

ANALYTICAL PAPER

PERFORMANCE, ACCOUNTABILITY AND LINKS WITH BENCHLEARNING



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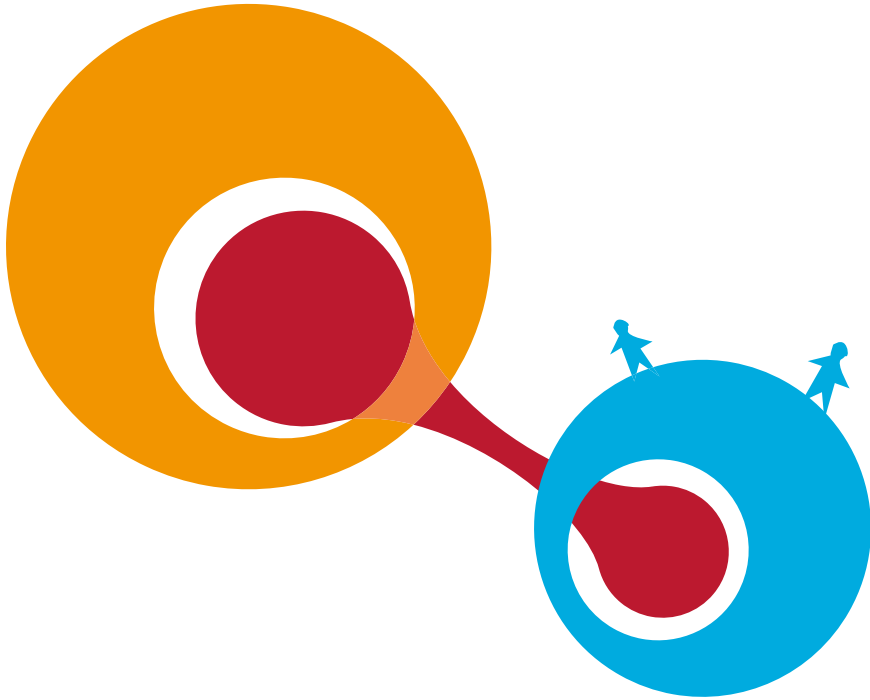
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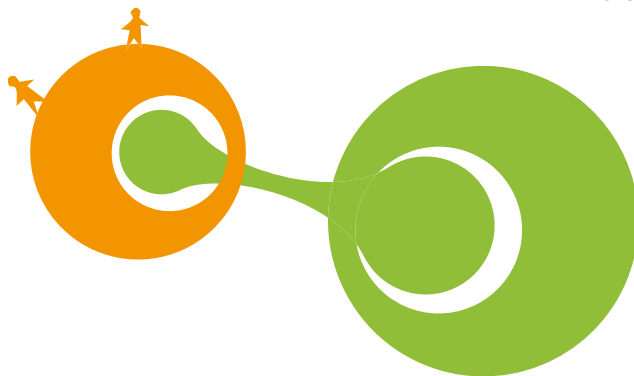
INTRODUCTION

Effective performance management is key to improving the practices and outcomes of European PES. This paper aims to extend existing research undertaken through the PES to PES Dialogue and PES Mutual Learning programmes in three dimensions. First, it presents findings on recent reforms and lessons regarding performance management (PM) based on the PES Benchlearning initiative. Second, it discusses accountability within PM systems and highlights some of the relevant reforms in PES across Europe. Third, it describes PM systems of PES that have not been covered in detail by the earlier studies.

The findings of this report are based on desktop research (covering the theoretical background as well as current PM practices), information collected in the PES Network Benchlearning process, combined with written consultation and in some cases, interviews with PES experts in the case study countries.

The PES to PES Dialogue programme has already produced a number of documents on performance management in PES in order to support the development of PES practices in this area. The first analytical paper on the topic reviewed the research evidence on performance management in the European Union (EU) PES and discussed practical implications for policy makers and PES managers (European Commission [EC], 2012). The second analytical paper focused on Management by Objectives (MBO) techniques and provided a detailed portrayal of such methods in three highly developed PES (EC, 2016a). The comparative papers and thematic reviews summarise current PES practices and highlight good practices based on surveys and network events (EC, 2013a, c, d). Two recent toolkits provide step-by-step guidance for PES on how to develop and maintain effective strategic performance management. The EC (2013b) covers four main elements of performance management from developing objectives to placing incentive systems in operation. The most recent toolkit provides guidance and tools for PES to refine or establish key components of performance management systems (EC, 2016b).

The report is structured as follows. The next section briefly reviews the recent literature with a specific focus on accountability, and describes findings from the analysis of data collected in the PES Benchlearning process. The second section outlines reflections on recent changes in PES practice based on five case studies. The last section includes case studies of France, Ireland, Lithuania, Portugal and Sweden. Annexes provide more information about the data collection process for the report.



1. OVERVIEW OF THEMES IN THE RECENT SCIENTIFIC AND EUROPEAN COMMISSION LITERATURE ON PES PERFORMANCE MANAGEMENT

1.1 Introduction

There is a strong body of research evidence drawn both from the scientific literature and from commissioned research focussed on EU PES themselves, that PES can learn from in relation to performance management, improvement and accountability. Indeed, this evidence has led to the introduction of Benchlearning across EU PES. The PES Network conducted this in order to improve the efficiency of the PES and their provision of services. Benchlearning creates a systematic connection between performance comparisons and measures of mutual learning have been initiated at the European level.

In this section of the report we briefly summarise the recent scientific and applied research evidence on PES performance management and then provide an overview of initial outcomes from the PES Benchlearning process. The key insights from this discussion are that there is potential for PES to use learning from these different sources to continue to adapt and improve their practice. The evidence presented below also suggests that the Benchlearning and mutual support process for PES might continue to develop to incorporate learning from the process. This is central to ensuring that performance management continues to support performance improvement, that PES remain vigilant for, and act to mitigate, unintended

consequences and that the ways that performance management is applied are sympathetic to the specific culture and ethos of public service.

1.2 Theoretical background

1.2.1 Recent PES to PES Dialogue literature emphasise Performance Management for learning, ownership, and reflection on service improvement

Recent reports from the PES to PES Dialogue programme summarise the state of knowledge in relation to performance management in PES. A cluster of reports (European Commission, 2012, 2013a, 2013b, 2013c) suggested that while there was evidence that PES performance management can support performance improvement, the evidence base needed to be strengthened. These reports argued that theoretically PES performance could be improved by combining PES performance management with 'inclusive governance' (as a means of achieving 'inclusive growth') and that cyclical processes of evaluation and organisational learning could assist in this process. These reports argued in favour of using a systemic approach to performance management based upon a framework for understanding how inputs linked through processes to outputs and on to intermediate and final outcomes. Based on the approach of theory-based evaluation, learning was to be achieved by constantly revisiting expectations about the relationships between these different stages to ensure that expected outcomes materialise. Performance data can be used to underpin and inform this process of continuous learning and improvement. These reports also argued that analysis of performance variation and benchmarking could assist in this process of learning from experience. Crucially, these reports argued that using performance data and learning processes to achieve consensus and dialogue were central to successful performance management. An EC update published in 2016 continued to stress these aspects of performance management and reviewed more recent empirical evidence of the ways in which they were operating in selected PES. The report drew important insights from this evidence; stressing the role of ownership, simplicity, fairness and communication as core to successful practice. It concluded that if performance data is to be used to facilitate innovation and learning, then tolerance and reflection on failure is central to the process of improvement.

1.2.2 Recent scientific literature continues to debate the contribution of Performance Management to performance improvement

Recent additions to the scientific literature on performance management in relation to PES continue to debate long-running themes such as whether performance management can be shown to have any positive impact on actual performance; whether impacts on performance are actually the result of other factors such as workload and resource constraints; and the effects of performance management on realising unintended consequences. For example, Hvidman and Andersen (2014) test recent theoretical arguments in the performance management literature and find that performance management can have different results in the public and private sectors. With data based on school performance in Denmark, they find that while there is a greater emphasis on performance management in the public sector this is less effective at securing performance improvement than in the private sector, possibly because performance data itself – rather than improvements in outcomes – achieves a symbolic importance. By contrast, several other US-based studies in different sectors (Poister, Pasha, & Edwards, 2013; Sun & Van Ryzin, 2014) do find evidence of performance improvement resulting from performance management practices.

1.2.3 Performance Management, workloads and remaking policy at the frontline of service delivery

In relation to performance management; workloads and resources; and the politicised nature of frontline service delivery work (i.e. frontline remaking of policy through management, for e.g. see Brodtkin, 2013), Van Berkel and Knies (2016) find that performance management is less influential on the performance of frontline welfare staff in the Netherlands than is caseload size. They also find that the combination of performance measures and high workloads may be mitigated by frontline workers' prioritisation of smaller group of jobseekers within their caseload. That however, is consistent with a third ongoing discussion of the relationship between performance management and unintended consequences. Prioritisation of jobseekers at the frontline level is consistent with 'creaming and parking', to the detriment of the 'hardest to help' jobseekers.

Similarly, Rees et al. (2014) argue that external performance management with strong incentives and penalties (such as in payment for results contracting) result in widespread unintended consequences such as 'creaming and parking'; which, they find, is commonplace in the UK Work Programme. Doring et al. (2015) argue that such data shows that research needs to focus on the ways that public managers, external agencies, and other actors construct the role and meaning of performance management through negotiation and conflict. Performance management often enables public managers to construct indicators of their own performance, legitimating their roles and status. On the other hand, Wegrich (2015) argues that the introduction of performance management in local jobcentres in Germany has had the unintended positive effect of helping to coordinate multi-level governance.

1.2.4 Performance Management and incentives

The discussion above on the role of professional construction of roles and 'performance' through performance management systems raises an important issue that is also picked up in the Benchlearning assessment criteria. This relates to the role of incentives related to performance measures. This is an aspect of performance management that has been under-explored so far in the PES to PES Dialogue/PES Mutual Learning process. Though it is beyond the scope of this paper to provide a comprehensive overview, there is a deep scientific literature on the issue of 'Public Service Motivation', whether this is different in the public sector and more 'pro-social' than in the private sector and how it is affected by performance management (Moynihan, 2010; Moynihan, Vandenabeele, & Blom-Hansen, 2013). This literature suggests that care is needed to ensure that the values and motivations of staff are accounted for in recruitment, selection and employee allocation to tasks, but also that performance management techniques do not 'crowd out' pro-social motivations among different staff groups (Heinrich & Marschke, 2010; Moynihan, 2010). This suggests that further research might be valuable in order to explore the relationship between motivation, performance management and incentives especially if these are to be promoted by the Benchlearning criteria.

