10 Some outputs from this project list Jobcentre Plus as a member, but the
current website list of members does not include the UK.
### Table B.1  PES performance indicator project initial indicators

<table>
<thead>
<tr>
<th>Goal</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aiming at a successful transition from unemployment to employment</td>
</tr>
<tr>
<td></td>
<td>How many unemployed people manage to make a transition to a new job (as a percentage of all unemployed within a given time period)?</td>
</tr>
<tr>
<td>2</td>
<td>Taking a special interest that the transition to employment takes place before unemployment lasts very long</td>
</tr>
<tr>
<td></td>
<td>How many unemployed people manage to make the transition to a new job before being unemployed for more than six months (as percentage of all people leaving unemployment to employment within a given time period)?</td>
</tr>
<tr>
<td>3</td>
<td>Being focused on transitions from measures to employment</td>
</tr>
<tr>
<td></td>
<td>How many people who participated in training activities for job seekers manage to get a job within six months (as a percentage of all people leaving a training activity within a given time period)?</td>
</tr>
<tr>
<td>4</td>
<td>Transition to a new job after a notice of separation has been served, but before drawing unemployment benefits</td>
</tr>
<tr>
<td></td>
<td>How many employees who get a notice of separation by their employer manage to move on to a new job without drawing unemployment benefits (as a percentage of all separations within a given time period)?</td>
</tr>
<tr>
<td>5</td>
<td>Opening access to a large share of vacancies through the PES information system</td>
</tr>
<tr>
<td></td>
<td>How many notices of vacancies are accessible through the PES information system (as a percentage of all new vacancies opening up within a given time period)?</td>
</tr>
<tr>
<td>6</td>
<td>Making sure that registered vacancies are filled</td>
</tr>
<tr>
<td></td>
<td>For how many vacancies posted with the PES is a candidate found successfully (as a percentage of all vacancies posted with the PES within a given time period)?</td>
</tr>
<tr>
<td>7</td>
<td>Making sure that filling a registered vacancy will not take long</td>
</tr>
<tr>
<td></td>
<td>For how many vacancies posted with the PES is a candidate found successfully within a month (as a percentage of all PES vacancies de-registered within a given time period)?</td>
</tr>
<tr>
<td>8</td>
<td>Achieving customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>How many customers of the PES are »satisfied« as opposed to »unsatisfied« (as a percentage of all customers)?</td>
</tr>
<tr>
<td>9A</td>
<td>Implementing best practice information technology</td>
</tr>
<tr>
<td></td>
<td>How many CVs are accessible through the PES homepage (as a percentage of the labour force within a given time period)?</td>
</tr>
<tr>
<td>9B</td>
<td>Implementing best practice information technology</td>
</tr>
<tr>
<td></td>
<td>How many notices of vacancies are accessible through the PES homepage (as a percentage of all vacancies which get posted with the PES within a given time period)?</td>
</tr>
<tr>
<td>10</td>
<td>Designing a service oriented organisational architecture</td>
</tr>
<tr>
<td></td>
<td>How many people of the PES staff are involved in serving customers on a personal level (as a percentage of the total staff number)?</td>
</tr>
<tr>
<td>11</td>
<td>Providing sufficient resources (in terms of time) for service activities</td>
</tr>
<tr>
<td></td>
<td>How many minutes (per year, per customer) can be spent on serving a specific customer?</td>
</tr>
</tbody>
</table>

Source: (Synthesis Forschung and OSB Consulting, 2004).

The research and outputs of these groups has considered in-depth issues related to data collection and operational definitions and measurement, considering the benefits and weaknesses of specific indicators. These have now been reduced to seven. Brief details of the seven indicators’ strengths and weaknesses are presented in Table B.2.
### Table B.2 Benchmark performance indicators for the PES Benchmarking Project

<table>
<thead>
<tr>
<th>No.</th>
<th>Indicator</th>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Transition from unemployment to employment</td>
<td>Captures key outcome data</td>
<td>Variation in what is counted as employment/unemployment</td>
</tr>
<tr>
<td>Q2</td>
<td>Rapid transition from unemployment to employment</td>
<td>Consensus that rapid re-engagement is positive and a key role of the PES</td>
<td>Not clear that all groups benefit if pushed back into work too quickly and if this simply measures deadweight and creates revolving door</td>
</tr>
<tr>
<td>Q3</td>
<td>Transition from training measures to employment</td>
<td>Addresses controversy regarding the role of training</td>
<td>Does not address sustainability of employment. Which is a key issue re: role of training</td>
</tr>
<tr>
<td>Q4</td>
<td>Opening access to a large share of vacancies through the PES information system</td>
<td>Reflects PES role in information problems</td>
<td>Results hard to observe, incentivises costly behaviour, difficult to define vacancies</td>
</tr>
<tr>
<td>Q5</td>
<td>Vacancies filled</td>
<td>Relates to suitability of submissions</td>
<td>Not solely PES responsibility – employers</td>
</tr>
<tr>
<td>Q6</td>
<td>Achieving satisfaction of Job seekers and employers</td>
<td>Clear role for customer satisfaction in service organisation</td>
<td>Reflects a range of factors, including expectations</td>
</tr>
</tbody>
</table>

Source: (OSB Consulting and Synthesis Forschung 2007).

The PES Benchmarking Project has also attempted to take account of the external context facing employment service providers. The project developed a series of context variables which are used to contextualise and locate benchmarked performance between different national PES with an understanding of the domestic labour market context that they face. These context variables include indicators of general labour market performance (unemployment rate, persistence of unemployment as a ratio of unemployment), indicators of workload (from customers and from the working-age population generally expressed as a relationship to the numbers of PES staff) and an indicator of relative inputs (expressed as the proportion of Gross Domestic Product (GDP) spent on ALMPs). The rationale offered for these variables is that they all collectively help to explain the difficulty of achieving outcomes for the PES concerned (Synthesis Forschung and OSB Consulting, 2008).

In addition the PES benchmarking project is linked to the European Employment Strategy (EES) indicators which have been under continual development since 2002 to fit the changing requirements of the EES. The EES indicators include a wide range of final outcome indicators concerned with wider labour market trends. However, they also include measures which link more directly to the activities of PES. For instance, these include measures which incorporate some output
indicator for instance of activation interventions or employment services such as beneficiaries of counselling activities, training as well as outcome indicators of off-flows into employment and transitions into training. Other measures incorporate input indicators such as PES staff numbers. Nearly all these indicators are related to other wider labour market indicators such as numbers of unemployed or particular categories of the unemployed stock (such as age groups or duration of unemployment). The measures also incorporate indicators of the quality of employment such as off-flows to work into different pay bands or contract types.

**Box B.3 European Employment Strategy Indicators**

19.M2 Preventative services. National sources

Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having benefited from intensive counselling and job-search assistance. (LMP category 1) [target value 0%=full compliance]

Method: $B^*/A$. In addition, on a voluntary basis, $B^*/(B^*+C^*)$

- $A = \text{In-flow into unemployment in month X}$
- $B^* = \text{Persons still unemployed in month X+6/12 months who did not receive intensive counselling and job-search assistance}$
- $C^* = \text{Persons still unemployed in month X+6/12 months who received intensive counselling and job-search assistance}$

*No data on this is reported for the UK*

19.M3 New start (a). National sources

Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure. (New start = a job or LMP categories 2-7) [target value 0%=full compliance]

Method: $B/A$. In addition, on a voluntary basis, $B/(B+C)$

- $A = \text{In-flow into unemployment in month X}$
- $B = \text{Persons still unemployed in month X+6/12 months who did not receive a New Start}$
- $C = \text{Persons still unemployed in month X+6/12 months who received a New Start but still unemployed}$

*No data on this is reported for the UK*
Box B.3 Continued

19.M4 Activation of long-term unemployed. Sources national and LMP

Stock of participants in an active measures (cat 2 -7) that were previously long-term registered unemployed divided by the stock of long-term registered unemployed plus the stock of participants in active measures that were previously long-term and whose unemployment registration is interrupted by an active measure. Long-term unemployed = 12+months for adults (25+) and six+ months for youth (<25).

Some data is reported on this for the UK

19.A2 Activation Source LMP

Number of participants in LMP measures (training, retraining, work experience or other employability measure)/in assisted activation programmes divided by the number of persons wanting to work (LFS unemployed plus labour reserve).

Some data is reported on this for the UK

19.A3 Activation of registered unemployed Source LMP

Stock of participants in active measures (training, retraining, work experience or other employability measure) that were previously registered unemployed divided by the stock of registered unemployed plus the stock of participants in active measures that were previously registered unemployed and whose unemployment registration is interrupted by participation in an active measure.

No data on this is reported for any EU member state

19.A4 New start (b). National sources

Share of young/adult unemployed becoming unemployed in month X, still unemployed in month X+6/12, and not having been offered a new start in the form of training, retraining, work experience, a job or other employability measure. (New start = a job or LMP categories 1-7) [target value 0%=full compliance]

Method: B/A. In addition, on a voluntary basis, B/(B+C)

A = In-flow into unemployment in month X

B = Persons still unemployed in month X+6/12 months who did not receive a New Start

Continued
Box B.3  Continued

C = Persons still unemployed in month X+6/12 months who received a New Start but still unemployed
Source: National data
No data on this is reported for the UK

19.A5 Transitions into employment/training. Source SILC
Transitions of unemployed people into employment and training from year n to year n+1.
No data on this is reported for the UK

19.A6 Follow-up of participants in active measures. National sources
1. Rate of in-flow of LMP participants into employment (three or six months after participation in a measure)
2. Rate of return of LMP participants into unemployment (three or six months after participation in a measure)
No data on this is reported for the UK

19.A7 LMP expenditure. Source LMP
LMP expenditure as % of GDP
Data is reported on this for the UK

19.A8 LMP expenditure per person wanting to work. Source LMP
Expenditure on LMP divided by the number of persons wanting to work (LFS unemployed plus labour reserve)
Data is reported on this for the UK
Sources: Indicator details: (European Commission, 2007b) Reporting of data: (European Commission, 2008b).
Appendix C
Overview of international PES performance measurement

European Union member states

Austria

Description of performance management system in place
Austria has experienced strong economic growth over recent years with real GDP growth being slightly above that of the rest of the Euro-area (Eurostat: Real GDP Growth). In this context employment growth continued up to 2007 when it was over 71 per cent (Eurostat: Employment Rate) and unemployment was among the lowest in the European Union (EU) at just under 4.5 per cent (Eurostat: Unemployment rate). The priority of the Government elected in 2007 was to ensure full adoption of the Lisbon Strategy, including policies to strengthen competitiveness through investment in research and development and social policy reform to implement Flexicurity. While the current global economic crisis has impacted on growth forecasts, growth is still projected to be positive and above the EU average and the employment rate is projected to stabilise rather than decline (Government_of_Austria, 2008:13-15).

Austria’s labour market policy aims to secure not only growth in employment but strengthening of the quality of work. This is reflected in an objective to increase ‘good work’ ‘characterized by fair salaries, job security, equal payment for men and women, health protection and prevention of accidents in the workplace, reconciliation of work and family life and a sufficient range of jobs’ (Government_of_Austria, 2007:7). This has been accompanied by a rapid growth in public spending on active labour market programmes (ALMPs) since 2000 which have been heavily training based rather than having the work-first focus seen in the UK (Federal_Ministry_of_Economics_and_Labour_2005; Government_of_Austria, 2007; Meager, 2008:8).
The Austrian Public Employment Service (PES) – the Arbeitsmarktservice Österreich (AMS) – which is a semi-autonomous government agency (similar to Jobcentre Plus) adopted Management by objective (MBO) in the mid-1990s (Mosley et al., 2001:30). AMS’ approach to performance is also very well documented. In particular the development of Austria’s labour market Data Warehouse project has been the subject of several reports (e.g. Mahringer, 2004) and detailed documentation is available (Buzek et al., 2004). The Data Warehouse collates data from a number of different national government data sets and offers access to a vast range of labour market and organisational performance indicators, some of which are available to all AMS employees (Federal_Ministry_of_Economics_and_Labour, 2005:50). The Data Warehouse provides a sophisticated tool for monitoring labour market developments generally as well as detailed (and deep) information on participation in, and outcomes of, labour market interventions. This includes social insurance records which contain individualised characteristics (such as age and gender) and relevant labour market and educational histories (e.g. qualifications, previous labour market interventions and employment), with some of this data going back to the mid-1990s. The quality and nature of the data allows follow-up monitoring of the impact of the full range of different labour market interventions as different groups of beneficiaries can be tracked for several years after an intervention to explore employment histories and wages, though there are some limitations and problems with such analyses (Mahringer, 2004:8). The Data Warehouse also allows monitoring of wider labour market and firm level indicators which arise out of data from social security records. These analytical uses of the Data Warehouse are grouped into three categories by the AMS: (1) Outcome monitoring of PES interventions; (2) Career monitoring of particular social groups and the whole labour market (e.g. trends in employment, quality and types of employment etc); and (3) enterprise monitoring of firm structure and patterns in firm structures in the economy (Federal_Ministry_of_Economics_and_Labour, 2005:51).