1.3 Insights from the PES Benchlearning reports

1.3.1 The Benchlearning Documentation

The newly established Benchlearning process implements many aspects of the systemic approach to using performance management for mutual learning and exchange of practice and reflection that recent literature on PES performance management has advocated (see Section 1.2.1 above). The documentation produced in this process includes a series of assessment reports based on each PES (the culmination of a structured self-assessment and visit from external peer reviewers) and a separate series of 'Change Reports'. The latter show how each PES has taken ownership of the change process and responded to suggested changes in the assessments. A review of this documentation can provide substantial evidence of current practice and change in PES.

1.3.2 Wave 1 of the Benchlearning process shows PES continue to have varying sophistication in their approach to Performance Management

The first round of PES site visits (in 2015 and 2016) found that performance management (PM) was unevenly developed across European PES. According to their overall scores for this enabler, 9 PES are at the basic ('developable') stage, 11 PES are at a 'developing' stage and 9 PES have achieved the 'well-developed' or 'mature' status.

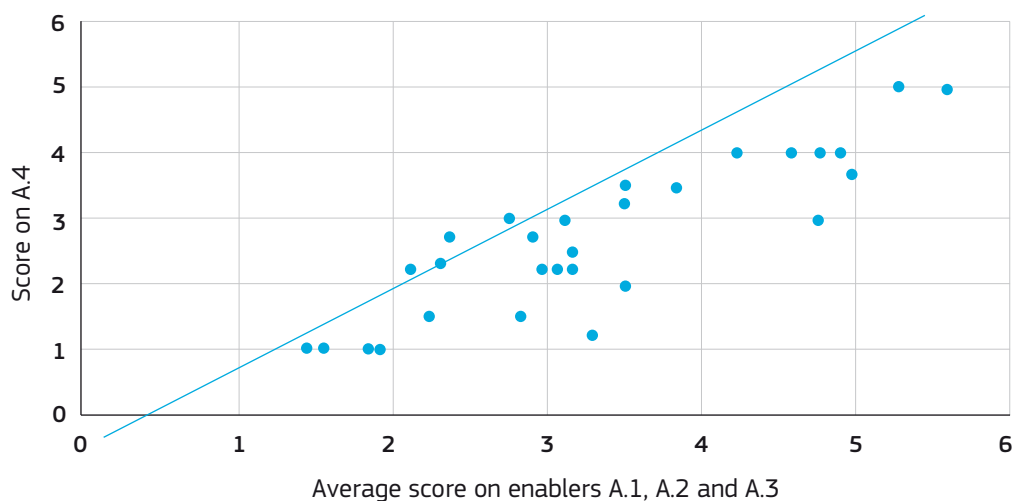
The enablers defined in the PES Benchlearning programme cover the following four elements of strategic performance management:

- A.1 Establishing the fundamentals of performance management by target-setting
- A.2 Translation of targets into (key) performance indicators and measurement
- A.3 Following up performance measurement
- A.4 Making use of the results of performance management

The above four elements of PM are closely connected: target setting (A.1) and indicators (A.2) create the basis for follow-up (A.3) and further development (A.4). The enabler that scored the least across PES is A.4 (how PES make use of the results of PM): most PES do less well in the A.4 element compared to their scores in A.1-A.3 (see Figure 1 below). Further analysis might explore whether this is a product of the assessment process itself or PES practice.

In 'developable' PM systems, while there may be objectives, these are often not specific to the PES and not translated into measurable operational targets. The adjustment of targets to regional needs may also be lacking. Indicators typically describe PES processes but do not reflect performance, or no targets are set for the local level. In most cases, there is no performance dialogue, no benchmarking and no or weak incentives to motivate staff performance. The added value of the PES is not communicated to the public, nor to stakeholders.

Figure 1. Combined scores on the sub-dimensions of performance management in the PES Benchlearning enablers



In *'developing'* PM systems, target setting is well established, but performance is often only monitored, not actively managed, i.e. no target expectations are formulated and results are not linked to operational activity. Other common shortcomings are that there might be too many targets, targets are not result-oriented or not adjusted to regional / local needs. Indicators may not sufficiently focus on outcomes and efficiency. Bottom-up performance dialogues may be lacking (or only used at the national level) or not sufficiently focused on performance. Some benchmarking exists, but may be not sufficiently controlled for local context. There may be some financial incentives to motivate staff, but these are weak and/or not closely linked to operational results.

In *'well-developed'* but not fully mature systems, there may be some room for improvement. For example, in involving social partners in the target setting process, or extending performance dialogues to quality issues.

1.3.3 The Benchlearning process suggests that formalised performance management practices such as target setting are only the first step

The quantitative analysis of the Benchlearning (BL) indicators of how performance management is linked to overall effectiveness has produced some interesting insights (Fertig, 2017). Effectiveness was defined as context-adjusted average performance on a number of outcome indicators in the period of 2010-15 and 2014-15. The regressions to identify the relationship between enablers and performance outcomes were done by using the context-adjusted performance groups as the dependent variable. First, it appears that target setting and the translation of targets into indicators are a necessary first step, but on their own have a limited impact on PES performance (ICON/EC, 2016). High scores on targeting (A.1) and indicators (A.2) seemed to contribute to increasing exits to unsubsidised jobs, but had no effect on fast placement, or on the placement of low skilled jobseekers or youths. Follow-up (A.3) has some more pronounced impact on PES outcomes, and what really matters is that the results of PM are systematically used.

1.3.4 Institutional context shapes approaches to accountability

The institutional context of the PES influences the PM system and within that, the structures and instruments that ensure the accountability of PES managers. In this section we highlight three aspects of the institutional context that may be especially influential.

First, the design and implementation of PES PM systems is likely to be constrained by the general efficiency of public administration, which varies considerably across EU Member States (MS).² Such constraints may occur in several aspects of the institutional setup, for example the resources and capacity, overall transparency of governance structures, the prestige of a job in the civil service, the rules that govern the remuneration and employment of civil servants, or operational autonomy. Though this connection is certainly not deterministic, the PES PM system is likely to be weaker in countries where the overall efficiency and/or capacity of public administration is weak.³

Second, the institutional framework defines the principal forms of accountability: in centralised systems, where the PES is subordinated to the line ministry (as in most MS), the main form is bureaucratic, while in decentralised systems there may be some role for political accountability, involving regional or local governments and the local electorate (e.g. in DK, NL or PL) (Manoudi, et al., 2014). If the PES is an autonomous public body (as in AT, DE, EL, FI, FR, SE), accountability is based on contractual obligations.⁴

A third and closely related aspect concerns the actors involved in the chain of accountability. These are defined by the structure of the welfare system, as well as political institutions and traditions, which, though not deterministic, tend to have a strong influence on the structure of relations between government bodies and stakeholders. For example, in Corporatist welfare regimes, social

2 See for example Worldwide Governance Indicators (<http://info.worldbank.org/governance/wgi/#home>) scores.

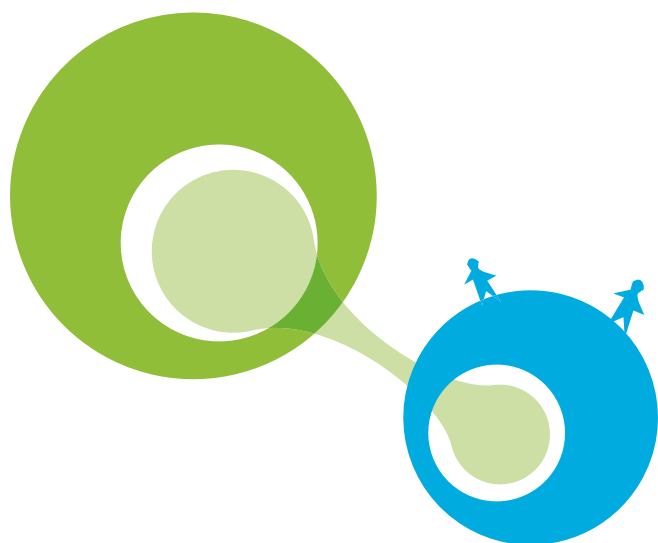
3 A rough indication of this relationship is that PES scores of the EU Benchlearning on Performance Management are significantly correlated with indicators of government effectiveness (using the WGI scores mentioned above).

4 However, the PES itself may include other stakeholders and/or involve other actors in setting contractual obligations. For example, the Portuguese PES is subordinated to the Ministry of Labour, but also has a Tripartite Board involving social partners.

partners often have a supervisory role over the PES, and in some countries they may even have the power to appoint and dismiss the head of PES. By contrast, in liberal welfare regimes, typically it is solely the line ministry that governs the PES, with limited involvement of social partners, and often relies on private providers and market competition as a performance incentive.

1.4 Summary and conclusions

In sum, these insights from the recent scientific literature on Performance Management suggest that there is scope for PES to continue to learn and adapt their practice based on evidence. This is true not just of individual PES but also of the Benchlearning assessment process, where criteria for judging PES should continue to evolve in line with the scientific evidence. In particular, the literature suggests an ongoing need to demonstrate that performance management is effective in supporting PES to improve performance. It also suggests that performance management is not a replacement for resources and that ongoing attempts are necessary to manage and mitigate the acknowledged unintended consequences of performance management, such as creaming and parking. Finally, there is a need to ensure that linkages between performance management and HR systems and incentives/sanctions are sympathetic to the specific ways in which motivations operate in public services like PES.



2. REFLECTIONS ON RECENT CHANGES IN PES PRACTICE: CHALLENGES FOR PES

2.1 Introduction

The discussion in this section is based on the case study data reported in Section 3 and the overview of the Benchlearning process presented in Section 1. It outlines areas of PES practice and change where further consideration might be given, based on prior data in EU PES to PES Dialogue and Mutual Learning programme reports, and more recent scientific literature. It also reflects on current reform plans and the first wave of the Benchlearning process to outline ways in which PES reforms might suggest evolutions in the way that Benchlearning operates.

2.2 Recent changes in practice

The current change reports (as at July 2017) have identified some new initiatives aimed at improving performance management, some of which appear to be inspired by the recommendations of the first site visit. These are presented below in alphabetical order:

- The French PES reform affected mainly the target setting system. The aim of the reform was to negotiate performance targets from the national, regional and local level and to achieve a comparative performance process by identifying clusters across different types of employment zones as well as good practices and sharing them at local level. Other areas of development related to devolution and dialogues around performance data.

- In Ireland there is a tight focus on implementation of a shift in emphasis in relation to active services as the economy recovers. In this sense, performance management is focussing on the implementation of reform and improvement activities.
- The recent reforms in Lithuania affected all four dimensions of performance management. The PES introduced a Quality Management System (QMS), and switched to a more process-oriented management with mission, vision, objectives and key values redefined. It also reorganised the allocation of PES resources so that the planning and distribution of the budget is now based on the PM system and corresponding indicators. Lastly, it developed a new strategy for human resource management, which among others would include a training system and new staff motivation measures.
- In Portugal, the first reform aimed at providing management support information in a swifter and easier form to all management levels in order to rapidly detect potential deviations in due time which will enable their correction, and improving availability and use of labour market information at all operating levels. The second reform is developing a system of non-financial incentives aimed at promoting individual expectations and local units. Both initiatives correspond to recommendations of the first PES site visit.
- In Sweden, the recent reforms focused on self-assessment tools to strengthen quality assurance, the development of a demand side indicator and the strengthening of staff incentives.

These recent changes in practice suggest that many PES are making efforts to ensure future reforms extend beyond system design and to using performance management data to focus on (continuous) service improvement, in line with the emergent findings from Wave 1 of the Benchlearning process (see Section 1.2.3).

2.3 Possible drivers of PM reforms

The impetus for PM reforms may come from many different sources. There may be an external policy challenge, such as the sudden rise in unemployment, which pushes the PES to improve the effectiveness of its HR resources, as in the case of the recent PT initiative. PM reforms may be triggered by broader government initiatives concerning, for example, the promotion of New Public Management, regional autonomy or digitisation of public services. Reviews and policy advice by international organisations such as the OECD or the EU PES Network can also facilitate change, as was the case in LT, where ideas were generated both by internal reviews and visits to mutual learning events and developed into a roadmap by external assessors of the PES Benchlearning initiative. Lastly, reforms may be driven by the motivation of PES managers and also by the internal learning processes of the PES organisation. This latter source is obviously more influential in organisations where internal monitoring and feedback mechanisms are strong.

There are many sources of motivation for PES reform to focus on continuous improvement, many of which relate to domestic conditions. However, the Benchlearning process can augment these, and provide an impetus for continuous improvement and reflection on practice, even where other motivations are absent.

2.4 Continuous reforms to PES Performance Management

The data reported in the case studies below in relation to the individual PES in our sample suggest that PES continue to engage in restless innovation in their approach to performance management. Not one of the case study PES were 'standing still' in their approach. Partly this reflected reforms to meet changing labour market circumstances. For Ireland and Portugal in particular, improved labour market conditions were leading to changing performance management; moving away from crisis considerations associated with high unemployment to focussing on reintegrating harder-to-help groups. In Sweden, high numbers of refugee inflows were also impacting on PES performance measures as a result of changing policy priorities. However, it was also clear that reforms to PES performance management reflected an ongoing search for continuous improvement, learning from experience and attempts to overcome internal

challenges. Some of these challenges—for instance in the case of Lithuania—reflected fiscal constraints and the need to utilise performance management to enhance efficiency.

PES will need to ensure that the warnings in the scientific literature about the impact of resources and caseloads are heeded; while performance management can help to ensure efficiency, high PES caseloads are a more significant effect on PES performance than performance management itself.

2.5 Benchlearning supports pre-existing PES Reforms

All PES in our sample reported that they were adapting their approach, introducing reforms and considering new developments as a response to the Benchlearning process. However, this was not always directly in response to recommendations. For example, several PES (e.g. FR, SE) suggested that Benchlearning recommendations reflected existing thinking and plans in the PES, and, as such, reform plans were already in place to address the recommendations. In some other cases, the level of detail provided in the recommendations and change reports made it difficult to assess the extent to which reform plans actually addressed the recommendations made.

Recommendations as part of the Benchlearning process might helpfully support the PES' own improvement process, but future reports will need to document sufficient detail in the recommendation to ensure that it is possible to track recommendations through reforms as they are implemented. This will be necessary to effectively learn from experience, including where reforms do not work as intended by the PES and/or reviewers.

2.6 Developments related to accountability

Few of the recent reforms in the five countries that this paper focuses on have addressed accountability. One exception is the Lithuania plan to introduce a system that allows planning and distributing budgets to be based on the PM system and corresponding indicators. This would strengthen accountability to the extent that the resources

match the targets assigned to PES managers. Another is the French reform, which is quite extensive. The refined clustering method may produce a more accurate measure of the performance of PES offices, while devolution will give more autonomy to managers in finding the best ways to reach performance targets.

Despite this, there is much evidence that performance management in PES is tightly coordinated with accountability and the Benchlearning process supports this. It is also important though that PES staff are able to innovate to introduce new services or approaches designed to improve performance or meet changing labour market needs. All PES cases were adapting their management approach to the conditions of (gradual) recovery experienced in their labour markets.

It will be important for future Benchlearning reviews and PES change reports to emphasise accountability arrangements, especially as conditions or performance management approaches develop, to ensure accountability mechanisms remain appropriate. Accountability is also essential to learning from practice, and as such needs to be central to the Benchlearning process. At the same time, there is a need for balance to ensure that Benchlearning and/or accountability do not suppress innovation and flexibility to meet changing labour market conditions

2.7 Further work is needed to support and underpin PES work on staff incentives

All the PES cases we looked at were developing their approach to incentivising staff and the Benchlearning assessment criteria themselves promote this. While it is clear that supporting performance management with suitable HR processes is beneficial, the evidence on motivations and pay incentives is less so. As such, the relationship between PES staff motivation and the positive and negative effects of pay incentives (as well as different mechanisms or approaches for distributing them, such as individual or collective reward) might be an area for further research, in order to ensure that the Benchlearning criteria and PES reform efforts reflect the key messages from scientific research on this issue.

Future research as part of the development of the Benchlearning process might focus on the relationship between motivation, performance and different types of incentive.

2.8 Continuous change emphasises the need for high-quality and ongoing staff training

There are ongoing and significant reforms in all the PES cases covered here, in relation to performance management and a range of other areas of service delivery. Some of these include the spread of approaches – such as performance dialogues at different organisational scales – which are likely to involve new skills and be challenging for staff. Similarly, several PES cases suggested that new technological developments are placing new challenges on staff, and the changing nature of the labour market will only intensify this.

As PES further embed these existing changes and implement new ones to match external labour market developments, they will need to ensure that their staff are appropriately trained to analyse, understand and undertake the myriad actions which result from such analysis, such as engaging in effective dialogues. This will mean that PES staff will need ongoing access to high-quality training, to support performance management, and strategic improvement and adaptation.

2.9 Few PES report the development of shared performance management to support the ‘conducting’ role

None of our PES cases were developing ‘shared’ approaches to performance management with other public sector actors or stakeholders as part of their current reform plans. Shared performance management might be crucial to developing the ‘conducting role’ envisaged for PES as part of the PES contribution to Europe 2020.

Future Benchlearning processes might usefully enquire into the scope for shared performance management, plans to implement it and barriers to this.

3. CASE STUDIES

3.1 Introduction

The PES Mutual Learning programme, through its Benchlearning activities and as a follow-on to previous work under the predecessor PES to PES Dialogue Programme, has produced over 20 documents on performance management in PES and thereby supported the development of PES practices in this area. The existing studies provide an in-depth description and analysis of the performance management systems operated by the PES in Austria, the Czech Republic, Denmark, Estonia, Germany, Switzerland and the United Kingdom. Apart from describing the general approach to performance management, these studies also highlight specific good practices, such as the German data warehouse (Weishaupt, 2016) or individual performance management in Switzerland (Adamecz, 2013).

To build on this work (rather than to repeat it) and to maximise the added value of this analytical paper, five countries were selected for further review in a case study format.

3.2 Rationale for the selection process

The criteria applied for this selection process are:

1. The country has scored a 4 or above (out of 6) on at least two of the sub-indicators in Section A (performance management) in the PES Benchlearning exercise *so that the information presented and discussed can be regarded as relating to positive practice;*
2. The PM system of the country has not been described in detail in previous publications between 2012–16, *so that there is additional-ity in coverage and learning;* and
3. A balance of countries in terms of institutional context (looking at welfare regimes and PES governance), *so that there is potential for all PES to benefit from the discussion.*

3.3 Case studies selection

The selection of case studies is set out in Table 1 below.

Table 1. Selection of case studies

SELECTION	COUNTRY ⁵	WELFARE REGIME AND PES GOVERNANCE
First choice for case studies	Ireland ⁶	Liberal, centralised
	Lithuania	Liberal, centralised
	Portugal	Southern, centralised
	France	Corporatist, centralised and devolved
	Sweden	Social-democratic, centralised
Second choice alternatives	The Netherlands	Social-democratic, de-centralised
	Slovenia	Corporatist, centralised
	Spain ⁷	Southern, de-centralised

The five first choice case studies are presented below in alphabetical order. The second choice alternatives were not consulted.

3.4 France: French PES (Pôle Emploi)

3.4.1 Context

Following legal and structural changes in 2009 to merge the previous Assedic (in charge of delivering unemployment insurance benefit to claimants) agency with ANPE, Pôle Emploi (PE) was formed as the French PES (European Network of PES, 2015b). This merger coincided with the economic crisis of 2009-10 onwards, meaning that the new organisation was faced with challenging labour market conditions at the same time as organisational destabilisation (Bunel & Tovar, 2015). Unemployment rose over that period, now standing at slightly under 10 %, with the share of long-term unemployment rising from around 3% of the total in 2009 to 4.3 % in 2016. Youth unemployment has been a particular problem, at more than 25% and still standing at nearly 22% (Eurostat). Some analysis suggests that post-2009 crisis effects were particularly felt by those with less employment protection, despite policy attempts to protect them, such as

reforms to the duration of unemployment insurance (Vlandas, 2016). Recent years have therefore been characterised by a mix of challenging external conditions and the need to institute internal reform.

The French PES is an autonomous public institution, which sits under the Labour Ministry but also has a Managing Board on which a range of government ministries and social partners are represented (social partners – trade unions and professional organisations/employers – will be the majority in the Board by 10/19). Within the PES, decision-making is top-down, with regional level managers having negotiated autonomy to set their own regional strategies, according to the regional labour characteristics, under the supervision of the PE Director. At the lower level, county and local level managers have little financial and managerial autonomy—5% of budget can be used according to local orientations. Very recent reforms have offered greater freedoms and incentives to regional managers.

3.4.2 Performance Management Arrangements

The French PES sets three- and then four-year objectives (currently for the period 2015-18) through a process of tripartite negotiation and elaboration of a Strategic Plan relevant for a medium-term period (Pôle Emploi 2015, then Pôle Emploi 2020). The previous planning period had established a set of objectives to implement a ‘Steering by Results’ system in which local agencies would be analysed by clusters,

5 Countries where the change reports mention developments in PM systems are marked in red.

6 There is no change report for Ireland yet, but European Commission (2016a) mentions some recent developments.

7 There is no change report for Spain yet, but European Commission (2016a) mentions some recent developments.

which compared them on the basis of similar labour market conditions, with performance dialogue operating between operational levels. The *Strategic Plan Pôle Emploi 2020* focusses on PES internal activity and support for jobseekers, on the most in need, in contrast to many other PES who contract out support for these service users. The French PES also focuses on improving the organisation's reputation and confidence with employers so that they can become the partner of choice. A central unit has been established to share good practice examples and to improve and evaluate pilots for designing services for the PES transformation process (Inov'Actions platform).