The Data Warehouse is both a general labour market information system and it feeds into the specific performance measurement framework used by AMS. In contrast to many countries there is a wealth of information on previous indicators and targets used in Austria by AMS. However, the consultation response from the AMS suggests that the following indicator/targets are in use currently:

- prevent in-flow of younger unemployed (under 25 years) into longer unemployment (six months);
- transfer into jobs of older unemployed (men over 50, women over 45) within six months of unemployment;
- prevent in-flow of younger unemployed (under 25 years) into longer unemployment (six months);
- transfer into jobs of older unemployed (men over 50, women over 45) within six months of unemployment;

11 This documentation is cited by (Mahringer 2004) but could not be sourced in time for this review.
• prevent in-flow of all unemployed into longer-term unemployment (12 months);
• transfer of people with barriers to labour market participation into employment;
• transfer into jobs of women after a child care break;
• transfer rate into jobs after training courses of unemployed persons;
• number of vacancies registered with the PES;
• number of vacancies with a certain qualification level registered with the PES.

There is an existing paper on the potential for transferability of the Data Warehouse approach to the UK (Lissenburgh, 2004).

**Strengths of performance management system in place**

The PES respondent to the consultation suggested that the Data Warehouse and performance management system is regarded as ‘quite effective’ in understanding PES performance. The main strengths of the Data Warehouse identified by the PES in the consultation include:

- the system is linked to MBO and to operational management and performance control;
- the data is available and accessible to all staff;
- many results are measured by external data (social security data).

In addition to this, the indicators used are intended to ensure that the focus is not just on generating employment outcomes but that these are quality outcomes.

**Weaknesses of performance management system in place**

The response to the PES consultation suggested that weaknesses were mainly technical and related to the complexity of data linking and IT issues. Such problems are also corroborated by other external research (Mahringer, 2004).

**Sources**


Belgium

Description of performance management system in place

Consecutive reforms have brought the Belgian federal state structure to a point where labour law and social security (legislation, organisation, financing and administration) are a federal matter, whereas the regions are responsible for territorial matters such as economy and employment (e.g. ALMPs) and, as a consequence, also for labour mediation and the PES. Belgium cannot be considered as one labour market as important differences exist not only between the regions in employment and unemployment rates, but also in the characteristics of labour supply and demand (Bogaerts, 2007).

Following the institutional reforms, Belgium is now comprised of three Communities: the Flemish Community, the French Community, and the German-speaking Community. The formation of these three Communities gave subsequent rise to three corresponding Regions: The Flemish Region, the Brussels-Capital Region and the Walloon Region (Vadoorne and De Witte, 2000). There are now four regional PES organisations: the VDAB in Flanders; le FOREM in Wallonia; the ADG in the German-speaking area; and the Actiris (formerly ORBEM-BGDA) in Brussels.

Actiris monitors, on a monthly basis, the in-flow of job vacancies, the number of vacancies filled, the number of cancelled vacancies, and the number of vacancies available at the end of the month. VDAB monitors, on a monthly basis, all ‘regular job’ vacancies, vacancies received from agencies for temporary work, and the employment measures AMI (active service efforts to fill the vacancies) and from Jobmanager (an online self-service vacancy service) (Synthesis Forschung, 2008).

The Flemish government provides funding to the VDAB. Within the framework of a management agreement that VDAB signs with the Flemish government, the assignments of the VDAB are evaluated by means of a number of parameters. These parameters are either objectives (a fixed standard) or monitoring indicators (no standards are fixed but parameters are important in terms of the management agreement). Among the objectives/parameters enshrined in the VDAB Management Agreement 2005-09 are:
• Parameter 4: results of job vacancy service (objective – result);
• Parameter 5: job offer and transparency on the job vacancy market (objective – volume);
• Parameter 6: filling of job vacancies (objective – result);
• Parameter 11: VDAB-activation percentage for long-term job seekers (objective – result);
• Parameter 12: outflow from unemployment after finishing a pathway (objective – result);
• Parameter 13: outflow to work after finishing a pathway (objective – result);
• Parameter 17: representation of ‘potential’ groups in new recruitments and in the total number of employees (objective – volume).

From 2002, le FOREM has developed a strategy of ‘joint management’ of the labour market. Following a regional decree on the approval of private placement agencies in 2003, this legal reform had necessitated an efficient, mutual cooperation between the PES and private agencies. Since then le FOREM has been re-shaped in order to only administer and implement non-market activities, whilst its market activities have been handed over to a private company (TRACE interim). In this new context, le FOREM is the overall co-ordinator of the different public and private actors in the field of offering services to job seekers and employers.

Le FOREM’s five-year management contract was signed in 2006. The objectives enshrined in this contract are outlined in successive annual activity plans (called ‘Synergies’). The monitoring of the management contract’s objectives and targets is overseen by a monthly managing board who consider output indicators linked to activities and services. The main targets of the management contract are that:

• by 2010, le FOREM will have to manage a volume of 100,000 registered vacancies per year, which represents an increased volume of 15 per cent in comparison with the volume in 2005, and will have to disseminate 200,000 individual vacancies;

• in respect of training, le FOREM will have to support a minimum of 23,000 job seekers in its managed centres, around 6,000 job seekers in its skills centres and around 5,500 people in its open learning centres, which represents an increase of 20 per cent. The number of workers to be trained will have to increase to a volume of 8,200 in the managed centres and 16,000 in the skills centres, representing a growth of 23 per cent (PES Monitor, 2009).

Strengths of performance management system in place

No literature or comments on the strengths of the performance measurement framework were found.
**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of the performance management system were found.

**Planned changes**

No literature or comments on planned changes to the performance management framework were found.

**Sources**


**Bulgaria**

**Description of performance measurement system in place**

Bulgaria experienced the steepest decline in employment in the state sector of the countries in transition between 1990 and 1994. Unemployment also soared during this period of radical economic restructuring, mainly among people with low basic skills or education. Such high unemployment rates, particularly in terms of the long-term unemployed, led to the introduction of the ‘From social assistance to employment’ (FSATE) programme in 2002 (Godfrey 1997).

The Ministry of Labour and Social Policy is responsible for setting priorities and determining target beneficiaries of the programme and the Bulgarian employment agency’s website identifies these priority groups as:

- the long-term unemployed;
- youth without experience, education and profession;
- individuals with low educational level, or without qualifications and education;
- the disabled;
- the elderly unemployed (above 50 years old).
Furthermore, the agency’s main objectives were:

- an increase in adaptability of disadvantaged groups with the aim of improving their labour market integration;
- employment sustention and increase.

In addition to the FSATE programme, the ‘Overcoming Poverty’ programme was implemented in 2005 (European Employment Observatory, 2005). This had the specific aim of providing literacy and vocational training, subsidised employment and self-employment for residents of the 13 poorest municipalities in Bulgaria. It included approaches for young people, the long-term unemployed with low levels of education and without qualifications and ethnic minorities. The selection of those to be employed under the programme was to be carried out by Labour Office Directorates (LODs). Target groups that were identified by the LODs were: the unemployed in receipt of social assistance payments; the long-term unemployed; unemployed people with primary level education or below or without qualifications; and people who have classified themselves as illiterate. Within these groups, women over 50, men over 55 and young people up to 29 were given priority.

**Strengths of performance management system in place**
No data found.

**Weaknesses of performance management system in place**
No data found.

**Planned changes**
No data found.

**Sources**

**Cyprus**

*Description of performance management system in place*

The labour market in Cyprus is considered to be functioning well with a low unemployment level, though it has risen slightly in recent years. Cyprus joined the EU in 2004 and integration into the European Employment Strategy (EES)
has meant some changes to employment policies, including the development of a National Action Plan for employment (Ministry of Labour and Social Insurance (Cyprus) 2004). There have also been moves towards the transformation of Public Employment Services (PES) into a flexible and decentralised system. This involved upgrading district labour offices and setting up new local labour offices during 2007. Other measures included the expansion of the labour offices network to facilitate the access of clients, the introduction of self-service facilities and the provision of individualised services for active support (Planning Bureau (Cyprus), 2007).

In terms of their accountability, district labour offices are expected to submit monthly reports to headquarters. These include quantitative and qualitative information on labour market trends in their district, e.g. in-flows of unemployed and vacancies. This information is evaluated by an employment observatory unit both for the purpose of monitoring developments in the labour market as well as for evaluating the performance of each district. There is no headline performance indicator of off-flows.

The European Commission’s PES Monitor notes that the service of employment counselling has also been introduced recently, with the goal of assisting clients in formulating and modifying an employability plan. This may include remedial education, work experience, specialized skill training, job placement and related screening and supportive services. The PES Monitor report for Cyprus also refers to the PES’s aim to provide a comprehensive and effective personalised service for the support and monitoring of the unemployed or new entrants to the labour market. This aim is to be achieved by the following measures:

• developing and modernising the PES network with the gradual geographical dispersion of local Employment Centres;

• specialising and training the personnel of the PES in their new object of operation;

• developing methods and tools for providing quality services to customers and a more personalised approach to job seekers and those who belong to vulnerable social groups, to employers and the balancing of labour demand and labour supply;

• developing a statistical system for the monitoring of flows to and from employment, upgrading the existing software system and introducing a new one, if necessary, as well as enriching services with new modern methodological tools;

• supporting technical activities for the implementation of the project and preparing expert and technical studies relevant to the objectives and needs of the PES.

The PES Monitor report also identifies special target groups who are entitled to employment counselling. These groups are: the disabled; people with severe health problems, people who receive social welfare allowance; single mothers; and drug addicts.
Strengths of performance management system in place
No literature or comments on the strengths of the performance measurement framework were found.

Weaknesses of performance management system in place
No literature or comments on the weaknesses of the performance measurement framework were found.

Planned changes
Under the priority of increasing flexibility in the labour market, the Cypriot Department of Labour states its aim to enhance and modernise PES. This will involve the provision of a decentralised service which provides personalised and specialised services to specific categories of people.

Sources
Cyprus Department of Labour Employment Policy (2008).
CyprusNet on ‘Cyprus Labor’ – http://www.cyprusnet.com/article_cyprus-labor
Inclusion@EU, ICT and Flexible Work and Retirement Schemes. Legislative and regulatory framework (Cyprus):
http://www.einclusion-eu.org/ShowCase.asp?CaseTitleID=797&CaseID=2401&MenuID=191

Czech Republic
Description of performance management system in place
The economy of the Czech Republic has grown rapidly over the last decade, with success marked by the country being the first to ‘graduate’ from its status as a transition country in the eyes of the European Bank for Reconstruction and Development. GDP growth has tended to surge ahead of other Accession countries and the Euro-Area (Eurostat), and was particularly strong after 2005 (Government_of_Czech_Republic 2006). Since 2000 economic performance has been increasingly driven by strong export performance and resulting increases in Foreign Direct Investment rather than domestic demand (Government_of_Czech_Republic 2008), suggesting that despite strong performance thus far, economic contraction in the country’s export markets may hit growth in the near future.
Employment has also been toward the upper ranges of the Accession countries and while the unemployment rate has fluctuated it was comparatively low at just under 4.5 per cent in 2007-08 and the number of vacancies registered with the PES began to increase, suggesting a tightening labour market (Government_of_Czech_Republic, 2008: 64-5), though it should be noted that under Czech law employers are obliged to register vacancies and there are punitive sanctions if this is not done (Kalužná, 2008: 6).

During 2007 the Czech Government implemented a new Labour Code which liberalised and reduced some aspects of employment regulation with the intention of promoting a more flexible labour market. The government has also simplified the benefits system, at the same time introducing activation measures and incentives and sanctions, through unemployment benefit levels, to encourage active job search among the unemployed (Government_of_Czech_Republic, 2006:35-7). This is set against a noted problem of a large proportion of the potential workforce being registered as inactive (Kalužná, 2008: 6). The PES is currently a department of the Ministry of Labour and Social Affairs though there have been several debates about the development of an agency type structure and the merger of employment services and benefits administration. The failure to implement these measures, resulted at least in part, from the objections of municipalities that reform would centralise administrative functions and power with detrimental effect. In the past it has also been noted that a lack of coordination between central policy design and local implementation has resulted in low levels of coherence in the delivery of employment services. The national government has attempted to remedy this more recently by appointing regional officials to act as a link between national policy and local implementation and the establishment of detailed controls and performance measures. However, these appear to be based on input/output measures rather than outcome measures. For instance, input measures include detailed prescriptions for the proportion of devolved budget resource that must be dedicated to the different priority groups and output measures relate to the achievement of this in the sense of percentage of job seekers from particular groups participating in specific interventions (Kalužná, 2008: 16-17).

The response from the PES and national expert to our consultation confirmed this position. However, data reported in external reviews suggests that detailed input/output data such as number of specific interventions and even some intermediate outcome data such as placements into work is collected and this source also reports efforts to better understand the destinations of off-flows from benefits other than to work and off-flows to work without a PES intervention (Kalužná, 2008).

The target beneficiary groups are set out nationally and are reported in the Lisbon Strategy National Reform Programme (Government_of_Czech_Republic 2008: 66) where final outcome indicators (employment rate) are also set:

- overall employment rate of 70 per cent;
- female employment rate of 60 per cent; and
- elderly workers (aged 55 to 65) employment rate of 50 per cent.
Evidence from elsewhere (PES_Monitor 2007) suggests that the following are also target groups for the PES:

- parents returning to work after maternity leave or parental leave;
- young job seekers under age 25;
- persons with health limitations;
- persons over age 50;
- the long-term unemployed.

**Strengths of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Weaknesses of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Planned changes**

No literature or comments on planned changes to the performance measurement framework were found.