The *Pôle Emploi Strategic Plan 2015-2020* emphasises five main priorities for the French PES:

- Faster jobseeker registration, using the Internet to collect basic information so that the first jobseeker interview with the PES can focus on a holistic diagnostic and substantive needs of support.
- Focussing more tightly on jobseekers with the most needs (more time, more personalised services, and simpler accessibility).
- Strengthening relations with employers, especially those experiencing recruitment difficulties, such as SMEs and those with hard to fill vacancies (and by having staff dedicated to employers).
- Making better use of digital and online services for both jobseekers and employers, both in terms of aggregating vacancies and referrals, but also in aggregating and making accessible e-services, and active services online such as support search applications or training via Massive Open Online Courses (MOOCs).
- Simplification of requirements on jobseekers and employers.

By doing this, the objective is to accelerate jobseekers' return to employment and to improve the satisfaction of both employers and jobseekers. These commitments are turned into 14 performance indicators:

- Number of returns to employment.
- Number of returns to sustainable employment (though no specific target).
- Number of jobseekers available to work who have remained without any contact with work in 12 of the last 15 months.
- Rate of access to sustainable employment six months after exiting training funded by French PES.

- Satisfaction rate of jobseekers in relation to monitoring.
- Number of jobseekers in intensive support.
- Number of first unemployment benefits (whether insurance or assistance) payments on time.
- Financial compliance rate.
- Applicant satisfaction rate relating to information about allowances.
- Share of vacancies involving a specific support from French PES which have been filled by French PES.
- Share of vacancies filled by job seekers registered at French PES.
- Employer satisfaction with their last recruitment.
- Employer and jobseeker satisfaction with digital services.
- Time spent on monitoring and personalised support services for jobseekers.

This is a sharp reduction on past performance monitoring approaches, which previously relied on very large numbers of indicators. These indicators are combined in a 'single dashboard'. A specific system of comparative performance has been achieved, which enables the comparison of localities and offices on the basis of similar labour market conditions. Regional level managers can now set their own targets and receive salary incentives based on their performance against these indicators and targets.

By support through the results-based management approach, a process of transparency has been built up. A specific external communication process is organised every six months on the French PES corporate website for the four main indicators, visible to the national and local offices level.

3.4.3 Accountability

The French PES has a tripartite board involved in target setting, which has a strong top down emphasis. The board also includes representatives of five other ministries and the PES contributes to other forums and committees that relate to the labour market, such as in relation to vocational training and regional employment. Within this structure, the PES has a good amount of operational autonomy in relation to its organisational structure, staffing allocation, service design and partnership development. One of the objectives in the tripartite agreement relates to creating stronger links with local communities and ensuring further

devolution, going beyond those currently available to regional managers. Staff provide feedback to strategic developments through an annual 'social barometer'.

Several initiatives are underway that relate to accountability. The devolution of greater responsibilities and freedoms to regional managers relate to this, as does the development of clustering and analysis of performance variation. Performance dialogues (mixing bottom-up and top-down approaches) are held to hold managers to account for performance against indicators and targets. A network of correspondents within the organisation, with the support of the Management, Performance, Work Organisation Division, Statistics and Studies Division, Quality Management Division and Strategy Division conducts these. A new central unit for exploring and sharing lessons and good practices across the organisation has been established. A new 'invocation' process has been introduced to enable individual staff to suggest good practice and innovations. New innovations are piloted and evaluated before being rolled out.

Training courses on results-based management and comparative performance are offered at the University of Management (for middle managers and managers) to ensure the ownership of the approach.

3.4.4 Successes and challenges regarding performance management

The Benchlearning assessment in 2015 (European Network of PES 2015b) suggested that the main strengths of the French PES were the 'solidly unified organisation, coupled with a high degree of innovation, a clear change management approach and strategy led strongly by senior management'. This led to a 'well developed' rating. Evaluation and sharing of good practice were also praised, alongside attempts at multi-channelling through e-services. Performance management was singled out as a particular area for praise with the reduction of performance indicators and a refocussing on results as opposed to resources mentioned explicitly. Greater freedom and incentives to regional managers were also praised, as were attempts to improve the analysis of performance variation through clustering.

The Benchlearning report also suggests that the unusual strategy of focussing PES resources on the hardest to help, while contracting-out standard employment services, is an area to monitor for

lessons learnt for other PES in the future. This is unusual in that many PES which have contracted out services have focussed PES resources on newly unemployed jobseekers while contracting-out services to the hardest to help. There is some evidence that payment by results systems in that context confound the attempt to use new innovative services to help those who need it most. As such the French innovation here is interesting and may be a source of important learning for other PES in the EU and further afield.

In making recommendations for further reform, the Benchlearning assessment was cautious in suggesting that it is important to consolidate existing reforms and organisational changes, given the rate of external and internal change over recent years. Nevertheless, several areas of potential improvement were noted:

- Strengthening the "link between anticipated labour market developments and the definition of objectives", especially by improving linkages between PES data sets and other administrative data and research.
- Incorporating weightings into target setting at regional and local level.
- Establishing a link between performance and pay for *all* staff.
- Increasing jobseeker profiling, using an holistic approach.
- Reinforcing the development of post-recruitment services for some jobseekers (linked to the profiling categories).
- More detailed information sharing through the 'dashboard' to the frontline level.

3.4.5 Current Reform Plans

The PES response to the Benchlearning assessment in relation to performance management in particular suggests that the French PES is prioritising:

- Improvement of comparative performance analysis through the dashboard.
- Publishing the results of performance analysis at the local and regional level.
- Developing a monthly reporting system and making periodic analysis of all indicators and performance at each level (national, regional, departmental, local); and then focusing on corrective action on trends of each of them according to targets.

- Developing performance dialogues and support for local offices, and within the clusters, by networking and focusing on good practices at this level.
- Increasing devolution and autonomy at the local level.
- Strengthening the support available for those with the most needs, through training provision.
- Proceeding with a quality management system, based on services commitment at local level for jobseekers, employers and partners.

In particular, the change report notes a project to improve clustering and analysis of performance variation, as well as promoting managerial dialogue at local level. Another project provides a clearer picture of employer satisfaction at the local level for improving progress, for example by allowing local staff to include verbatim comments from employers in local surveys. It also suggests that improvements are underway to strengthen training provision to jobseekers with the most needs, especially greater attention to linking these to sectoral needs at a local level. In this way, the ability to anticipate labour market developments, skills and competency needs is taken into account.

3.5 Ireland: Irish PES (Intreo)

3.5.1 Context

Like other PES, employment services in Ireland have been characterised by institutional reform to meet the challenges of difficult labour market conditions over recent years. In the early 2000s Ireland enjoyed strong growth, nearly full employment and a low unemployment rate. However, after 2007, the unemployment rate climbed quickly, with Ireland one of the worst affected countries by the crisis. The overall unemployment rate reached nearly 15% in 2011 and 2012, but had fallen to less than 8% in 2016 and less than 6.5% by mid-2017. During the recession, job losses were concentrated in construction and manufacturing and particularly reduced male employment. The share of LTU also rose sharply, peaking at 9% in 2012 and is still nearly 5%, nowhere near the very low pre-crisis levels. Youth unemployment though has fallen more sharply than for the EU and Euro area as a whole and now stands at 12% (Eurostat, 2017). Unemployment is likely to fall over the next year or so due to strong levels of growth (Government of Republic of Ireland, 2016).

In Ireland as elsewhere, employment and welfare policies have undergone significant reforms, moving from passive provision of income supports to active strategies to facilitate a return to employment. The underlying logic of such 'activation' strategies is that of a 'social contract' or 'rights and responsibilities' framework. This acknowledges the 'right' of individuals faced with certain contingencies (e.g. unemployment) to receive income supports from the State, but also stresses individuals' 'responsibility' to engage with State-provided employment and activation services as a condition for ongoing receipt of income supports. In Ireland, this is seen in the relatively recent integration of employment and income support services through the 'one-stop-shop' model as part of the *Pathways to Work* approach to labour market activation.

The *Pathways to Work* (PtW) Strategy sets out a comprehensive reform of the State's approach to helping unemployed jobseekers return to work. It was initiated in 2012 and is designed to complement the *Action Plan for Jobs* strategy as part of a twin-pronged approach to tackling the jobs crisis that emerged in the final years of the last decade. The Action Plan for Jobs is focused on stimulating employment growth; Pathways to Work on making sure that as many as possible of these new jobs, and other vacancies that arise in the economy, are filled by people who are unemployed jobseekers. The most significant PtW reform was the integration of entitlement and employment services in the one-stop-shop model of the Irish PES, combining services formerly provided by FAS and the Community Welfare Service with existing (and also reformed) DSP services. The PtW strategies 2012 to 2015 were successful in contributing to a reduction of circa 38% in the numbers of people unemployed over that period.

As part of these reforms in 2012, Ireland re-organised its PES with the rollout of the new programme (European Commission, 2015). The Irish PES provides a 'one-stop-shop' for access to employment services based on a three-stage model:

- Stage one: reception, access to services and claims.
- Stage two: integrated decision-making, welfare payments claim award and profiling, agreement of jobseeker commitments and appointment for group information session; and

- Stage Three: group information session and one-to-one activation services, agreement of a 'progression plan', and referral to training or other support programmes. Following this, service-users are followed-up at different intervals, dependent on their profiling group.

The Irish PES is an integral part of the Department for Social Protection (DSP) and does not have operational autonomy. There are 3 regions and 13 divisional areas and the PES employs about 700 staff. Local PES offices implement services designed by the head office. Trade unions and employers are represented in the Labour Market Council who advise on the delivery of the Pathways to Work Strategy. Some services are contracted out to external providers such as the Local Employment Services and through the JobPath programme which focusses on the LTU and which offers a graduated payment for results system (European Network of PES, 2015a). All services are designed nationally and the same services are delivered throughout the network; there is little scope for operational autonomy at the local level.

3.5.2 Performance Management Arrangements

The progress of Pathways to Work 2016-20 is assessed by 10 targets/metrics. All of these targets were met or exceeded by the end of 2016 except for the exit rate, which was two percentage points off target.

Changes in 2016 relate to the changing nature of the Pathways to Work (PtW) Strategy, from being focussed on helping people remain active and close to labour market participation during recession, toward focussing increasingly on reducing frictional unemployment, speeding up transitions to work and increasing activation for LTU and inactive groups (Government of Republic of Ireland, 2016).