**Sources**


Denmark

Description of performance management system in place

Employment services in Denmark underwent reorganisation in 2007, with the establishment of jobcentres to be responsible for both local authority (municipality) and central government employment programmes. The reform included the merging of two previous agencies in the area: the local authority employment services and the PES, but the amalgamation was not carried out uniformly. Two different models of organisation were agreed upon, with different degrees of integration between the local authority functions and the state functions (Eskelinen, 2008).

A central element in the employment service reform has been the introduction of new tools for planning, managing and monitoring employment measures. These tools are intended to have two purposes: one is to support the jobcentres in planning their employment measures; the other is to ensure accountability. The tools are intended to reflect and support the new management strategy, which focuses on outcomes rather than activities. The main tools that have been introduced are:

- Performance Audit – each year the municipalities and the state must carry out a performance audit of each jobcentre’s overall employment efforts and the division of responsibilities between the municipality and state levels. The audit includes effects and outcomes of the given jobcentre’s activities compared with other jobcentres. The relevant Regional Employment Councils (there are four regional employment councils, which are tripartite) receive the performance audit for consideration and may make recommendations as part of their monitoring function (Danish Employment Service, 2009);

- Employment Plan – based partly on the performance audit, and contributed to by Local Employment Councils that support the Regional Employment Councils, the employment plan is also based on the Ministry of Employment’s targets for the measures and the analysis reports compiled by the regional employment councils. Jointly supervising the jobcentres with the Regional Employment Councils are the four Employment Regions, who closely follow up the results achieved in the jobcentres by undertaking regular analyses. Each quarter, an analysis is conducted of the progress made in the jobcentres which have relatively similar framework conditions for their employment efforts.

Findings from these analyses are reviewed between the Employment Regions and the jobcentres biannually or quarterly. All aspects of performance, employment measures, and benefit-related data are supported through the use of the official web portal jobindsats.dk (Hendeliowitz, 2008).

The Instructions for Preparation of the Performance Audit 2009 (jobindsats, 2009) include the headline Ministry of Employment Targets for the jobcentres. Each jobcentre is required to report on its performance in relation to the headline
targets, and address any need for improvements in their 2009 Employment Plans. The three employment policy priorities against which each jobcentre must improve its performance are:

- the number of people unemployed for more than three continuous months must be reduced (measured by outflows from unemployment);
- jobcentres must increase the number of eligible claimants being referred to the ‘New Chance for All’ programme, with the additional target that 25 per cent of those currently receiving assistance or training via the scheme to have found a job or moved into accredited education;
- jobcentres must reduce the number of benefit claimants who are aged under 30 (measured by outflows from unemployment).

**Strengths of performance management system in place**

A perceived advantage of the new institutional design is that it – albeit still formally a two-tier system – allows for much closer co-ordination and co-operation between the civil servants from the former PES and the social assistance branch of the municipalities. Thus, the competencies of the former PES staff (focused on the demand for labour) and the social assistance officers (focused more on the social problems of the individual clients) are now brought together in the new jobcentres (Kongshøj Madsen, 2006) (Walker and Sankey, 2008).

**Weaknesses of performance management system in place**

However, the two former organisations in the Joint Jobcentres are, to date, continuing their traditions in relation to the target groups with which they have the greatest competence; and whilst they work closely in relation to enrolment, the local labour market service, and the processing of claimants closest to the labour market, there is common staffing in these areas but still **parallel practice** (Eskelinen, 2008).

**Planned changes**

No literature or comments on planned changes could be found.

**Sources**


**Estonia**

*Description of performance management system in place*

The Estonian labour market has undergone profound changes over the last two decades. Up until 1990 the country operated a state socialist economic management system. Since then the country first implemented ‘big bang’ liberalisation of its capital, commodity and labour markets and has since instigated profound legislative and institutional reform as part of the process of accession to the EU. Immediately after liberalisation the employment rate fell but since that time has recovered gradually and stood at 69.5 per cent in 2007 which was higher than both the EU average and the average position in other Accession states. However, more recently the unemployment rate has begun to increase as a result of the general economic downturn.

Over recent years the Estonian government has begun to move to a more flexible labour market, reducing employment protection legislation and instead investing in ALMPs. In the past ALMPs were provided by the Estonian Labour Market Board (ELMB) and the Unemployment Insurance Fund administered benefit payments. The two organisations are though in the early phase of merger.

Precise details of any specific performance measurement framework used by the Estonian Labour Market Board were difficult to find and the consultation response from the Estonian PES was that no such indicators are used. However, the ELMB does produce an annual report in which a qualitative narrative assessment of its performance is offered. This focuses on general labour market information such as the employment and unemployment rate as well as specific data on a number of target vulnerable groups which are established in legislation:

- those aged 55+;
- 16-24 year olds;
- people without proficiency in Estonian;
- carers;
- long-term unemployed (six months plus for young people, 12 months plus for others);
- disabled people.

The review also presents data on the number of beneficiaries benefiting from specific services such as career counselling, labour market training, ‘work practice’,

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Appendices – Overview of international PES performance measurement
‘coaching for working life’, public work, wage subsidy, business start-up subsidy and a support person. In addition, data on vacancies (stock and flow) are reported as are the number of off-flows from benefit. The ‘reemployment level’ (the number of people who return to work as a proportion of the total unemployed) is also reported and this is compared to the previous year. No details of a target level for any of these indicators are evident. Finally, the review reports on budgets and take-up of particular funding streams (e.g. those set aside for match-funding EU-supported projects).

Much more detailed statistical information is available on the ELMB website but this is not available in English.

Separately to this, the Estonian government have established several relevant targets and indicators as part of the EES. The 2005-07 Action Plan for Growth and Jobs suggested that a new results-based motivation system would be introduced in the PES in 2006 and a ‘social information’ system would be introduced to improve the quality of information regarding vulnerable groups. It also established several relevant indicators and targets:

- number of long-term unemployed;
- share of registered unemployed participating in labour market programmes;
- share of participants in training programmes who move into employment;
- employment rate of disabled people.

The Action Plan also set target expectations for 2007. The most recent 2008 Action Plan shifts the emphasis toward improving flexibility. The strategy therefore sets different targets concerned with improving rankings on external measures of labour market rigidity and a target associated with increasing the proportion of the workforce in part-time employment.

In addition to this a small number of evaluations of employment services has been produced but these do not appear to be available in published format in English.

**Strengths of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of the performance measurement framework were found.

**Planned changes**

No literature or comments on planned changes to the performance measurement framework were found, but the ELMB and Unemployment Insurance Fund are in the process of merger which will take place in April 2009. This may mark an opportunity for changes to the performance measurement framework.
Sources


Finland

Description of performance management system in place

The structures of PES were overhauled between 2004 and 2007. The goal of this reform was to ensure the availability of labour and reduce structural unemployment. In order to ensure the labour supply, employment office services were heavily geared towards open labour market services, labour exchange and employer services. To support the early phase job seeker service, a profiling system was developed to help employment officers recognise clients facing the threat of prolonged unemployment. New development guidelines were also drafted in order to modernise the job application and employment plan. New policy guidelines for using job offers and job allocation more effectively and new guidelines to support active job seeking were drafted for employment offices (European Commission, 2008a).
Between 2004 and 2007, the then Ministry of Labour (MOL) divided the PES into two parts: one to provide job-broking services and the other services for hard-to-reach groups. The employment offices providing the job-broking services are now called ‘Job Search Centres’, and together the two-part services are now termed ‘Labour Force Service Centres’ (LAFOS). Recent evaluations commissioned by the Finnish Ministry of Employment have concluded that new indicators should be developed for monitoring the performance of service centres to measure both the effects on welfare and employment. Data on the changes in short- and long-term unemployment indicate that, thus far, the establishment of the LAFOS has had little effect on the number of unemployed.

There was evidence of a strengthening of positive effects in 2006, when the eligibility for receiving unemployment benefits was tightened and a funding incentive for municipalities was created for encouraging unemployed people in the most difficult situations to participate in activation measures (European Employment Observatory, 2008).

Since 2006, the Finnish Ministry of Finance requires all public sector organisations to implement performance measures as tools for target setting and performance management (Rantanen et al., 2007). Every administrative field is responsible for creating its own performance criteria ‘prism/triangle of performance’ and respective monitoring systems. Annual performance targets for the labour administration set in the budget 2006 referred to indicators on the:

- minimum numbers of jobs to be filled;
- average number of days that jobs subsequently filled were open;
- percentage of those participating in labour market training who had found employment two months after the training;
- maximum percentage of those unemployed three months after vocational labour policy adult education; and
- maximum percentage of those unemployed three months after subsidized employment (Salimen and Vitala, 2006).

A 2006 review of the effectiveness and operational efficiency of the PES reported that when developing better indicators for monitoring the employment strategy, the jobseeker statistics provide the primary source of management by objective (MBO) information system (the ‘flow-stock model’ of employment, measuring structural employment, recruitment problems, and so on). The main recommendations were that criteria of performance should be measured on the level of the employment office; and that knowledge management calls for active use of new monitorial tools, such as benchmarking and Value Driving Score Card (Nio, 2006). Currently, labour policy performance indicators are allocated to employment offices on the basis of common criteria (e.g. size of workforce, number of unemployed, number of vacancies, unemployment rate, and number of job seekers not easily employable). The underlying criteria are the combination of these factors expressed as a
certain weighting coefficient. The regional allocation of indicators is provisionally agreed upon in negotiations on performance targets and confirmed by central government. The quality of feedback given by job seekers and employers, via an annual telephone survey, is also a functional performance target.

Among the responsibilities of the 15 regional Employment and Economic Development Centres (TE-Centres) is to steer the work of the employment offices in line with MOL policy. The TE-Centres supervise the employment offices in terms of performance, and provide staff training and other support. The TE-Centres and employment offices have considerable powers of decision on matters concerning their own field, within the framework of management by results.

Performance targets for the TE-Centres and employment offices for 2008 carried the main objective of improving the viability of the labour market and the availability of the workforce. Among these targets were indicators referring to the:

- maximum period for which jobs are vacant;
- minimum proportion of jobs filled through the job-matching service;
- minimum proportion of labour market entries within three months of vocational training and employment subsidy (PES Monitor, 2009).

Among the headline performance indicators for 2009, against which the different LAFOS offices have individual targets, are a:

- percentage figure which the proportion of unemployment periods exceeding three months must not exceed; and
- minimum percentage of job seekers achieving employment following completion of some accredited training or subsidised work (Nio, 2006).

**Strengths of performance management system in place**

No literature or comments concerning the strength of performance management in place could be found.

**Weaknesses of performance management system in place**

The recent overhauling of the Finnish PES has been argued to have led to difficulties in instilling a management by target system to include dependable indicators. However, some progress can be seen to have been made in setting indicators that accurately reflect the activities and performance of local PES offices.

**Planned changes**

Following Ministerial reforms, a process of redesigning the management by results has recently been introduced. The reforms are planned for the next round of management by results for 2009 (PES Monitor, 2009).
Sources


France

Description of performance management system in place

Responsibility for the implementation of labour market policy is highly fragmented in France. The main employment service institutions are National Employment Office (ANPE), Adult Professional Education Association (AFPA), National Union for Industrial and Commercial Employment (UNEDIC), and the Employment Ministry.

The MBO approach based on ex-ante policy objectives and quantitative targets has been used in France since 1990, and was developed in two phases: first, its introduction in 1990; second, by the establishment of a ‘controlling’ department (Direction du Controle de Géstion), where a close link was formed between the allocation of funds, the targets and the results (Mosley et al., 2000). Further, since the formation of the controlling department, the circumstances in the regions and different employment service institutions have been considered in setting targets.

ANPE develops an annual programme of objectives with quantitative targets based on a five-year progress agreement with the French state. Changes in political priorities have led to changes in indicators. In recent years, ANPE’s targets have been set in relation to:

• its market share of vacancies and/or placements;

• the reduction of long-term unemployment generally and among young people (measured through off-flows); and

• the referring of unemployed adults to AFPA.

Objectives for the ANPE identified in 2006 (PES Austria 2006) included a greater focus on the return-to-job process by using indicators of context, input and...
outcomes. Indicators of context were specified according to particular objectives and were as follows:

• ‘Preventing and acting against long-term unemployment (LTU) – number of LTU (more than one year and two years old*); under 25 LTU (1 year)’ (p.31).

• Tackling discrimination against older workers and the disabled in the labour market – rate of employment of the sub-group 50/64 years old and the number of disabled unemployed.

• Acting against social exclusion – the number of beneficiaries of the minimum incomes required for social integration.

Indicators of outcome related to:

• improvements in the return-to-work process for the long-term unemployed – judged by a sustainable (at least six months) exit rate at 18 months;

• the return-to-job rate of certain sub-groups – young people, the disabled, older workers (over 50), LTU and beneficiaries of minimum incomes.

Indicators of inputs concerned the provision of services including guidance, subsidised jobs and vocational training.

A survey by AMS for the European Commission found that the French management information system (MIS) links performance indicators to tasks:

• improvement of services directed to job seekers and companies (task 1):
  – sustainable exit (at least six months) rate at 18 months after registration;
  – first exit rate at three, six and 12 months (including partial activities);
  – number of filled vacancies;
  – number of filled vacancies with PES candidates;
  – number of job seekers by search process (accelerated, active and accompanied);
  – realisation of the personalised monthly monitoring interview;
  – rate of job seekers where it has been two months without proposition of vacancies;
  – rate of registered vacancies with pre-selection from PES;
  – delay of vacancies fulfilment;

• rate of vacancies registered for more than one month and without proposal of candidates from PES;

• visits to companies;

• specific actions for disadvantaged people (task 2):
  – semi-sustainable (at least three months) exit rate for disadvantaged groups (disabled, over 50, beneficiaries of minimum incomes, under 25 long-term unemployed, very long-term unemployed);
– number of filled vacancies with PES candidates;
– rate of registered vacancies with pre-selection from PES.

• developing coordinated services with the Assédic (in charge of insurance benefits) (task 3):
  – time between registration in Assédic and date of the first professional interview at ANPE (AMS Austria, 2008).

The European PES Monitor lists the major strategic indicators in France that are tracked at the national level and also watched by the regions, as being:
• vacancies filled;
• vacancies filled by Positive Contact-Making;
• exits of long-term unemployed individuals, out of work for more than two years;
• exits of recipients of minimum income for social integration and special solidarity allowances;
• total exits before the 12th month;
• exits of job seekers age 50 and above;
• placement target for vocational platforms (number of hires);
• volumes of first exit, at six months.

*sic. This could mean the number of LTU out of work for a year and a half or more.

**Strengths of performance management system in place**

Some indicators, such as number of vacancies registered, have proved to be more useful than others due to being easy to understand. Another past example was the goal of reducing long-term unemployment which needed start-up time in the beginning until the establishment of the correct usage of indicators.

**Weaknesses of performance management system in place**

Indicators that have been used in the past include the ANPE's market share of vacancies and placements, though this was difficult to measure reliably.

**Planned changes**

The next ‘performance contract’ is to be focused on the return-to-job process with a more personalised and contractual approach to the relationship between advisers and their unemployed clients.
Sources


Germany

Description of performance management system in place

Germany is a federal state and responsibility for economic development and employment policies is divided between the German states (Bundesländer) and the national government. Reforms that came into effect in January 2005 (Hartz, IV) now give the national PES primary responsibility for all unemployed persons in local jobcentres. However, local authorities still play an important role in the management of these jobcentres and in providing social services to all unemployed persons not eligible for unemployment insurance benefit (Finn et al., 2005).

Since 1998, the German PES has undergone a major transformation influenced by new public management models, especially MBO, in which annual goals and corresponding indicators for the PES are formulated and performance monitored. The PES is primarily responsible not only for providing labour market statistics and monitoring the development of the labour market, but also for evaluating its own labour market programmes. However, the evaluation of the on-going Hartz reforms was mandated via the reform legislation and so the task of evaluation is the responsibility of the Labour Ministry and not by the PES own research institute, the IAB (Mosley, 2006).

Since 2004, the four PES Regional Directorates agree with their local jobcentres on performance targets based on the objectives set by the central PES. The central performance indicator for the jobcentres is the number of reintegrations of job seekers into the labour market. To minimise the effect of external variables and to consider regional differences in the labour market that affect the performance of the jobcentres, they are benchmarked against jobcentres with comparable labour market structures in league tables. The budget for the jobcentres is bound to their planned number of integrations and the performance of each jobcentre is monitored monthly by the Regional Directorates. In addition to these performance indicators, the jobcentres have to fulfil a number of quality standards for their standard procedures. A central data warehouse has been set up to deliver data on performance and procedures in each Jobcentre (Vaut, 2006; Walwei, 2005).
(Tergeist and Grubb, 2006) state that Germany classifies job seekers into four groups:

1. ‘market clients’ who need no support since they are expected to find a new job rapidly;
2. those who need support with motivation and job-search strategies;
3. those with skills deficits or other obstacles that need specific measures; and
4. clients who are not considered placeable within the next 12 months (p.24).

Our consultation found that single labour offices are given targets concerning the ‘reduction of unemployment’ and count performance indicators relating to:
- activities (number of participants in various ALMP programmes expenditures);
- outputs (number of placements);
- levels (numbers) of people who flow off unemployment or inactive benefits (for different programmes); and
- how quickly people move off benefits (by duration of unemployment and duration of participation in ALMP programmes).

The European PES Monitor states that the guiding concepts of the Bundesagentur für Arbeit (BA) include a clear commitment to outcome-oriented management. A reform process began in 2002 with the goals of faster job placement and stronger customer orientation. Since then, the focal point has been the ‘Customer Centre,’ with the local Employment Agencies following a performance-oriented business system. With the aim of reducing differences between the agencies and also improving the average results for all agencies together, interregional comparisons have been introduced with a subdivision of agency districts into strategy types and comparison types.

The reform process also introduced a new set of oversight and management principles with the core aims of systematising the BA’s tasks clearly, within the bounds set by legal requirements and client expectations, and setting up an outcome-oriented system for management and oversight. Specific outcome targets are increasingly being tied to the employment service’s budget. Those targets are:
- minimising the duration of factual unemployment;
- optimising the outflow;
- optimising the in-flow into vocational trainings;
- enabling taking part in working life;
- enhancement of (BA’s) employees’ satisfaction, and motivation; and
- operative process optimising.
Indicators connected with these targets are:

- transition to employment from unemployment;
- transition to employment before unemployment lasts long;
- transition from training measures to employment;
- opening access to a large share of vacancies through the PES information system;
- vacancies filled; and
- achieving customer satisfaction of job seekers and employers.

Further detail on the management of Germany’s PES comes from responses to a questionnaire conducted by AMS on the management information system. In addition to the tasks and indicators listed above are the following:

Tasks:

- successful career entry of job starters;
- participation in working life of disabled people;
- management by objectives, including target agreements for executive staff;
- benchmarking of all ten regional directorates and local PES offices.

Indicators:

- duration of unemployment of benefit recipients and non benefit recipients;
- ratio of integrations to customer potential (‘degree of integration’);
- ratio of job-to-job-integrations to customer potential job-to-job (‘degree of integration “job-to-job”’);
- integrations in vocational training;
- rate of application for vocational training without training position;
- rate of entries of customers of occupational rehabilitation;
- quality management index; and
- number of successfully implemented personnel development actions (AMS Austria 2008).

**Strengths of performance management system in place**

Tergeist and Grubb (2006) state that the introduction of contestability and quasi-market mechanisms in Germany (along with the UK and Netherlands) has been a novel feature designed to facilitate the reintegration of benefit recipients through more intensive interventions. Furthermore, ‘Germany’s contracting-out programmes are currently more ambitious than the UK’s. Initial results have been relatively disappointing, but the reforms have not been operating for long enough to draw definitive conclusions about their effectiveness’ (p.4).
Survey response – Major strengths of the system are quick reaction to LM imbalances, equal treatment of unemployed, long experience in ALMP.

Weaknesses of performance management system in place
Survey response – major weakness of the system is little response to regional imbalances and standardised programmes.

Planned changes
No literature or comments on planned changes to the performance measurement framework were found.

Sources


Greece
Description of performance management system in place
Public Employment Services (PES) are known as Centres for the Promotion of Employment (KPA).

KPAs use jobseeker profiling to assess unemployed people in order to identify their potential and particular needs for professional guidance. The European Commission (European Employment Observatory) states that KPAs classify job seekers into four groups:

1. ‘job-ready’ clients who need little support since they are considered able to find a new job quickly;
2. those who need limited support (e.g. short-term training) prior to engaging in job search;
3. those with skill deficits who need intensive support; and
4. ‘hard-to-place’ candidates who need additional services (e.g. supportive services for those threatened by social exclusion).
A preliminary evaluation of the new employment services involved, among other things, devising 21 indicators for assessing performance, and collecting detailed information on various aspects of KPAs’ day-to-day operations. Ten of these relate to input and output, nine to achievements (results), and two are meant to measure personnel effort (Karantinos 2003; Karantinos 2006).

Our survey found that the main indicator used for assessing performance is ‘PES penetration’. This is defined as the proportion of vacancies in the open market filled through the PES.

**Strengths of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Weaknesses of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Planned changes**

Raising the quantity of vacancies notified to KPA and improving the vacancy-filling performance are among OAEDs future objectives. Evaluation of the individualised assistance programme (preventative services) delivered by the Centres for Employment Promotion (KPAs) ‘merit high priority in the Greek context’.

The gradual development of OAED (Greek Manpower Employment Organisation) Management Information System (MIS), which incorporates and upgrades the existing applications, includes the management and monitoring of all services provided (Hellenic Republic Ministry of Economy and Finance, 2007).

**Sources**


Inserjovem and Reage Initiatives: a Preventive Approach. Executive Summary, 2000, Portugal
Hungary

Description of performance management system in place

Since the beginning of the decade Hungary has experienced generally stable and high rates of economic growth with annual growth in real GDP ranging between four and five per cent (Eurostat: Real GDP Growth). However, growth stalled in 2007, falling to 1.1 per cent in 2007, reflecting the dampening impact of a fiscal stabilisation programme and the early effects of the world economic slowdown (European Bank for Reconstruction and Development, 2008c). Growth is forecast to be negative in 2009 (Hungarian Government, 2008:6).

Over the last decade the employment rate has been lower than elsewhere in the EU but has increased from around 52 per cent to just over 57 per cent in 2007 (Eurostat: Employment rate). The unemployment rate, at about seven per cent, is around the EU (25) average (Eurostat: Unemployment rate).

The system of unemployment and social insurance benefits as well as the organisation of PES has undergone significant reform in recent years (Dupont et al., 2004; Hungarian Government 2008; National_Employment_and_Social_Office, 2008). The PES has also adopted ALMPs as a mechanism to divert the emphasis of the organisation from the administration to the activation of the unemployed. Tighter controls on benefit eligibility and conditionality are in the process of being adopted (Hungarian Government, 2008:111).

The Hungarian PES has adopted an MBO approach to performance management (National_Employment_and_Social_Office, 2008:55-6). The 2007 Labour Market Yearbook suggests that there are eight central performance indicators as part of this. Though these are not set out in full it appears as if the following are included:

- rate of placements into jobs (expressed as a percentage);
- rate of entrants to training (expressed as a percentage);
- rate of people existing on active measures (an intervention) and not going back onto the register (expressed as a percentage).

The 2006 Yearbook (Hungarian_Public_Employment_Service, 2007:17) sets out the nine performance indicators used in 2006/07:

- number and rate of off-flows from registered and unregistered unemployment;
- number and rate of registered job seekers (unemployed) involved in labour market training;
- number and development of vacancies (labour demand) reported in the given period (not including the demand for overseas labour);
- average duration of notified vacancies (in days);
- rate of the average number of active measure participants to the aggregate average number of active measure participants and job seekers (unemployed);
• from among the former active measure participants, the rate of people no longer among the registered job seekers/registered unemployed three months after the termination of their respective programmes;

• rate of having entered the registration system six months earlier (persons under 25), or 12 months earlier (persons over 25), having received support (participation in an active measure) over that period (whether or not they were registered unemployed);

• percentage rate of registered job-seekers/registered unemployed people on the same status six months (<15) or 12 months (>25) after having received support (participation in an active measure);

• aggregate of the client satisfaction indices worked out under the quality assurance system attached to the system of key performance indicators.

Some of these indicators appear to be underpinned by a new data management system (BEA_Systems 2006).

In addition, the Hungarian PES maintains a system for maintaining quality in licensed private employment services (Borbely and Kovi, 2005).

**Strengths of performance management system in place**

The expert response to our consultation suggested that the comprehensiveness of the indicator set is seen as a major strength of the system in place.

**Weaknesses of performance management system in place**

The expert response to our consultation suggested that a lack of transparency in how the indicator set is used is a major weakness. Target levels or analyses of successes and failures in relation to the indicators are not available in published form. As such the expert respondent felt that the performance measurement system used in Hungary was not at all effective in helping to understand the impact of PES activities on the labour market.

**Planned changes**

No literature or comments on planned changes in performance measurement framework were found.

**Sources**


Ireland

Description of performance management system in place

The Irish economy has performed well over recent years, leading to high levels of employment, peaking in 2007. The impact of the global economic crisis has already started to be felt on the labour market:

By the end of September, the:

‘numbers signing on the Live Register were up 42 per cent since the end of 2007, with the unemployment rate rising from 4.6 per cent to 6.3 per cent in the space of nine months.’

(National_Training_and_Employment_Authority, 2008a:2)

The response from the PES to our consultation suggested that Ireland does not have a headline performance indicator or targets. However, the organisation does monitor a range of indicators, including:

- the number of job vacancies notified to the PES and filled;
- the number of people (for certain categories) placed in employment;
- the number of people who completed training programmes;
- the National Training and Employment Authority (FÁS) – Ireland’s PES – publishes two relevant reports where similar indicators are published. The FÁS Annual Report (National_Training_and_Employment_Authority, 2008c: Appendix 3) covers a range of indicators on ‘throughput’ which presents the number of beneficiaries of particular training and employment services. In addition, the:
  - number of individuals who have left the live register;
  - number of individuals undertaking an FÁS interview and of these – entered Jobs/FÁS Programmes/Education;
  - total FÁS Interviewees leaving the live register.
The FÁS Statement of Strategy for 2006-09 sets out a comprehensive set of performance indicators against each of the eight goals in the strategy. Many of these include qualitative indicators such as evaluation evidence and indeed the report suggests that a greater emphasis should be placed on this sort of qualitative information rather than statistical performance indicators (National_Training_and_Employment_Authority, 2006:54). Those quantitative indicators that are present and relevant are largely under Goal 1: Entry to the Labour Market Performance Measurement Indicators and include:

- percentage of registered unemployed who are on the FÁS caseload;
- numbers on FÁS training and employment programmes;
- progression and placement outcomes;
- qualification outcomes;
- completion rates;
- feedback from formal reviews of programmes and services;
- level of participant and employer satisfaction with FÁS services.