3.5.3 Accountability

The 2016 *Analytical Paper* on Performance Management (European Commission, 2016) suggests that objectives are set by the government, in some cases in consultation with social partners. Following that, targets are monitored at the national scale and not broken down to sub-national aggregates. The Labour Market Council has a role in monitoring performance.

Progress on targets are monitored quarterly. Overall targets are to be achieved by 2020 but annual

metrics in contribution to the overall achievement are also set. These targets assess the policy effectiveness of PtW reforms that by their nature indicate the direction of travel for changing policy emphasis as the labour market recovers. They are not intended as metrics for individual level performance or as management tools – progress is influenced by many factors, including macro-policy responses. Local management manage individual staff performance by the annual Performance Management and Development System (PMDS) in which goals and targets are set on an annual basis and progress is reviewed periodically throughout the PMDS annual cycle. While there is no performance reward mechanism in situ, poor performance can impact negatively on promotional opportunities.

Pathways to Work actions were developed in consultation with key stakeholders; including consultation events, requests for submissions and bilateral meetings The Labour Market Council, an independent advisory body that provides policy advice to the Minister and the Government on *Pathways to Work* includes members from Trade Union organisations, employers, academics and policy experts including the OECD and employer representative organisations. They provided advice and inputs to contribute to the drafting of the strategy and actions as well as the generation of targets as based on PtW actions. Quarterly updates of progress on PtW actions are published.⁸

Pathways to Work 2015 commits to a rolling programme of process and programme evaluations of PtW reforms. Two have been completed (Evaluations of BTEA (2015), by the ESRI; and JobBridge (2016) by Indecon). Two are near completion (Qualitative evaluation of the BTEA Scheme; BTWEA [in-house]). The Evaluation of the Irish PES Process Reforms is due for completion in Q4 2017 and two other evaluations (TBD) are likely to be initiated in Q4 2017/Q1 2018.

3.5.4 Successes and challenges regarding performance management

The Irish PES and the Department of Social Protection (DSP) participated in the Benchlearning assessment, which was conducted by external assessors in October 2015. Considerable time and resources were used in (i) the preparatory phase, i.e. completion by DSP of the self-assessment

8 See www.labourmarketcouncil.ie, accessed 14 August 2017.

questionnaire prior to the assessment, and (ii) during the three-day visit/assessment. The suggestions for improvement by the Benchlearning assessor team's report were addressed by DSP in the Change Report which will form the basis for the follow up Benchlearning visit to DSP as part of the second cycle of the Benchlearning Initiative

The Benchlearning assessment (European Network of PES, 2015) provided praise for the overall strategy mapped out in Pathways, and the reform process associated with the introduction of the Irish PES offices. However, the assessors also highlighted a range of areas for improvement, including:

- the need for operational guidelines and procedural targets for frontline staff;
- the need to focus more on 'employment' as an outcome for service-users as opposed to 'income';
- a recommendation to organise indicators according to a framework of inputs, outputs and outcomes;
- stronger linkages between labour market needs and training programmes;
- the introduction and expansion of service-user and staff satisfaction surveys.

Overall, Ireland received a 'developing' assessment in relation to its Strategic Performance Management. Specific recommendations addressed the areas of improvement above, and suggested introducing a clustering system to compare regions/divisions/offices and a system of performance incentives.

3.5.5 Current Reform Plans

The PES is already responding to these recommendations. The revised model is wholly focussed on employment outcomes. This focus is expanding to facilitate currently inactive working age adults (with a capacity to work) into employment, over the course to 2020. The *Pathways to Work* Strategy is addressing the linkages between labour market needs and training programmes and from 2015 DSP has conducted Customer Satisfaction Surveys of Jobseekers and from 2016 of JobPath clients, and the results are available on the DSP website⁹ (Department for Social Protection, 2016).

As the recovery takes hold, it is now appropriate to consider how activation approaches developed

⁹ See <http://www.welfare.ie/en/Pages/Customer-Satisfaction-Survey.aspx>, accessed 14 August, 2017.

during a time of recession should be adapted for a time of recovery and to deliver social/active inclusion during a period of prosperity. Accordingly, in addition to focussing on people who are registered as unemployed, activation may (during a period of economic growth and recovery) seek to encourage other 'non-active' cohorts to participate in the labour market. Therefore, a two-pronged approach is proposed:

- Consolidation: consolidating the recent reforms to the Public Employment and Welfare Services and optimising provision to maximise outcomes for its clients.
- Development: gradually expanding access to activation services, as resources allow, to other non-employed people of working age.

The strategy contains 86 actions across 11 departments and agencies. There are 10 metrics against which progress is measured. Forty-two percent of these actions were completed by Q4 2016, with an additional 42% in progress and on target. As of Q2 2017, 62% of PtW actions have been completed.

3.6 Lithuania: Lithuanian PES (Lietuvos darbo birža)

3.6.1 Context

The financial crisis of 2008 created a difficult economic environment for the Lithuanian PES (Lietuvos darbo birža/Lithuanian Labour Exchange, LLE). Prior to the crisis, Lithuania's real GDP-growth rate was well above the EU average. During the crisis, it turned negative. Though fluctuating, economic growth has recovered since (3.5% in 2014 and 2.3% in 2016). At the end of 2014, the unemployment rate was 10.7% (7.3% in May 2017), the youth unemployment rate was at 19.3% (12.5% in May 2017 (Eurostat, 2017)) and the long-term unemployment rate stood at 4.8% (3% in 2016).

The Lithuanian PES is an executive agency under the Ministry of Social Security and Labour. Despite being directly accountable to the Ministry, the Lithuanian PES is an administratively and financially autonomous public body managing its own assets. The Lithuanian PES provides labour market services and bears the responsibility for implementing ALMPs. The scope of services/responsibilities, among others, include registration of unemployed jobseekers, sourcing job vacancies, mediation of

suitable job opportunities, provision of professional counselling services both to jobseekers and employers and referral to education and training.

The Lithuanian PES is a three-level organisation consisting of the National PES office, 10 Regional PES offices, the Territorial Labour Exchanges (TLE) and 50 municipal Local PES offices. The work of the regional and local PES offices is coordinated and managed by the national PES office. The national PES office offers technical, administrative and financial support to the regional PES offices, and defines guidelines to frame the activity of the local PES offices. It is also responsible for monitoring and follow-up activities and controls the flow and the dissemination of information within the organisation. The regional PES offices, in turn, provide technical, administrative and financial support to the local PES offices.

The budget of the Lithuanian PES is set once a year by the Ministry of Social Security and Labour. The Lithuanian PES has the autonomy to decide on how to structure and spend its budget, based on the recommendations of the regional PES offices. The national PES office makes the final allocation of resources among the regional PES offices in line with the potential of the regional PES offices and labour market expectations.

3.6.2 Performance Management Arrangements

The Ministry of Social Security and Labour is responsible for setting annual labour market policy objectives in Lithuania. The objectives are published in the Annual Action Plan. The Ministry allocates funds for the attainment of the annual and long-term goals and controls the use of the funds. The Lithuanian PES is responsible for the implementation of these objectives and for the management of allocated funds.

The following objectives/targets are set for the Lithuanian PES for 2017:

1. improve the efficiency and capacity of the Lithuanian PES and its territorial units
2. support integration of jobseekers into the labour market through matching
3. increase employment opportunities for socially vulnerable groups
4. implement the Youth Guarantee initiative.

The translation of objectives into targets, strategies and processes mainly lies within the competence of the Lithuanian PES. Annual objectives are translated into key performance indicators at a national level by quantifying the level of targets. Joint meetings involving all directors of the Lithuanian PES decide how ambitious targets are to be set for the coming year.

The methodology of translating targets into performance indicators is not defined yet; however, the translation is a strong bottom-up process, which takes into account the labour-market potential, as well as regional-level labour market forecasts for the following year.

3.6.3 Accountability

Due to its institutional structure, accountability in the Lithuanian PES is bureaucratic, although it has autonomy in how to achieve the goals set by the Ministry and how to allocate its resources. Thus, the Lithuanian PES theoretically should have authority to decide how to achieve its objectives effectively and efficiently, conditional on having appropriate resources. Accountability is based on the clear distribution of roles and responsibilities. The Director General of the Lithuanian PES is responsible for reaching the target level of performance indicators at the national level; the Directors of the Regional PES offices at the regional level, and the heads of the Local PES offices at the local level. Every staff member is assigned to individual targets

All three administrative levels are involved in a systematic dialogue around performance. Results of performance monitoring are published on a quarterly and an annual basis. Regular publications are used to disseminate information about the added value of the Lithuanian PES on the website and national/local media. Benchmarking helps compare individual indicators, as well as determine and exchange best practices. The 'Managers' Window' – a well-developed and extensively used tool for the manager to monitor and control performance – is used at the Regional and Local PES offices to analyse how well targets are achieved.

Corrective measures and the active exchange of good practices between the Regional PES offices are used in the case of divergence from the target. In addition, business meetings are organised at the regional and national levels to share good practices, analyse failures and examine potential improvements. As a result of such

meetings, suggestions for the next planning period are proposed to the Ministry of Social Security and Labour.

Individual accountability is supported by a sophisticated incentive system. Staff performance is assessed by the director once a year. Staff performance is evaluated by translating performance into quantitative and qualitative results. The incentive model for good performance has been in place since 2012. Where the targets are met, PES staff at all levels are given both financial and non-financial rewards. Financial incentives include assignment to one of three salary classes.¹⁰ Non-financial incentives include 'Thank You' letters from the Minister and stars for good performance.

All institutional levels of the Lithuanian PES involve social partners as advisors and also as participants in the implementation of labour market measures. At the highest level, the Tripartite Commission is set up from the representatives of trade unions, employers' associations, and ministries and public bodies. Tripartite Commissions are also replicated at the regional and local level.

3.6.4 Successes and challenges regarding performance management

The Benchlearning external assessment (The European Network of PES, 2015) has identified a number of strengths that the Lithuanian PES possesses with regard to performance management. The main strength of the Lithuanian PES observed during the assessment visit is that 'the PES staff are clearly motivated and dedicated to making the further development of the Lithuanian PES a success – everybody appears to be prepared to actively deal with the challenges ahead'. Despite resource challenges, the Lithuanian PES manages to efficiently use those resources; partly enabled by a very well developed ICT-structure.

Besides proceeding with the current path of change and innovation, external assessors recommend the Lithuanian PES to 'introduce a quality management system (QMS) and to develop towards a more process-oriented management, to provide further staff development, to contract out some services, to move away from the frontline registration to the second stage', and 'to systematically use the results of ex-ante and ex-post evaluations'.

.....
10 There are 10-12 staff performance indicators.

Recommendations from the Benchlearning visit included suggestions around the ambition of target setting and the inclusion of all directors in this process. The recommendations also suggested that the methodology for setting targets was clarified but the PES was praised for the adaptation of targets to local labour market conditions and their disaggregation to individual members of staff. The PES was also praised for the dissemination of performance information, and particularly the 'managers window', which enables local and regional managers to access performance data on an ongoing basis. Learning from practice and transfer of information between regions was also praised. The Benchlearning assessment also implied that the performance management model was appropriately linked to staff (financial and non-financial) incentives.

3.6.5 Current Reform Plans

The most recent initiatives (introducing a Quality Management System, switching to a more process-oriented management, modernising human resource management, and the allocation of PES resources, etc.) were driven by PES initiatives based on self-assessment, PES to PES and mutual learning events and Benchlearning reports. Recommendations provided by the external assessment were a roadmap to further actions. Thus, the Lithuanian PES has to constantly harmonise the existing system because political decisions sometimes do not correspond to the change agenda. Some changes, e.g. the improvement of the management and exchange of electronic documents, originated in government initiatives. The national employment support policy agenda and requirements set for public bodies to increase the effectiveness of public services have also driven the initiatives.

The Change Report of the Benchlearning programme (The European Network of PES, 2016) along with our interviews identified six recent initiatives in Lithuania that concerned performance management:

- Introducing a Quality Management System (QMS), which would be incorporated into the regular daily work of the Lithuanian PES. The reform is expected to optimally transform strategic objectives and targets into 'operational functions; clear, efficient client-oriented processes; transparent PM', which is to be achieved by improving a number of indicators; and engaging staff. The recurrence of operational functions and processes is

anticipated to be reduced and the satisfaction of both clients and staff members is to be increased, whereas the service is to become more effective.

- Switching to a more process-oriented management with 'mission, vision, objectives and key values redefined', as a result of which the National PES office and 10 Regional PES offices would shift to a new Plan-Do-Check-Act (PDCA) cycle-based management structure. The reform is expected to improve the performance management at the national and local levels, standardise the process and develop the organisation. It is anticipated to boost the level of personal responsibility at all levels and eliminate an overlap in responsibilities.
- Modernising human resource management by developing a new strategy, which would incorporate employee training and motivational systems, the new employee adaptive system, and introduction of expert resource teams. It aims at improving HR planning, training and motivation, identifying current and future HR needs, maintaining employee's emotional stability and developing clear and transparent personnel career development plans. It is also expected to increase employee commitment and client-oriented work while decreasing employee turnover.
- Modernising allocation of PES resources by planning and distributing budgets based on PM system and corresponding indicators. It is expected to increase the effectiveness of PES budget planning and distribution.
- Improving client segmentation by introducing a new service delivery model focused on optimising the provision of more client-oriented services. It would result in the more effective use of HR, empower the PES to fully meet client's needs, increase the responsibilities of specialists, enable an equal distribution of workload and the development of more effective performance monitoring.

Most of the participants of the team working on these reforms have been involved or have some knowledge of the Benchmarking process of the European Commission. Besides the PES staff, other stakeholders such as the Tripartite Commission were involved in designing the initiatives by participating in meetings and discussions. The key constraints in developing the initiatives were time and human resources.¹¹

The Lithuanian PES expects that more process-oriented, smarter and clearer management would support both the improvement of performance and accountability, which would be ideally proven by conducting independent effectiveness evaluation in the future. The PES has already started the evaluation of the initiatives by involving external quality management consultants and found promising results. Although the initial evaluation of the initiatives has not yet been finalised, the head of the Quality Management and Control Division is given the responsibility to evaluate the initiatives over time. Analysis of change and variation in performance are going to be disseminated at training, seminars and round-table discussions involving all PES staff. These events are expected to communicate the mission, vision and values of the organisation and increase internal communication capacities. The initiatives are expected to be implemented in 2017-18.

3.7 Portugal: Portuguese PES (Instituto do Emprego e Formação Profissional)

3.7.1 Context

Portugal was hit hard by the global financial crisis of 2007 onwards, and suffered enormous job losses (OECD, 2017). The Portuguese PES, Instituto do Emprego e Formação Profissional (IEFP), has thus been operating in a very difficult economic environment. The unemployment rate reached its peak in 2013 at 16.4%, along with a long-term unemployment (LTU) rate of 9.3% and an extremely high youth unemployment rate of 38% (Eurostat). Real GDP started to grow only in 2014; the Portuguese economy has been growing at around a rate of 1.4-1.6% since then (European Commission, 2017). In line with rebounding economic growth, the unemployment rate decreased to 11.2% by 2016 (European Commission, 2017). The rate of LTU declined to 6.2%, youth unemployment rate stood at a still very high 28.2% in 2016 (Eurostat).

The Portuguese PES is responsible for ALPMs and provision of labour market services to unemployed jobseekers and employers. It is somewhat special in that it is also a training agency and operates

11 The Lithuanian PES has to comply with regulations pertaining to the employment of civil servants. This creates some limits on personnel resources such as a recruitment embargo on new staff.

a large number of training centres. The Portuguese PES also has an active role in developing and suggesting new measures to the Ministry of Labour.

The Portuguese PES is a three-level organisation with a National PES office, 5 Regional PES offices and 54 Local PES offices. The national PES office coordinates and manages the work of the Regional and Local PES offices. The national PES offers technical, administrative and financial support to the regional PES offices and defines guidelines to frame the activity of the local PES offices. Furthermore, it is responsible for monitoring and follow-up activities as well as the flow and the distribution of information within the organisation. The regional PES offices offer technical, administrative and financial support for the local PES offices. 30 of 54 local offices are combined with a vocational training centre. Furthermore, the Portuguese PES runs a 'vocational rehabilitation centre' (National Institute of Rehabilitation, IP) to promote the labour market integration of people living with disabilities or being at risk of social exclusion, and, nine business creation centres.

3.7.2 Performance management arrangements

The Ministry of Labour and the Tripartite Board of the Portuguese PES set labour policy objectives, which are aligned with the objectives of the Ministry of Labour, annually. According to the BL assessment, this process is based on labour market analysis and it is clearly defined and well established. The objectives have a systematic structure and are published as part of the annual Plan of Activities that is approved by the Tripartite Board. As reported by the Portuguese PES, its main goals are to promote:¹²

- The organisation of the labour market using both demand and supply-side measures to reduce disequilibria.
- The information, the orientation, the qualification and vocational rehabilitation of jobseekers with a view to placement and career development of workers.
- The school and vocational qualification of young people and adults through, respectively, the provision of dual certification training and certified vocational training, adjusted to individual courses and relevant to economic modernisation.

12 Source: <https://www.iefp.pt/instituicao>

13 All reports are available at <https://www.iefp.pt/instrumentos-gestao>

- The realisation, by itself or in collaboration with other entities, of vocational training actions appropriate to the needs of the people and of economic modernisation.
- The development of handicrafts and micro-enterprises, as a source of job creation at a local level.
- The professional rehabilitation of disabled people, in conjunction with the National Institute of Rehabilitation (IP).

The translation of targets into performance indicators and measurements is based on the yearly Plan of Activities that was mentioned above. Targets are translated into more than 20 key performance indicators. The number and the target level of key performance indicators are revised every year (there were 25 key performance indicators in 2015; 28 in 2016; and 27 in 2017). The indicators, for example, include process indicators as the number of persons covered by ALMP measures, and outcome indicators as the number of trainees who found a job. Target levels are defined in a top-down and bottom-up process with initial input from the top and are set to all levels of the organisation, including individual performance indicators. The indicators are monitored regularly and the results are discussed at national meetings five times a year.

3.7.3 Accountability

The Director General of the Portuguese PES is accountable to the Minister for Labour (State Secretary for Employment). However, the Portuguese PES reported that it has a relatively wide degree of financial and operational independence. The autonomy of the Portuguese PES is underpinned by the existence of its Tripartite Administrative Board, which also has supervisory responsibility and operates under contract to the Ministry of Labour. It is felt that this helps to protect operational autonomy, while maintaining accountability (European Network of PES, 2015). On the other hand, operational autonomy is constrained by the administrative burden generated by a large number of ALMPs. The budget of the Portuguese PES is financed almost half-half by social security contributions and the European Structural Funds (ESF).

Public accountability is supported by several reports that are published regularly on the website of the Portuguese PES about its quality assurance and performance management systems and results, yearly performance and future plans¹³, such as:

- Evaluation and Accountability Framework (QUAR) (2011-2015, annual).
- Plan of Activities (2011-2016, annual).
- Activities Report (2011-2014, annual).
- Regular Budget (2011-2016, annual).
- Management Account (2011-2016, annual).

Within the institution, performance indicators are regularly monitored. Regular meetings are held between the Tripartite Board, the National PES office, and the regional directors to discuss performance. Performance data is available to every level on a regular basis. Performance is subject to dialogues at the local level, but not in a less formal manner. Deviations from targets are identified and discussed, although it is not clear exactly what mechanisms are in place to correct them.

There are no financial and very few non-financial incentives. The Law 66-B/2007, of 28 December, established a sophisticated individual level performance evaluation system, in which career progression was linked to reaching a certain level of yearly performance scores. However, since 2008, all promotions have been restricted and career development does not follow individual performance. On aggregate, on the other hand, unsatisfactory total performance of the local, regional and national offices together may lead to budget cuts, and, it may also lead to the resignation of the Board of Directors. In case of insufficient performance, the Government is responsible for providing a plan of correcting actions (Article 26). The publication of annual PES performance is done in the form of an annual report.

The Portuguese PES operates with a perception of its role as part of a network of stakeholders, social partners and authorities. All levels of the organisation identified their relevant stakeholders and social partners, and established a working partnership with them. Partnerships include the possibility to involve external expertise and to build networks at all levels to support the achievement of objectives and targets. Furthermore, the Benchlearning Assessment highlights the approach of the Portuguese PES regarding its services for disabled people. The Portuguese PES closely collaborates with psychologists, nurses, rehabilitation centres, etc., in order to provide tailor-made services to this group.

3.7.4 Successes and challenges regarding performance management

According to the Benchlearning assessment, the main strength of the Portuguese PES is the staff who are motivated and highly dedicated to making the organisation a success. Another key strength of the Portuguese PES is the governance model with its Tripartite Board, which forms a strong basis for performance management and organisational development. The management system is found to provide adequate tools to follow operational performance, although the BL Assessment pointed out that there was room for improvement.