On Goal 2: Workforce development, the indicators include:

- number of employees on FÁS supported training programmes;
- number of targeted workers on FÁS supported training programmes;
- number of vacancies notified and filled;
- qualification outcomes;
- apprenticeship completion rates.

In addition to this, the Irish Labour Market Review 2007 (National_Training_and_Employment_Authority, 2008b) also tracks a range of general labour market indicators such as rates and make up of employment and unemployment. Similar indicators are presented on a quarterly basis.

More detailed information on the construction of targets is set out in organisational business plans which do not appear to be published (National_Training_and_Employment_Authority, 2006:54).

*Strengths of performance management system in place*

No data on strengths was collected.
Weaknesses of performance management system in place

The PES strategy suggests dissatisfaction with quantitative indicators:

‘Quantitative measures of performance based on activity (such as days of training), while still useful, are of diminished importance, rather, the quality of service is of greater importance to customers. The emphasis of FÁS’ Performance Measurement Indicators will be increasingly towards qualitative measures and this will require FÁS increasingly to monitor and gain feedback from its various customers.’

(National_Training_and_Employment_Authority, 2006:54).

Planned changes

The strategy period is now nearing its end and therefore there is likely to be a new strategy and potentially a new set of indicators.

Sources


Italy

Description of performance management system in place

A process of decentralisation of Italy’s PES began in 1997 and is the prominent feature of service provision. It has resulted in an enhanced role for regions, provinces and private actors. The process of devolution has meant significant organisational changes, including the abolition of public monopoly on job placement towards a more competitive and market oriented approach and the decentralisation of policy planning as well as provision of services. Central government does retain a role in devising general guidelines and performance indicators, though monitoring performance is often contracted out to independent organisations (e.g. ISFOL) on behalf of the Ministry of Labour and Social Policies (European Commission, 2006; Borghi and Van Berkel, 2007).

Our survey found that a performance indicator used by the regional/local PES gives information on the number of activities provided to target groups (e.g. unemployed and inactive people, women, etc). It also highlighted that regional and local authorities carry out specific surveys to monitor their activities and assess the overall performance of the labour market. Some information is provided about the target groups and the activities, but a comprehensive reporting system is missing.
At national level, the ISFOL (National Institute for Vocational Training) carries out a yearly survey on the quality of PES but no quantitative data is provided.

Italy is not a member of the European PES benchmarking initiative.

**Strengths of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of the performance measurement framework were found.

**Planned changes**

No literature or comments on planned changes to the performance measurement framework were found.

**Sources**


**Latvia**

**Description of performance management system in place**

Like other East European countries, the Latvian economy experienced a period of profound and prolonged difficulty after a rapid transition to a market economy in the early 1990s and experienced further difficulties as a result of the financial crisis in Russia in the late 1990s. However, between the end of the 1990s and 2008 economic growth has been strong, with real GDP growth in this period often registering in double figures. However, over the last year the economy has suffered from a series of problems including slowing growth, ballooning inflation, skills and labour shortages resulting from out-migration of the working-age population to other parts of the EU and a declining trade balance (European Bank for Reconstruction and Development 2008b, Government_of_Latvia, 2008).

Indeed, inflation problems led the Latvian government to abandon plans to move to the third phase of Economic and Monetary Union and so adoption of the Euro has been delayed to 2012 at the earliest. At the end of 2008 Latvia was the subject of an emergency economic stabilisation package from a consortium of international agencies including the IMF, the EU and the European Bank for Reconstruction and Development and neighbouring governments such as the Czech Republic (International_Monetary_Fund 2008).
Labour market policy in recent years has seen the introduction and strengthening of ALMPs, with specific programmes of support, training and work placements targeted at young people and women after periods out of the labour market while caring for young children and older workers. Other measures have included increased workplace regulation to promote health and safety and equal opportunities in recruitment. The Latvian government has also responded to labour shortages with policies and protocols to encourage return migration of Latvians currently working abroad. The government has also sought to bring undeclared work within the formal economy and to increase the minimum wage (Government_of_Latvia). Indeed the large proportion of employment in the informal and undeclared sector is a noted problem for the Latvian economy (European Commission, 2007a).

In the past the Latvian PES, the State Employment Agency, tracked individual customers who broke contact with the Agency via a phone call. This was also done where an individual is referred to an intermediary agency (e.g. a training or job search provider) and does not re-establish contact with the Agency or where a customer is placed with an employer (Vanags, 2004:2). However, the Latvian PES was a participant in the PES benchmarking project and as such should now be using the 11 indicators from this project (OSB Consulting and Synthesis Forschung, 2007).

**Strengths of performance management system in place**

No literature or comments on the strengths of the performance measurement framework were found.

**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of the performance measurement framework were found.

**Planned changes**

No literature or comments on planned changes in performance measurement framework were found.

**Sources**


Lithuania

Description of performance management system in place

Like other Accession countries, Lithuania has experienced strong GDP growth over recent years, with GDP growth topping ten per cent in 2003 and remaining above seven per cent since then (Eurostat). While export performance has been good, much of economic growth has been taken up by domestic demand (Government_of_the_Republic_of_Lithuania, 2008). Nevertheless, the employment rate at 64 per cent in 2007 is lower than some other Accession states and the EU average. However, the unemployment rate has fallen dramatically since 2000/01 when it stood at around 16 per cent to a low of 4.3 per cent in 2007 (Eurostat). The level of unemployment and labour shortages has been influenced since Accession by economic out-migration to higher-wage economies elsewhere in the EU (Government_of_the_Republic_of_Lithuania, 2008: 13).

The Lithuanian PES – the Lithuanian Labour Exchange – is part of the central Ministry of Social Security and Labour. The PES is national in scope but operates a network of 46 local labour exchange offices, some of which have voluntary local tripartite commissions made up of employers, trade unions and local public authorities which advise on local level employment and unemployment issues. In addition to national employment services there are a series of Local Employment Initiatives which aim to tackle regional disparities in employment.

The consultation with the PES and country expert revealed that the PES does use headline performance indicators but did not reveal the details of these. However, the PES publishes an annual report (Lithuanian_Labour_Market_Exchange, 2007) and a series of performance measures are reported in this. These include general indicators of labour market performance:

- employment, unemployment rate;
- working age population;
- job seekers, broken down by gender;
- unemployment insurance recipients;
- percentage of job seekers ‘among the able bodied population’.
In addition the report also reports on:

- number of job placements (by contract type);
- registered vacancies (by type);
- participation in different types of ALMP;
- Local Employment Initiative project numbers and jobs created through these;
- average duration of unemployment, in months.

None of these indicators appear to have targets attached to them, on the basis of the published annual report.

Information on targeting and segmentation of customer groups was not found during the consultation on brief literature review. However, the annual report does track unemployment for the following different groups:

- men;
- women;
- rural residents;
- those without vocational qualifications;
- people with no previous employment;
- under 25s and over 50s.

*Strengths of performance management system in place*

No literature or comments on the strengths of the performance measurement framework were found.

*Weaknesses of performance management system in place*

No literature or comments on the weaknesses of the performance measurement framework were found.

*Planned changes*

No literature or comments on planned changes in the performance measurement framework were found.

*Sources*


Malta

Description of performance management system in place

A response to the consultation stated that Malta’s PES measures the number of registered unemployed people who have either been assisted to find a job or been placed on employment or training schemes. Data is classified by gender, age, and disadvantage (if any). The PES monitor notes special target groups that are the focus of the Employment and Training Corporation (ETC). The registered unemployed are initially categorised according to whether they are youth or adult or disadvantaged. The disadvantaged are then further categorised as either long term unemployed (registering for over five years), disabled, having served a prison sentence, or as having had a substance abuse problem.

The ETC’s strategic approach involves drawing up a three-year Business Plan based on the obligations deriving from strategies such as the EES and the National Reform Programme. The 2007-09 Business Plan’s objectives are:

1. to increase ETC’s capture of vacancies;
2. to increase ETC’s placement of job seekers in employment;
3. to increase the number of low-skilled job seekers who undergo training in basic skills necessary for employability;
4. to ensure that a personal action plan is jointly drawn up and agreed to with every young jobseeker within a given timeframe;
5. to ensure that a personal action plan is jointly drawn up and agreed to with every adult jobseeker within a given timeframe;
6. to ensure that each registered unemployed person is placed on an active measure within a given timeframe;
7. to increase the number of disadvantaged job seekers who are put on active measures every year;
8. to increase the proportion of long-term unemployed on active measures;
9. to increase the number of non-registrants who are trained;
10. to increase the number of persons who make use of training grants each year;
11. to increase the number of infringements identified;
12. to increase the number of strike-offs upheld by the National Employment Authority;
13. to increase women’s share of ETC short courses;
14. to increase women’s share of apprenticeships.

A Balanced Scorecard system is used to monitor the performance of each division of the ETC who indicate the targets to be reached based on the targets set in the Annual Operational Plan.
Strengths of performance management system in place

From the consultation – gauging the number of registered unemployed who find a job or who are trained is considered to be important as it shows the performance of the PES in terms of how it assists the unemployed to improve their employability and find a job. The fact that a database of all persons in employment in Malta is maintained also helps to determine how long they keep their job and what their job history is.

Weaknesses of performance management system in place

Although the number of unemployed people who are placed in jobs is known, it is not known whether they are ‘quality’ jobs. There are no means to determine this, though checks are made to ensure that the employer is not offering below statutory minimum wages when vacancies are processed. No other checks are made.

Planned changes

According to the PES monitor report, the priority actions and targets for this year are the following:

- organising Basic Skills Training Programmes for persons registering for ‘elementary’ occupations – 500 persons to attend;
- put disadvantaged job seekers on active measures – five per cent increase every year;
- capture job vacancies from private sector – 100 extra vacancies every year;
- place job seekers in private sector employment – 100 extra placements every year;
- detect more law infringements – 50 extra infringements detected every year;
- win appeals brought against ETC decisions before the National Employment Authority – win at least 80 per cent of cases;
- place long-term unemployed on active measures – two per cent increase every year;
- draw up personal action plans for youth – for every unemployed youth by no later than four months of unemployment;
- draw up of personal action plans for adults – for every unemployed adult by no later than six months of unemployment;
- place registrants on active measures – 50 per cent of persons who first register unemployed in month $N$ are to have been offered an active measure by month $N+9$ as at $N+9$;
- train the registered unemployed – five per cent increase in the number of registered unemployed trained every year;
- train non-registrants, i.e. the inactive – five per cent increase every year in the volume of non-registrants trained;
• increase women’s share of short courses – three per cent increase every year in women’s share of participation in short courses;

• uptake of training grants – three per cent increase every year in volume of persons benefiting from training grants.

Sources

Netherlands

Description of performance management system in place

From 2002, a new structure for public employment services and social security has been implemented. An important part of this structure is the Central Organisation for Work and Income (CWI) – a public statutory body which delivers services in the chain of work and income. This chain includes the employee insurance agency (UWV) and the municipalities (a large spectrum). The tasks of CWI are: registration of job seekers and their profiling, increasing labour market transparency by providing information to job seekers and employers and job mediation. Further, CWI checks the entitlement of clients to an unemployment or social assistance benefit and refers them to the appropriate benefit agency (the Social Security Agency or municipalities).

Within the Dutch context, CWI is an autonomous body of public administration. It operates under surveillance of the Ministry of Social Affairs and Employment, who also sets annual and multi-annual targets, and who provides a budget. But within that general framework, the operations of CWI are fully governed by its own Central Managing Board. This relative autonomy entails preparing the yearly activity plan, calculating a required budget, and executing the plans that are agreed with the Ministry.

Clients who are distant to the labour market and require more than the basic service offered by the CWI are referred to their benefit agency. The benefit agency must organise a reintegration pathway for the client in order to prevent them from becoming long-term unemployed. The benefits agencies have to outsource the implementation of reintegration pathways to private reintegration firms via public procurement. Thus, the CWI no longer has the ability to apply certain more intensive active measures such as wage subsidies or training. Furthermore, active labour market policies for social assistance beneficiaries have been decentralised to municipalities (Van Nes, 2004).

Each year, the CWI Managing Board presents a draft annual policy plan, plus budget claim, to the responsible Minister. The policy plan becomes specified in precise performance targets and related indicators. The reintegration activities of the benefit agencies are almost entirely outsourced to private reintegration firms who decide themselves on what kinds of services to provide to job seekers (de Koning, 2004).
The core orientation of the Dutch work and income policy is on: 1. the prevention of in-flow into unemployment benefit schemes; and 2. outflow as rapidly as possible from those benefit schemes. Each of the three implementing agencies – CWI, UWV and the municipalities – operates their own monitoring system.

At CWI, performance management is strongly focused on outflow of benefit claimants. Outflow of other job seekers is not a part of the performance measurement system. With regard to prevention, only outflow before transfer of the completed benefit dossier to UWV and the relevant municipal body is measured. In respect of those job seekers for whom a completed benefit dossier has been handed to UWV and the responsible municipal body, CWI measures outflow before these job seekers reach the threshold of six months registered. Outflow from the registration is thus measured. Outflow in the direction of employment is an ambition of CWI but is not yet measured due to technical problems.