On the other hand, the Benchlearning assessment also expressed that the need for further improvement of PM, and, in particular, of the quality management system had already been recognised by the Portuguese PES before the assessment. One particular problem is that front-line staff find the use of the monitoring tools demanding and this leads to inconsistencies in following-up performance issues and data. For further enhancement of the performance of the Portuguese PES, the Benchlearning assessment suggested that it might have been helpful trying a technically less challenging management model. The assessment also pointed out the potential in the more systematic use of ex-ante and ex-post evaluation results when it comes to the planning and delivery of labour market services and the need to strengthen already well developed monitoring arrangements.

Although the management of partnerships, is undoubtedly a strength of the Portuguese PES, the assessment found room for improvement in expanding collaboration with temporary work agencies and private employment services. Furthermore, the overall strategic approach in terms of goals, outcomes and results for the relevant partnerships as well as a transparent monitoring system should be developed in the future. Regarding Human Resources, it is acknowledged that the Portuguese PES faces tight restrictions. However, the assessment suggested that since staff motivation a strong asset of the Portuguese PES, a more strategic approach should be pursued regarding the use of non-financial incentives and to distribute workload.

3.7.5 Current Reform Plans

The effects of the financial crisis implied a series of significant challenges for the Portuguese PES in the improvement of its performance and reintegration of unemployed persons in the labour market. This was especially true for those who, due to multiple disadvantage (age, unsuitability of skills, low qualifications), face a higher risk of structural unemployment. A further motivation for institutional development lies in the fact that the Portuguese PES faces human resource constraints; the number of its employees has been set to the necessary minimum and it does not have the autonomy to contract additional staff. Thus, optimising human resource allocation and efficiency through institutional development and the introduction of ICT resources has been essential.

In 2013, based on its own performance monitoring, self-assessment, and also the Benchlearning assessment and recommendations, the Portuguese PES started a fundamental organisational change. This includes three recent initiatives that concerned performance management.

- Improving performance follow-up aims at providing performance information in a swifter and easier form to all management levels in order to rapidly detect potential problems and to enable them to take corrective action. It also aims at increasing availability and use of data on the labour market at all operating levels. It is expected to improve access to information on performance and to produce a survey of the instruments and procedures used in local PES offices to obtain knowledge on their surrounding environment. This will be used to identify and disseminate good practices.
- Developing a system of non-financial incentives to promote individual performance at the local PES offices to build a culture of merit in the PES and increase staff satisfaction.
- Establishing a programme that would boost caseworkers' motivation, and also include individual training. It is aimed at increasing adjustment between the tasks and the job counsellors, restructuring work processes, redefining duties, and increasing personal motivation levels. A further expected outcome of this reform is an analysis and description of duties associated with skills and proficiency

levels in local PES offices. In addition, it is expected to increase the level of adjustment between organisation's needs and worker's expectations.

All three initiatives are still at an early stage of implementation; as of July 2017, the Portuguese PES has been developing the methodological details for implementation. The first stage of follow-up performance will be implemented by the end of 2018, and the other two initiatives do not yet have a deadline for implementation.

Although the collaboration with stakeholders is a strength of the Portuguese PES, according to the Benchlearning assessment (European Network of PES, 2015), it is unclear how far stakeholders are involved in these reform initiatives. Due to budget constraints, all initiatives are being developed in-house, and no new initiatives are anticipated in the short term.

All three current reform initiatives are related to the A3 and A4 enablers, to follow-up, monitoring and evaluation, and the use of the results. The first initiative aims directly at improving follow-up, sharing performance indicators and promoting peer learning among units. The second and the third initiatives aim at improving incentives for good performance and improving performance by training and by updating the technology of front-line service provision.

The initiatives are fully in line with the suggestions of the Benchlearning assessment. In fact, the Benchlearning assessment directly suggested to 'professionalise the front-line staff through tailor-made training' and to improve the employer strategy of the Portuguese PES. Most participants of the teams working on these reforms were involved or were familiar with the Benchlearning process and the Portuguese PES reported that the Benchlearning recommendations provided a useful summary of what needed to be developed in their Performance Management system.

These three initiatives are expected to increase performance and strengthen accountability through several channels. First, access to the same, transparent performance and labour market measures and information about and on all levels of the organisation would improve service quality and directly increase accountability. Second, improving the system of individual and institutional incentives would provide increased motivation for improvement. Third, training job

counsellors and better job counsellor-client allocation is expected to improve the quality and efficiency of service provision. Fourth, staff training is also designed to increase accountability.

The Portuguese PES is planning to assess change in performance due to these measures using its key performance indicator system, as well as surveying employee motivation and efficiency. The Human Resources Department and the Planning, Management and Control Department will be responsible for the evaluation of the implemented initiatives. Information about the change and variation in performance is going to be disseminated within the institution through training actions and regular working group meetings.

Potential future initiatives are expected relate to the development of information systems (ICTs) and budgetary, financial and administrative management, with a view to replacing existing and obsolete systems.

3.8 Sweden: Swedish PES (Arbetsförmedlingen)

3.8.1 Context

The Swedish economy was only moderately affected by the post-2008 crisis, with unemployment rising in 2008/9 to just under 9 % and then falling back relatively quickly from 2010 onwards. Unemployment stood at less than 7 % by 2016. Similarly, long-term unemployment (LTU) rose during the crisis but is not far now from pre-2008 levels. Nevertheless, youth unemployment – while lower now than in the past, at more than 17 % – remains relatively high in international comparisons (Eurostat, 2017). Growth has been strong in the last 2 years and is expected to remain so over the next 12 months (Government Office of Sweden, 2017). In this context, ensuring adequate supply of labour is a challenge. The integration of refugees is also a challenge for Swedish labour market policy, with Sweden hosting large numbers of refugees over recent years (Government Office of Sweden, 2017).

The Swedish PES, known as Arbetsförmedlingen (Af), is an agency of the government linked to the Ministry of Employment. The government – through the Ministry of Employment – sets the budget and overall goals for labour market policy, including the PES. The Swedish PES is governed by a Board which

is responsible for strategic management and does not include social partners (Manoudi, et al., 2014). The government appoints members of the board.

The Swedish PES is organised into three regions, 10 market areas (plus a National Service area) and 280 local employment offices. The PES is responsible for government funding for employment services and unemployment benefits but these latter are actually paid by the private unemployment insurance funds. Recent years have seen increases in financial and staffing resources (European Network of PES, 2016). Each year, the government sets out the objectives for the PES in a ‘regulatory letter’, and the PES Director-General must prepare a plan to deliver those activities, followed by an annual report showing what was done to achieve them (Af website, accessed 26 June 2017).

Since 2014, the PES has been undertaking a process of reform; referred to as a ‘Journey of Renewal’ and mapped out in its Strategic Map. The Journey of Renewal was predicated on evidence that:

For years, Arbetsförmedlingen struggled with tackling challenges on the labour market. Micromanagement had been reoccurring and was inefficient, digital systems had not been developed and many of the working methods and organisational structures had not been revised and contemporarily adapted. Public confidence declined and Arbetsförmedlingen was finding it hard to perform its tasks. (Arbetsförmedlingen, 2017).

This document puts forward a general management philosophy, which is about staff taking professional ownership of performance and continuous, self-reflective improvement. The Journey of Renewal has four sets of strategic areas for development:

- *Develop offers and services* – Reviewing and clarifying services offered, including better targeting of services to specific needs.
- *Develop digital services* – This includes both self-service and electronic access to services provided by staff.
- *Develop physical services* – Physical services need targeting and adapting to the more specific needs of particular groups of service users.
- *Becoming a leading expert on labour market issues* – This includes systematic labour market monitoring and evaluation of services, linked to change planning.

3.8.2 Performance Management

The overall goal of the PES is ‘to enrich Sweden by making people and companies grow’. For 2017, the annual appropriation letter from the government sets out six specific goals for the PES (Swedish Ministry of Labour, 2016):

- improved matching to meet increased labour market demand and to increase employment transitions after accessing a labour market programme;
- the employment/study rate for new entrants to the labour market will increase, especially for women, after completion of a labour market programme;
- the proportion of LTU who enter work after accessing a labour market programme should increase;
- speed up access to work or study for young people leaving education, within the 90-day guarantee and specifically young people at risk of LTU;
- the proportion of disabled people who are in work or study should increase;
- the proportion of people without upper secondary education who are in regular study should increase.

The PES response to this in its Operational Plan suggests that labour shortages have been a focus during 2017. Annex 5 (Martinsson, 2016) reports on changes to PES performance management in the previous year. The appendix suggests that performance management needs to relate to the underlying theory of change, which is summarised as:

- matching is achieved through correcting information problems between labour supply and demand;
- work to improve the skills and competencies of those with the most need can help expand the labour supply and increase the overall employment rate;
- payment of unemployment insurance needs to be effective to support job search activities and conditionality on job search is important for both legitimacy and to ensure effective transitions to work.

The full performance monitoring framework consists of a range of 36 indicators specified to addressing the specific annual goals and other objectives. Performance is reported in an annual report (Arbetsförmedlingen, 2016b). Many of the goals have multiple indicators associated with

them. For example, the matching goal is supported by five separate indicators, which include a metric associated with the ‘Beveridge Curve’ (which follows the relationship between unemployment and job vacancies), employer survey questions about whether they are satisfied with the quality and quantity of referrals for job vacancies enabling them to recruit effectively and whether they feel PES services are adequate. There is also an indicator of the share of jobseekers who move into work or study and a measure of whether jobseekers move into work within 90 days after labour market training; indicators of transition to work/study at different unemployment durations (within 3 months, between 6 and 12 months, more than 12 months). Other indicators focus on placement in training. There are indicators designed to measure the PES ‘market share’ in recruitment activity in the broader labour market and survey based indicators which assess the extent to which PES services helped jobseekers find work; satisfaction with the service and information provision. There are also analytical measures such as indicators of the net fiscal benefit (i.e. the business case) of PES services.

Performance indicators are reviewed each year in response to the Annual Appropriation Letter but also in relation to internal reflection, review and evaluation. For example, there was recent internal Swedish PES dialogue improving measurement and monitoring of the PES’s contribution to the ‘public good’, customer satisfaction and the quality of services offered, which is thought to have been successful at improving the design of indicators.

Discussions with the PES stressed the way in which reforms have attempted to change the culture, attempting to encourage the organisation to be more reflective and based on taking ‘ownership’ of performance improvement. This culture shift is also associated with holistic analysis of performance in the interests of the public good as well as to meeting specific targets on a short-term basis. An example is to promote high-quality matching as opposed to only rapid transitions to employment.