With regard to the supply side, the performance measurement at CWI is focused on the number of vacancies notified by employers in expectation of direct assistance in their recruitment efforts and on the number of filled vacancies of that kind.

CWI is also in ongoing attempts to be an effective channel for market transparency in the sense that job seekers and employers can meet and find each other via a self-service system. Performance indicators are operated with regard to CWI’s internet site: number of vacancies entered and number of jobseeker CVs available on the site. Also, the number of site hits. CWI also measures client satisfaction (concerning jobseeker clients, unemployed benefit claimants, employers) and in relation to other providers of intermediary services with whom it co-operates.

Furthermore, CWI – as the entry office to most of the unemployed clients of the Work and Income system (approximately 80 per cent) – measures timeliness and degree of completeness of benefit claim dossiers that are passed on, for a final decision, to UWV and the municipal bodies.

The local employment offices are ranked according to their performance. On the basis of regression analyses, the influence of various exogenous factors on local performance are filtered out, resulting in a ranking that can more reliably be linked to efforts made, to good management and to service methods chosen. All the various performance indicators are put together in a ‘Balanced Scorecard’.

**Strengths of performance management system in place**

No literature or comments on the strengths of performance management in place could be found.

**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of performance management in place could be found.
Planned changes

As the start of 2009, the CWI will cease to be a separate organisation and will be integrated into the UWV. Merging with UWV staff for active services (the so-called ‘re-integration coaches’ and some other staff), CWI will become a separate division under the name of UWV Employment Service. At the local level, joint frontline offices will be run by UWV/CWI and the Municipalities.

Sources


Poland

Description of performance management system in place

The Polish economy has grown strongly over recent years with annual growth in output exceeding 6.5 per cent in 2007 (Eurostat). While unemployment has begun to respond to the rate of growth it remains high at around ten per cent (Eurostat). Owing to labour shortages, partly the result of economic migration within the EU, this fuelled some price increases during 2008 (European Bank for Reconstruction and Development, 2008d).

The Polish PES – the Ministry of Labour and Social Policy – operates a mixed system of national, regional and local PES services. The (circa) 350 local offices offer services to the public on the basis of agreed regional strategies which have to take into account national policy and statutory requirements (PES Monitor 2008). Some commentators suggest that this system leads to a lack of integrated and shared management objectives (Grotkowska and Sztanderska 2008).

The Polish PES also addresses specific priority groups (PES Monitor, 2008):

- the unemployed under 25 years old;
- long-term unemployed or after child care break;
- the unemployed over 50 years old;
- low qualified;
- lone parents (youngest child aged under 18);
- ex-prisoners;
- disabled job seekers.

Data provided by the Ministry of Labour and Social Policy to the PES monitor indicates that as part of the EES process Poland has adopted the following outcome objectives, though these are not replicated directly in the latest Lisbon National Reform Programme:
• social cohesion, measured by the employment target and the unemployment rate;
• economic cohesion, measured by per capita GDP;
• spatial cohesion, measured by the time to go to the given area by plane, car or train.

There are also specific employment targets:
• the increase in employment and improving its quality – reaching in Q4 2008 the employment rate for people aged 15-64 (according to BAEL), amounting to 59 per cent;
• the restriction of unemployment – reaching in Q4 2008 the general unemployment rate (according to BAEL), amounting to eight per cent;
• the improvement of the quality of human capital, taking into account the needs of the labour market.

Strengths of performance management system in place

No literature or comments on strengths of the performance measurement framework were found.

Weaknesses of performance management system in place

No literature or comments on weaknesses of the performance measurement framework were found other than the general comment about a lack of integration and coherence between the different administrative tiers and actors involved.

Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


Portugal

Description of performance management system in place

The Portuguese PES is known as the Institute for Employment and Vocational Training (IEFP).

A large proportion (around 45 per cent) of Portugal’s unemployed population are long-term unemployed. Approaches to this problem have been based on increasing employability, promoting self-employment and fighting long-term unemployment among women. In terms of job brokerage, the placement activities of the IEFP in Portugal have played a much smaller role in terms of labour market turnover, than in most European countries (Moniz, 2007).
The IEFP’s jobcentres follow a model with the following characteristics:

- work is centred on the needs and potential of young people and adults;
- intervention methods are preventive – to avoid long-term unemployment;
- familiarity with labour market trends and the file of registered applicants;
- interventions are both individualised and integrated (OECD, 2000).

Other relevant guidelines refer to management by objectives and frequent monitoring of the centre’s activities, via the use of several indicators, meetings and direct daily monitoring by specialist teams. The Jobcentre carries out its work in line with its annual Activity Plan and budget. This is generally based on knowledge of the Centre’s local labour market and the Plan’s implementation is checked on a weekly basis in meetings between the Centre’s director and the heads of specialist teams.

Responses to our survey noted the 2008 Framework for Assessment and Accountability which set the following targets:

1. for 85 to 90 per cent of unemployment benefits recipients to have Personal Employment Plans;
2. for 70 to 80 per cent of unemployed job seekers, who are not receiving unemployment benefits, to have Personal Employment Plans;
3. for 75,500 to 80,000 unemployed job seekers to enter the labour market;
4. to increase the number of registered job vacancies by between five and seven per cent;
5. to involve 9,000 to 10,000 disabled unemployed job seekers in employment and training programmes/measures;
6. to make 35,000 to 40,000 referrals to the New Opportunities Centres Network;
7. to involve from 20,000 to 25,000 users in a Recognition, Validation and Certification of Skills process;
8. to involve from 44,500 to 52,500 trainees in courses with school and professional certification.

There are also additional targets that provide information about the efficiency of the organisation and the quality of the services delivered:

9. to implement Shared Services in the Administrative area, Financial area, Facilities area, Management Control area and Personnel Management area in Central Services and in the Alentejo Regional Delegation;
10. to decrease by ten to 15 per cent the waiting time of the users of the jobcentres;
11. to reduce staffing in activities benefiting from shared services by five to ten per cent;
12 to reduce by five to ten per cent the cost of purchasing goods and services;
13 to achieve between 40 to 50 per cent rate of utilisation of EU funds;
14 to design an MBO model;
15 to design and implement a new model for monitoring the satisfaction of users of Jobcentres and Vocational Training Centres;
16 to design a monitoring plan, based on the Balanced Score Card;
17 to implement a system for monitoring internal customer satisfaction;
18 to implement a new system for handling the complaints of the users of Jobcentres and Vocational Training Centres;

The first eight of these targets use the following outputs/indicators:

1 number of unemployment benefits recipients covered with Personal Employment Plans/number of unemployed job seekers;
2 number of unemployed job seekers not receiving unemployment benefits and covered by Personal Employment Plans/number of unemployed job seekers, who are not receiving unemployment benefits;
3 number of unemployed job seekers covered by employment and training programmes + number of jobs created through job creation programmes + number of unemployed job seekers placed in the labour market;
4 number of job vacancies registered in the year (n) / number of job vacancies registered received in the year n-1;
5 number of disabled unemployed job seekers involved in employment and training programmes/measures;
6 number of users diagnosed and referred to a New Opportunities Centre;
7 number of users undergoing a Recognition, Validation and Certification of Skills process;
8 number of trainees attending Education/Training and Apprenticeship Courses.

Strengths of performance management system in place
Consultation response: ‘It is too soon to say which are the majors strengths and weaknesses of the system, as it was set up in 2008, and currently (January 2009) the evaluation of last year performance has not yet been done’.

Weaknesses of performance management system in place
No literature or comments on the weaknesses of the performance measurement framework were found.
Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


European Commission (2000), The contributions of the Public Employment Services (PES) to local development. European Commission, Employment and Social Affairs DG.

Romania

Description of performance measurement system in place

The labour market in Romania during the 1990s experienced an unfavourable economic environment, due to problems relating to post-communist privatization and restructuring processes. Factors such as low levels of investment and industrial decline contributed to the decrease of the labour demand and to the appearance of unemployment, especially among young people and individuals with low levels of education. These problems were exacerbated by the population ageing as a result of a decline in the birth rate and the increasing emigration of highly educated young people. It is thought that the unemployment rate was only lower than in other post communist countries, because of certain ‘disguises’ in the figures due to early retirements, migration towards subsistence agriculture, massive emigration and hidden unemployment (Magdalena and Carmen, 2007).

Employment in agriculture makes up a significant proportion of Romania’s workforce, mostly in small, subsistence family farms. Much of this workforce faces large barriers to mobility and such disadvantaged groups were the target of moves by Romania's government in 2005 to extend the scope and coverage of its ALMPs. The main purpose of this was to provide these groups with access to publicly funded vocational training with the hope that more individuals will enter the mainstream labour market and leave the informal economy, thus contributing to a rise in living standards.
The PES monitor provides the following information on the Romanian National Agency for Employment’s target groups and performance indicators.

Special target groups:
- young graduates of educational institutions;
- young people at risk of marginalisation;
- Roman ethnic minority;
- persons from rural areas;
- unemployed aged over 45;
- persons with disabilities.

Performance measurement – from a table of ‘examples of performance indicators’:
- employment through NAE’s own effort;
- employment of job seekers;
- employment of registered young graduates;
- participation rate of unemployed persons in vocational training courses;
- share of unemployed persons from rural areas involved in vocational training courses in the average monthly stock of unemployed persons from rural areas;
- share of unemployed persons from rural areas involved in vocational training courses from the total number of unemployed persons involved in vocational training courses;
- participation rate of young long-term unemployed persons in active measures;
- participation rate of adult long-term unemployed persons in active measures.

New indicators introduced in 1997:
- share of job seekers who benefit from personalised services in the total number of persons registered;
- number of hours spent on visits to employers;
- share of unemployed persons who benefit from information, counselling and vocational guidance services in the total number of unemployed;
- employment rate of the participants in active measures after three and six months, respectively following the participation in an active measure;
- share of expenses for vocational training in the total expenses of the Unemployment Insurance Budget.
Strengths of performance management in place
No data found.

Weaknesses of performance management system in place
No data found.

Planned changes
No data found.

Sources

Slovakia

Description of performance management system in place
Slovakia experienced strong economic growth since 2000, and surging growth in 2007 thanks mainly to rapidly increasing car production in the country. While the current economic crisis has negatively effected growth prospects into the future, the economy is still projected to grow (European Bank for Reconstruction and Development 2008e).

Over the last decade the Slovak Republic has had a lower employment rate and higher unemployment rate than many other Accession countries, including its neighbour the Czech Republic (Eurostat: Employment Rate, Unemployment Rate). Despite this, long-term structural unemployment remains a problem (Slovak_Republic 2008:28).

The Slovak Republic was part of the PES benchmarking project and as such should maintain the 11 performance indicators suggested by that project (OSB Consulting and Synthesis Forschung, 2007). No details of other performance indicators or frameworks for Slovakia could be found. The PES contact did not respond to the consultation survey. While the expert contact did respond the response suggested that relevant performance indicators were listed in the ESF Operational Program for Employment and Social Inclusion, which is not available in English.

Strengths of performance management system in place
Little evidence on strengths and weaknesses could be found in time for the report. The expert consultation response suggested that solid data was the biggest strength.
Weaknesses of performance management system in place

Little evidence on strengths and weaknesses could be found in time for the report. The expert consultation response suggested that poor use of available data and insufficient monitoring of post-programme employment were the main weaknesses.

Planned changes

No data found.

Sources


Slovenia

Description of performance management system in place

The Slovenian economy has demonstrated sustained strong growth since the early 1990s when it gained independence from Yugoslavia. Despite this, during 2007-08 growth began to slow markedly and inflation began to increase, at least partly because of a generous mid-year wage settlement (European Bank for Reconstruction and Development 2008a).

The Slovenian labour market has performed well over recent years with generally high levels of employment and low levels of unemployment (Eurostat). Slovenia is currently beginning to implement measures associated with Flexicurity, as recommended in the European Employment Strategy (European Commission 2007a). Slovenia is currently implementing a range of measures generally and specifically related to the labour market to promote the market and increase flexibility. These include a major privatisation programme, more conditional benefit regulations and real prices reductions in benefit payments. The PES is also undergoing a major programme of modernisation focused on the intensification of ALMPs and activation strategies, new forms of service provision (such as e-Services) and increased contracting with private sector employment service providers (Horvat 2006; Republic_of_Slovenia 2007). The European Commission has noted the large proportion of employment that takes place in the informal sector (European Commission 2007a) and regulating this is a focus of reform activity (Republic_of_Slovenia 2007).

The PES – the Employment Service of Slovenia (ESS) – is an independent public agency with responsibility for implementing benefit payments and job broking
activity associated with ALMPs. The ESS has a national remit but also regional and local offices. The ESS has a long history of performance measurement dating back to the mid-1990s. Targets used fluctuated in type from year to year in the 1990s, but included off-flow measures as well as wider labour market outcome measures. In addition, the ESS also has a history of customer and employer satisfaction surveys (Kosir and Glazer 1999).

The consultation response from the ESS suggested that the organisation uses a series of performance measures to assist with the measurement and management of performance, to report to politicians and to provide information to the public. These measures – which have associated targets – include:

- levels of off-flows into jobs from unemployment and inactivity;
- level of unemployment;
- levels of low-skilled unemployment;
- levels of unemployed people placed into public works programmes and finally the average time taken for an individual transition from registering unemployed to the completion of an individual employment action plan.

In addition, a number of other performance indicators are also maintained, including:

- number of unemployed who get regular employment;
- number of unemployed who get subsidised employment;
- number of unemployed participated in employment programmes (by programmes);
- unemployed deleted from the register due to sanctions.

All these indicators are available by different groups of unemployed (by age groups, gender, and type of benefit).

Other published information suggests that these indicators, alongside more general labour market information, are linked together in a performance measurement framework which is administered using an electronic labour market information system using specialist software (SAS) which, among other things, allows quarterly and monthly tracking of off-flow levels (Cesen 2004).

Finally, Slovenia participated in the PES Benchmarking Performance project and so data against those eleven indicators and benchmarks is also available (OSB Consulting and Synthesis Forschung, 2007).

**Strengths of performance management system in place**

A 1999 workshop paper by the Director of the ESS (Kosir and Glazer, 1999) lists the benefits of performance measures to be:

- ‘the targets of the ESS became more concrete, easier to follow, and more understandable for ESS staff;
they serve as a stimulation for the ESS staff in all levels – activation of teams and individuals;
they help to increase the effectiveness of the ESS;
they help to identify problems in the ESS earlier;
they help to identify what ESS activities should take priority, and the performance of these activities;
they indicate the meaning and the role of the ESS on the labour market.’

The consultation response from the ESS suggested that the major strength of the performance measurement system used in Slovenia related to the overall approach used which is based on MBOs. This allows comparison of the performance of different functional units (such as regions/local offices) to identify stronger and weaker performance.

**Weaknesses of performance management system in place**

A 1999 workshop paper by the director of the ESS (Kosir and Glazer 1999) lists the drawbacks of performance measures to be:

- ‘it is often hard to specify the target (to be apparent, measurable, realistic, to act as a motivator), and the criterion to which each level must contribute to successfully achieve the target;
- a need to explain why targets have not been achieved – on the other hand this is also positive – the ESS must analyse the reasons and try to eliminate them’.

The consultation response from the ESS suggested that the major weakness of the performance measurement system used in Slovenia related to the difficulty in assessing the contribution of the PES to achieved outcomes (e.g. off-flows) in the context of wider and potentially more significant economic trends.

**Planned changes**

No literature or comments on planned changes to the performance measurement framework were found.

**Sources**


Spain

Description of performance management system in place

Although the labour market situation in Spain has improved notably in recent years, particularly for youth and women, the labour market is still highly segmented. The European Commission has outlined countering labour market fragmentation and enhancing access to the labour market, particularly for vulnerable groups, as key challenges for the Spanish labour market (Villagomez and Carbonell, 2008).

In terms of performance management, a system was introduced in 1994 as part of broader labour market reforms. Goals, operational objectives and indicators were put together in an annual programme contract between the National Employment Service (INEM) and the labour ministry (Ruiz 2003). In addition to general priorities, the 1999 National Action Plan for Employment (NAP) specified quantitative targets for various labour market measures. These targets were applied to overall participant numbers, though particularly targeted towards the long-term unemployed, youth, and women. It is unclear how central these goals and indicators were to an assessment-based management system (Mosley et al., 2001).

A major feature of active employment policies in Spain is the decentralization of employment services. While the INEM is responsible for unemployment benefits, each region or Autonomous Community is responsible for activation programmes. This has meant some diversity in active employment policies throughout the national territories.

The relationship between the state and the Autonomous Communities involves central government still being able to legislate on active and passive policies with funds financing active policies allocated according to jointly agreed criteria. The state also controlled the common information databases with definitions of a number of basic concepts and administrative practices being adapted to ensure compatibility.
Our consultation found that Spain’s PES uses headline performance indicators for all of the following reasons:

• to measure labour market performance;
• to measure organisational performance;
• to help manage the organisation’s strategy and interventions;
• to provide information to the public;
• to provide information to politicians/government.

The last of these was stated to be the primary purpose.

Strengths of performance management system in place

The consultation noted that one of the system’s strengths was comparability among regions at national level.

Weaknesses of performance management system in place

A perceived weakness of the system is that it doesn’t measure the load of work.

Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


Sweden

Description of performance management system in place

Until early in 2008 the Labour Market Administration (AMV) implemented labour market policy on behalf of the cabinet or the Ministry of Labour, respectively. The AMV comprised the National Labour Market Board (AMS), 21 County Labour Boards (LAN), over 400 local employment offices and more than 100 employability institutes for vocational rehabilitation. Specific objectives or quantifiable operational targets of AMV were given in the government’s appropriation warrant and in other directives (Cook 2008).

MBO is conventionally considered to have been the main pillar of the Swedish PES performance management approach since the mid-1980s. The MBO system was consolidated and strengthened circa 2000, and supported by the introduction of a complementary pillar, ‘customer satisfaction’. Customer satisfaction targets are set by the PES itself and not by central government (Wallin 2007).

Operational targets passed down by AMV were set to county level and county performance measurement and indicators were based on, for example, the percentage of registered vacancies outflow, percentage share of training participants entering employment within 90 days, the number of long-term unemployed divided by the number of completed months of the year set against a target of the average monthly number of long-term unemployed to be below 50,000.

In addition to the frequent follow-up checks of the counties’ performance, there was also a final summing up of the whole year’s performance. These county ‘exams’ were considered to be the most important form of performance review (Mosley et al., 2001).

There are several headline performance indicators that carried targets for the PES in 2008. These include:

- 40 per cent of those registering themselves unemployed at their local PES should get a job within 90 days;
- four per cent of the long-term unemployed should each month either get a job or begin some form of education or training;
- 85 per cent of employers with vacancies should receive enough applications to fill the vacancy;
- 90 per cent of the registered unemployed should be satisfied with the service they receive from the PES;
- 90 per cent of employers using the PES should be satisfied with the service;
- 80 per cent of newly-registered unemployed should have an activity plan completed within 20 days of registration;
- 75 per cent of unemployed should consider that their activity plan is helping them; eight per cent of new immigrants registered with the PES should start work or begin education/training each month.
Strengths of performance management system in place

The Swedish PES uses a Balanced Scorecard System. The major strengths are considered to be that the system gives an overall balance between different important organisational areas and a connection between the PES vision/mission and indicators via strategic goals and critical success factors.

Weaknesses of performance management system in place

There is a view that it is difficult to establish indicators that separate the PES performance from external effects. Concentrating too heavily upon how many targets have been met, or not, can mean that considerations of what the results signify or how the results have been produced can become obscured. Thus it is felt that the PES’s own internal dialogue and competence must be as well-developed as the indicators.

Planned changes

The AMV is currently being reorganized to form a new central organisation with employment service areas aligned with 60-80 local labour market areas with a central office and several local offices in each area. At the beginning of 2008 the AMS and LAN were to be abolished. In addition, private employment services will be encouraged to compete with the PES (Cook, 2008).

Sources


Wallin, T Customer Satisfaction: Performance Indicators for Public Employment Services Yellow Paper Series 04 08 07, Stockholm: AMS.


Other European states

Norway

Description of performance measurement system in place

As of 2006, the former National Insurance Administration (NIA) and the Directorate of Labour (DOL) in Norway were merged into a single central agency for employment and welfare (NAV). Locally, the NAV is establishing a one-stop shop system together with the social services administration. This front-line service is intended to be run as a central-local partnership regulated by local agreements. Legally, the front-line service is based on a binding agreement between the central and local authorities laid down in local co-operation agreements. It is intended that the front-line service units will be in place by 2010 (Christensen, 2006).
The management model for the new NAV is based on New Public Management (NPM) tools. Management-by-objective-and-results (MBOR) is a main principle for steering and control, and performance indicators and reporting are a main component of this system. It introduces the balanced score-card principle (BSC), focusing on multiple objectives and the relationship between tools and user outcomes. In addition, knowledge management and a formalized and generic quality-management system are applied, based on user surveys and quality assessments. Thus, the model is a hybrid of central NPM management tools and post-NPM whole-of-government features (Christensen, 2006).

Current performance targets include: at least 70 per cent of job seekers should leave the unemployment register and move into work; at least 60 per cent of lone parents with children aged between one to three years, and at least 94 per cent of lone parents with children aged between three to eight years, should be undertaking a labour market-relevant activity; 75 per cent of job seekers should have had a follow-up interview in the previous three months; 80 per cent of jobs notified by employers should receive a relevant job application from a jobseeker using their local employment office.

**Strengths of performance management system in place**

MBOR is a performance-management tool encompassing three main components. First, the leadership must formulate clear goals and targets and give subordinate bodies’ flexibility and discretion in their daily work. This technique is based on the requirement that the objectives are precise, concrete, specific and hierarchically structured with primary and secondary objectives followed by performance indicators. They must be operational, consistent and stable in order to function as concrete and binding criteria for evaluation. Second, subordinate agencies must report on results using a well-developed system of performance indicators. Emphasis is given to the measurement of performance and in reporting information relating to the functions of the agencies. Improved methods for monitoring results and for measuring efficiency and goal achievement are needed. This includes quantitative performance indicators and increased emphasis on evaluation of the functioning of the agencies. Third, executives must use the reported results to reward good performance and punish bad. Information on the results achieved is supposed to have consequences for resource allocation as well as how the agencies are organized (Christensen, 2006).

One of the main doctrines of NPM is managerial discretion combined with transparent targets and ex-post control by result or performance. In setting targets, evaluating output information and applying rewards and sanctions represents a specific type of regulatory system. Performance management allows a lot of autonomy and flexibility in the use of allocated resources and in choosing the means and measures (Hood, 2004).

The BSC model can in principle be characterized as a relatively top-down, strategy implementation tool and where there are tight coupling between objectives,
targets and performance indicators as well as between performance indicators and managerial rewards. Even though it is often regarded as a managerial innovation, some (Johnsen, 2006) have concluded that the BSC model in the Norwegian context is an extension of Drucker’s Management by Objectives model from the 1950s originating from a classic means-end framework.

**Weaknesses of performance management system in place**

The MBOR concept is based on the principle that subordinate bodies should be controlled through contractual agreements, which would give greater access to resources when results are satisfactory, and, conversely, reduced access when the desired results are not achieved. Thus, MBOR is a rather complex technique that is likely to be complex to implement (Laegreid et al., 2006).

Under NPM, the price public bodies have to pay for their increased freedom is to accept a more rigid performance-management system, which includes performance indicators and performance monitoring and assessment. The system is thus a mixed one that prescribes both centralization and decentralization, and it is an empirical question in which direction it will lean in practice (Kristiansen, 2008).

**Planned changes**

No literature or comments on planned changes could be found.

**Sources**


Switzerland

Description of performance management system in place

Detailed research into the determinants of local office placement effectiveness led to the introduction in 2000 of a system of rating local employment office performance in terms of off-benefit outcomes. This led to apparent improvements in local office performance with a fall in the registered unemployment rate, though the validity of the ratings was queried by Switzerland’s cantons (regional offices). Subsequently, the linking of the ratings to cantonal funding was suppressed in January 2003. The 2005 OECD Employment Outlook suggests that the division of responsibility between national and local governments in Switzerland makes it relatively difficult to measure impacts achieved by employment services and implement changes on that basis. Furthermore, it states that it is very difficult to measure the average performance of cantonal employment offices separately from the impact of other cantonal policies. For example, some cantons reduce the number of recipients of unemployment insurance by offering places earlier in the unemployment spell than other offices where social assistance beneficiaries are prioritised.

The current situation, according to the European PES monitor, is that the cantons have a financial limit for providing employment and training measures for each job seeker. As a result, employment and training measures are chosen with greater care, and their impacts are carefully measured. Methods for reintegrating job seekers into the workforce are agreed between the cantons and the Swiss national confederation. Objectives are defined in terms of four results indicators relating to the speed and durability of the placement. The method for implementing these objectives is determined at cantonal level. The PES monitor provides the following table which states the objectives, indicators and what weighting is applied to each of them:

<table>
<thead>
<tr>
<th>Result</th>
<th>Indicator</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid return to employment</td>
<td>Mean number of days for which beneficiaries whose files were closed, or who reached the end of their benefits period, collected unemployment compensation during the period in progress.</td>
<td>0.50</td>
</tr>
<tr>
<td>Prevent and decrease long-term unemployment</td>
<td>Number of new cases of long-term unemployment, divided by the number of persons who began a benefits period with the code 1 (= entitled) thirteen months earlier.</td>
<td>0.20</td>
</tr>
<tr>
<td>Prevent exhaustion of benefits, or reduce number of those who use up their benefits</td>
<td>Number of new cases of benefits exhausted within the reference month, divided by the number of persons who began a benefits period with the code 1 (= entitled) two years earlier.</td>
<td>0.20</td>
</tr>
<tr>
<td>Prevent re-registration as unemployed, or reduce number of those re-registering as unemployed</td>
<td>Number of persons re-registering in the reference month within four months after their removal from the rolls, divided by the number of persons removed from the rolls in the months (m-4), (m-3) or (m-2).</td>
<td>0.10</td>
</tr>
</tbody>
</table>
A computerised benefits payment system provides raw data on these indicators and a range of variables is used in an econometric model to adjust the raw data for the following outside factors:

- the condition of the regional job market: the percentage of the active population that are new benefits recipients;
- seasonal industries: the percentage of new benefits recipients coming from seasonal industries, relative to the total new benefits recipients registered at the placement office;
- the percentage of new benefits recipients who have Swiss nationality, relative to the total new benefits recipients registered at the placement office;
- the size of the metropolitan region where the Regional Job Placement Office is located; and
- the percentage of cross-border workers: relative to the active population of the given region.

Strengths of performance management system in place

From the consultation: Perceived strengths are the subsidiarity of the PES (high market share of the private employment services) and the decentralisation (high autonomy of the local PES).

Other responses – the system is considered to be quite effective at enabling the respondent to understand the impact of their organisation's activities on both levels of off-flows and on how quickly people leave benefits. This effectiveness was put down to the performance indicators one to three.

Weaknesses of performance management system in place

A perceived weakness is that the PES in Switzerland represents only a small percentage of the labour market. The cooperation with other social insurances is weak. One knows the outflows but not the durability of the outflow, neither where the people go.

Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


Other developed

Canada

Description of performance management system in place

A prominent feature of the design and delivery of active labour market programmes in Canada is the asymmetrical nature of the division of responsibility between National Government and the various provinces. There have been two basic forms of Labour Market Development Agreement (LMDA) with the provinces and territories since 1996. These differ according to whether the provinces and territories assume full responsibility for the design, delivery and management of national employment and training service programmes or whether the national ministry (Human Resource and Social Development Canada) shares that responsibility.

Those reforms in the mid-1990s also aimed to broaden the range of clients eligible for active interventions, to increase spending on ALMPs, to ensure that clients became employed as quickly as possible, to ensure programme decisions were made at the local level and to ensure the programmes were responsive to labour market conditions. Success was determined by the number of clients participating successfully in ALMPs and also savings made in Employment Insurance (EI).

Although the federal government did allow the provinces considerable scope to design their programmes, policy requirements were set out in the 1996 reforms which included being results based, incorporating an evaluation of outcomes; promoting co-operation and partnership with labour market partners, and involving local decision-making (Wong et al., 2002). The LMDAs contained annual numerical targets for clients served and savings in EI and also an accountability framework. The key components of performance measurement of the LMDAs were:

- accountability framework – focusing on the short-term indicators of: clients employed, unpaid EI benefits and the number of active EI claimants served;

- evaluation of LMDAs – specification in the LMDAs that they should be monitored and assessed through an ongoing evaluation framework;

- provinces and territories are required to submit annual financial statements.

Formative evaluations were intended to investigate features of the design and delivery structure of the agreements. Summative evaluations were scheduled for the third year of the implementation of each LMDA and aimed to measure cost-effectiveness and the longer-term impact of active labour market programmes in terms of helping people prepare for and maintain employment. The summative evaluations were expected to provide results according to a set of 11 indicators. These are:

- employability and integration – measured according to ‘anyone working in the post-programme period’. The duration of employment spells is also measured as is the total annual hours worked in the post-programme period;
self reliance/independence from government support – measured in terms of total and average amounts of EI and Social Assistance (SA) received and the number of weeks EI and SA were received in the post-programme period. Also measures the total proportion of income that is EI and SA;

· economic well-being – determined by the amount of money earned from employment;

· quality of life – themes of satisfaction and motivation have been identified to measure aspects of quality of life;

· investment in human capital (skills and literacy) – education levels compared with the total labour force;

· employment equity/employment barriers – analysis of older/younger workers and those facing barriers. Also looks at the distribution of client groups compared to the total labour force to indicate accessibility of programmes and services;

· labour market adjustment – the extent to which ALMPs are addressing issues as displaced workers, skills shortages and labour mobility;

· community impacts – how ALMPs assist communities;

· EI savings – individual client usage of EI in the post-programme period;

· cost-effectiveness – determining costs associated with programme delivery and comparing them with impacts achieved;

· follow-up to formative evaluation/emerging issues – studying whether issues emerging from formative evaluations have been addressed.

Strengths of performance management system in place

No literature or comments on the strengths of the performance measurement framework were found.

Weaknesses of performance management system in place

No literature or comments on the weaknesses of the performance measurement framework were found.

Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


## US

*Description of performance management system in place*

The modernisation of US workforce development programmes in the 1990s saw two significant policies introduced, both of which tended to prioritise returning to work (and therefore gaining experience) over other forms of skills development. The 1998 Workforce Investment Act (WIA) aimed to codify programmes, services and governance structures for one-stop service delivery and the Temporary Assistance for Needy Families (TANF) programme involved efforts to link low income unemployed parents with work, and to provide benefits and supports to low-income working families. (Greenberg 2004) have noted how states have taken varying approaches to managing the relationship between TANF and WIA. These range from completely separate administration by different state and local agencies, to placing TANF and WIA under a single agency, with TANF benefits and services fully incorporated into the operation of the WIA one-stop system.

The WIA established indicators of performance to assess the effectiveness of state and local programmes, examples of which were:

- entry into unsubsidized employment;
- retention in unsubsidized employment six months after entry into employment;
- earnings received in unsubsidized employment six months after entry into employment; and
- attaining skills for entering employment.

Customer satisfaction indicators were also to be established in each state.

(Sol 2005) describe how federal TANF legislation established the framework for defining performance measures used in contracting. The law set progressively rising quotas for states to meet in putting welfare recipients to work. For example, in Chicago, the specified number of consecutive days that clients were to work for welfare-to-work providers to receive credit for placements increased from
one contract to the next. Initially, welfare-to-work providers received credit for placements if clients worked at minimum wage for between 30 and 90 days. A job retention feature was added to later contracts which required individuals to work for 90 consecutive or 150 non-consecutive days. These placements, however, were defined without specifying levels of quality of service, meaning that intermediaries were being rewarded for reaching placement targets at the lowest marginal cost.

(Sol 2005) also found an issue with ‘creaming’ where state administrators had to intervene to stop welfare offices from recruiting only the clients that were anticipated to be the easiest to find work for. As a result community-based practitioners were forced to shift their programmes from favouring human capital development to fitting clients into available jobs.

Elsewhere, contractors had the challenge of striking the right balance between a limited number of performance measures which tended to create stronger incentives, or broadening the range of measures in order to ensure that all objectives were being met. (Fording 2005) note that state policymakers have significant freedom under TANF to craft their own approaches to public assistance in ways that reflect the area’s particular characteristics. This has meant a growing reliance on performance measurement for ensuring accountability in decentralized and privatized systems of service delivery.

Wisconsin Works (W-2) is an example of one state’s TANF programme and has been in place since 1997. Wisconsin ended the county government monopoly on public assistance administration by inviting private sector agencies to compete for contracts to manage local-level programs. Performance-based contracting was also introduced as a primary mechanism for motivating and monitoring the performance of W-2 agencies.

Initially, the criteria by which providers were judged were initially mostly process-oriented (such as ratio of staff to clients, percentage of clients with an employability plan or client participation in a high school equivalency degree programme). The percentage of W-2 cases that returned to a W-2 grant after being placed in a job was the only outcome-oriented measure.

A second round of contracting aimed at increasing contract performance requirements and monitoring with a key change being the determination of performance achievements by outcomes-based standards. There were five measures of participant outcomes – employment rate, average wage rate, two job retention measures, employer health insurance benefits and two programme process measures. The state’s priorities were reflected by assigned weighting of performance measures.

Four categories of performance measures were classified by the state during the third period of contracting. These were:
• priority outcomes for participants;
• high-quality and effective case management services;
• customer satisfaction; and
• agency accountability.

A fourth (2004-2005) phase saw performance budgets and standards both scaled back so that contract incentives were effectively retracted with the state’s administrative focus reverting to securing basic benefits and job placement services for clients.

Strengths of performance management system in place

W-2 is noted for its ‘dramatic effects on reducing welfare caseloads (Heinrich 2007).

Weaknesses of performance management system in place

Changes by the state in W-2 contract specifications and performance measures led to services providers responding by prioritizing particular performance goals (p.409).

Deficiencies in programme administration and contract management meant some performance failures and setbacks.

Planned changes

No literature or comments on planned changes to the performance measurement framework were found.

Sources


**New Zealand**

*Description of performance measurement system in place*

Radical changes of labour market policy in New Zealand were implemented in 1998 with the integration of benefit administration and employment services into a single agency, Work and Income, and the introduction of internal targets for placements into stable work (lasting more than three months). In 2005, each client was classified by employment counsellor, local office, region, and so on, and performance in terms of numbers of stable employment outcomes was monitored at each of these levels (Johri *et al.*, 2004; Office for Economic Cooperation and Development 2005).

Now, Work and Income has become a service of the Ministry of Social Development (MSD). Through its policy, research and evaluation functions, MSD leads strategic policy development and research across the social sector, and has lead responsibility for social policy advice and research on individuals, children and young people, families and communities. From more than 170 offices around the country, MSD delivers services to more than one-third of all New Zealanders. It provides income support and employment assistance, and help for people who need access to education or training (Gray 2004).

MSD’s Statement of Intent for 2008-2011 includes Outcome Two in respect of working age people. The main outcome in relation to the employment service relates to ensuring that working age people are in sustainable employment through, for example, providing enhanced job search, work development support, and to improve education and training.

To demonstrate success in achieving this outcome, indicators include employment rates – and new measures currently under development that focus on sustainable employment. The performance measure relating to getting unemployed clients into work refers to the proportion of job-seeking clients in receipt of a main benefit who exit into employment, and is 35 per cent for 2008/09. Similarly, the proportion of job-seeking clients in receipt of a main benefit for a duration of six months or more, who exit into employment, is 35 per cent for 2008/09. The proportion of job-seeking clients who exited into employment and achieve six months continuous employment will be 59 per cent.
Strengths of performance management system in place
No literature or comments on the strengths of performance management could be found.

Weaknesses of performance management system in place
No literature or comments on the weaknesses of performance management could be found.

Planned changes
No literature or comments on planned changes could be found.

Sources


Australia
Description of performance measurement system in place
In 1998, the Australian Commonwealth Employment Service was abolished and replaced by the Job Network, in which practically all public employment services were contracted out to private or community organisations. To make way for the competitive employment services market, the PES’s roles of registration, eligibility assessment and provision of jobseeker services were amalgamated with the social security department’s role of administering income support, to form a single agency, Centrelink.

A national vacancy database was established which could be accessed by job seekers through Centrelink offices, any service providers and employers. The country was divided into 29 labour market regions and the competitive market was established by calling for tenders from private, community and government organisations on a regional basis (Dockery, 2001).
These changes required a new role for the PES. It has become the purchaser of employment services, on behalf of job seekers. It also regulates and manages the tendering and contracting process and maintains its policy development and evaluation roles. With this new structure, Australia has introduced an institutional structure where the government is responsible for both the referral of the eligible unemployed to employment services and the administration of unemployment benefits, while ensuring that the delivery of employment services to the unemployed is subject to contestability by public, private and community providers (Dar, 2003).

Centrelink now delivers services on behalf of over 20 government departments and agencies. Key performance indicators are outlined in the different agreements Centrelink has with each agency. The Job Network has also grown to a point where it has over 1,000 ‘service delivery points’. Job Network’s incentive structure includes performance-based finding that reflects the importance of job placement and sustainable employment. In 2002, all Job Network’s contracts were awarded on the basis of performance, and a star rating system was introduced. This increased Job Network’s focus on securing outcomes for job seekers (Labour Market Policy Group, 2002). This system has continued and now includes an annual publication of Job Network Star Ratings (Department of Education, 2008), intended as an information source for job seekers.

**Strengths of performance management system in place**

No literature or comments on the strengths of performance management in place could be found.

**Weaknesses of performance management system in place**

No literature or comments on the weaknesses of performance management could be found.

**Planned changes**

No literature or comments on the weaknesses of performance management could be found.

**Sources**


Appendix D
Example case study topic guide

1 SELECTION AND PRIORITISATION OF CUSTOMERS
1.1 What tools/processes are used to select or prioritise particular customers? (if you know there is a specific tool in place, ask about this and how it works in practice).
1.2 What are the results of this? (i.e. what are the specific customer groups).
1.3 How successful is the tool/process in selecting customers for priority treatment? (in terms of accuracy/comprehensiveness etc).
1.4 Do you have the right priority groups in place (i.e. are there some that shouldn’t be prioritised or some that aren’t but should?).

2 DATA COLLECTION METHODS
2.1 How is data collected for the performance management system?
2.2 Strengths of data collection?
2.3 Weaknesses of data collection?
2.4 If designing a new system what features would you incorporate?

3 DATA ANALYSIS AND INTERPRETATION
3.1 How is data analysed? In particular: to what level can it and is it disaggregated to and interpreted at (e.g. national, regional, local, office, individual etc).
3.2 Are targets set against data and in what ways are these used (ask probing qs on this – how do staff/managers use and understand them).
3.3 What incentives are used against these targets?
3.4 What is the behavioural impact of the performance management system on managers and staff (and is there any evidence of perverse incentives)?
3.5 Who uses performance data – managers, staff, politicians, public, and media?
3.6 Strengths of data use/analysis/interpretation?
3.7 Weaknesses of data use/analysis/interpretation?
3.8 If designing a new system what features would you incorporate?

4. COMMISSIONING
4.1 How is the performance management system linked to the commissioning of programme support from other organisations?
4.2 What sort of organisations?
4.3 What sort of programme?
4.4 Payment procedures?
4.5 Recontracting procedures?
4.6 Behavioural impacts?
4.7 Strengths of performance system in relation to commissioning?
4.8 Weaknesses of performance system in relation to commissioning?
4.9 If designing a new system what features would you incorporate?
8 References


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