3.8.3 Accountability

Accountability is a strong feature of the Swedish PES performance management approach. It is maintained at multiple levels and through several processes. A specific approach to accountability – based on ownership of continuous improvement –

is becoming embedded in the organisation. The Annual Appropriation Letter, Operational Plan and Annual Report all form one formalised system of accountability. The Annual Appropriation Letter is established after discussions within the government, which is shaped by political and public debates. It is also shaped by discussions between PES and the government. In addition to this, the PES Director-General and management board have regular 'dialogues' with government about the direction of the organisation and performance against the annual goals and associated performance indicators.

In addition to this, there are top-level performance 'dialogues' between the Director-General and high level Departmental and Regional managers which occur two times a year, with the provision for an additional dialogue where circumstances demand it. There is also a monthly review of performance ('The Situation Room'), which focusses on qualitative progress to implement the four strategic goals (Arbetsförmedlingen, 2016a). These dialogues then cascade down through the organisation, enabling top-down and bottom-up dialogue. This is purposeful as the overall management philosophy sets the intention that staff at each level take ownership of their own performance in ways that respond to the specifics of their level, department or locality. It is therefore seen as inappropriate to provide a set structure for performance dialogues. Performance dialogues are preceded by quarterly follow-up reports. These are aggregated into an in-depth bi-annual report which assesses progress against indicators, goals and the overall reform process.

The HR system is linked in several ways to the performance management approach. At a top level, senior managers must draft a Personal Letter each year to explain how they have and will contribute toward the achievement of PES objectives. This is expected to be linked to the achievement of the strategic goals and will be informed – but is not limited to – the list of performance indicators. Annual salary agreements are linked to this process. At lower levels of the organisation, the trade unions have negotiated a different process. In line with the 'Journey of Renewal', the annual performance appraisal for staff has been revised. While in the past the system relied on meeting metric targets down to the level of individual Job Counsellors, there is an explicit attempt to move away from this toward a system based on narrative discussion of how an individual contributes to the organisation's objectives, which starts with the

overall objective to 'enrich Sweden by making people and companies grow'. This is intended to shift the organisation away from a culture of meeting short-term metric targets while not contributing to this overall objective, thereby counteracting the types of negative incentives, which are often noted in relation to performance management. It is also for these reasons of encouraging ownership, risk taking, reflection and shared learning that the HR system does not include explicit sanctions and incentives related to the achievement of performance targets.

Social Partners and other stakeholders are not directly or formally involved in the indicator design, target setting and monitoring process but there are bi-monthly counselling sessions with representatives from employers and trade unions where current topics are discussed. Public debates, including contributions from employers and trade unions, and other commentators, shape the objectives that are set in the Annual Letter. A good example of this is the current priority placed on the education and integration of refugees in the Annual Appropriation Letter, which reflects wider public debates about public policy priorities.

3.8.4 Successes and challenges regarding performance management

The Benchlearning assessment of the Swedish PES is generally very positive. There is positive commentary on the way objectives are set and ownership secured throughout the organisation. The commentary is also generally positive about the way that objectives are translated into performance indicators, but suggests that the 'Af performance management model is challenging and does not fully align with the BL definition of excellence in relation to the translation of targets into (key) performance indicators'. While performance dialogues are praised, the assessment suggests that more could be done to make performance data more transparent externally.

The approach to performance dialogue and the managerial commitment to staff commitment and personal ownership is praised. Generally, the assessors recommended the development of a quality management system to underpin the self-directed performance process. They recommended that a demand side indicator be developed to better understand whether vacancies were filled with candidates referred by the PES. The recommendations also suggested developing non-pay incentives linked to performance management.

Overall, Sweden received a 'well developed' rating in relation to performance management, with most aspects being scored at the highest grade, and only 'Use of the results of Performance Management' being scored at three.

Those involved in the Benchlearning process thought this a positive – if resource intensive – experience. The PES set up an internal benchlearning-working group to conduct the self-assessment, but also to disseminate successful methods from other countries which had been evaluated and summarised in the project.

The working group consisted of experts from different levels and areas in the organisation as well as regional managers. The group evaluated different ways of implementing proposed suggestions. The working group suggested a list of measures from this analysis, which were then formally approved by the Director-General. This work was then further evaluated and developed in the change report. The International Affairs department was responsible for coordinating the change report, with the Director-General's office.

The recommendations strengthened the emphasis of some measures, which the Swedish PES is still working on. The detailed suggestions will serve as input to the further development of, for example, some indicators and measures of communication. The recommendations also challenged the Swedish PES to consider alternative approaches as part of its 'Journey of Renewal'.

3.8.5 Current Reform Plans

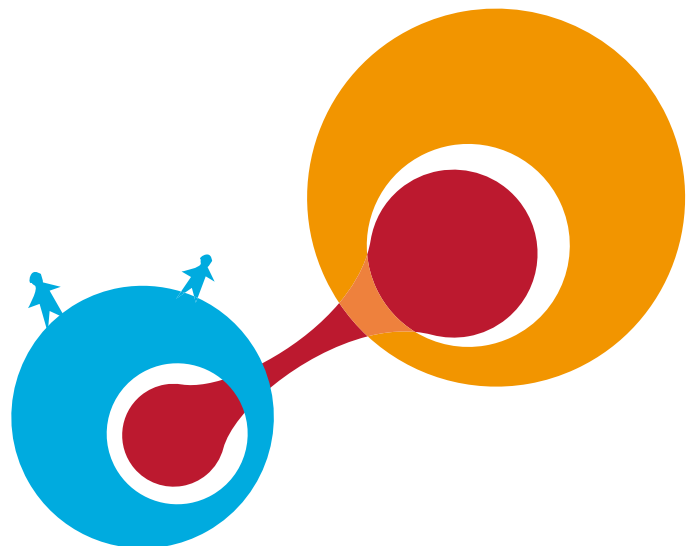
The *Af Change Report* (Arbetsformedlingen, 2017) argues that many of the changes in the Benchlearning recommendations are already integrated in the Journey of Renewal:

- Quality Management – the Change Report argues that the Journey of Renewal involves "All co-workers at local and regional level ... in creating a common understanding of the quality level". Specifically, two 'self-assessment' tools have been developed for 'operations' and 'support functions at head office'. In addition, an evaluation of steering and controls has been undertaken. As such, the recommendation is largely implemented.
- Demand side indicator – the PES report that they have developed an 'average recruitment time' indicator and an indicator which measures the PES share of recruitment/

vacancies in the labour market. They also report that they have an indicator of employer satisfaction with jobseekers referred to them.

- Staff incentives – The PES has recently implemented an 'online benefit portal' and other HR developments which includes health and working environment, staff surveys, renewal of pay criteria and development opportunities. The PES consider this recommend as implemented.

The annual processes described above provide an opportunity to review and revise priorities and their expression in performance management and accountability systems. New developments are also required on an annual basis to respond to the changing strategic goals, as set by the government.



ANNEX

Annex 1: References

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Annex 2: PES Officials consulted

The consultants producing the report would like to thank the following PES officers who helped to provide information or undertook telephone interviews in relation to the case studies. Any errors are of course the responsibility of the report authors.

- **France** – Annie Gauvin, Jean-Philippe Spector
- **Ireland** – Barry Kennedy, Dan Harty, Martina Beck, Lisa Arnold and John Conlon
- **Lithuania** – Jūratė Baublienė, Gytis Darulis
- **Portugal** – Adélia Costa, Cristina Faro
- **Sweden** – Lisa Löwgren, Håkan Martinsson, Erik Mellsjö, Maria Herlitz, Alma Husovic and Johan Egebark Hartvig



Annex 3: Topic Guide

Introduction

The following questions are organised as a 'semi-structured' topic guide for interviews with PES and country respondents, national experts and assessors. The questions are designed to structure a discussion; it is not necessary to use all questions in all circumstances. Rather they can be used flexibly to ensure coverage of the main themes of interest.

Please ensure that you have read the relevant assessment and, where available, the change report, prior to undertaking the interviews. This can help to make the general questions more specific to the individual PES context.

Statement to read out

"Thank you for agreeing to speak to me. We are undertaking a short research project for the European Commission to explore PES and assessors experience with the Benchlearning process, including exploring why certain approaches have been adopted and their connections to change management. We are interested in hearing about what you have learned from the experience, what has worked well and what can be improved. We would like to record the conversation if that is ok with you. We will not provide that recording to anyone else and will try not to identify any individual respondent in our reporting. Please specify if there is anything that you would like not to be reported, or there are areas where you would like us to be particularly careful about maintaining your anonymity.

If you would like to change what you have said to us, or withdraw from the study at any point prior to our submitting our final report, then please email us. Do you have any further questions about how we will store or use the data you provide to us or the purpose of the study?"

FOR PES/COUNTRY RESPONDENTS/NATIONAL EXPERTS

A3.1 Strengths, challenges and priorities (unprompted)

In these questions we ask unprompted questions about strengths, challenges and priorities to assess alignment with those expressed in the visit and change reports.

1. What are the key strengths of your PES approach to performance management?
2. What are the current challenges your PES faces in performance management?
3. What are the current priorities for change?
4. What contextual factors are shaping this?

A3.2 Current Change processes / or stable PM system – design

1. Please describe current change programme/system in relation to Performance Management.

Include here specific questions about the nature of the change – as per the change reports. Themes to pick up in prompts, etc.:

- Design of outcome/output/input indicators, etc.
- Level/scale at which measured.
- Frequency/timeliness of data.

- Data management systems.
 - How related to decision making.
 - Targets, target setting processes and review, etc.
 - Data management and IT.
 - How linked to HR systems.
 - Incentives and sanctions.
 - Management processes – who manages, who is subject to management – and how etc.
 - Who is involved in review/monitoring, etc.
2. Why have these changes been introduced? Or why was this system introduced?
 3. Who is/was driving these changes (e.g. PES senior management, politicians, technical staff)?
 4. What are you hoping to achieve with these changes/this system?
 5. How do they relate to overall labour market goals?
 6. How are they expected to increase performance?
 7. How are they expected to increase accountability?
 8. To what extent have stakeholders been involved in designing these changes? And which stakeholders (e.g. politicians, social partners, advocacy groups, customers, etc.)?
 9. To what extent did you draw on evidence from elsewhere to shape these changes? What evidence was influential?

A3.3 Current change processes – implementation

1. Who is implementing these changes?
2. What is the timetable for change?
3. Are you including stakeholders in the implementation process? Who? How? Why?
4. How are you including and communicating with PES staff?
5. How do you expect different groups (e.g. staff, customers, employers) to act differently as a product of implementing this change?
6. How do you communicate these expectations?

A3.4 Current system/change process – evaluation and reflection

1. What evaluation activities are attached to these changes?
2. How will you know if these changes have been effective?
3. What processes are in place to review the continued effectiveness of this system/changes on an ongoing basis?
4. How will you assess change in performance over time?
5. How will you explain change in performance over time?
6. How will you assess variation in performance between different sub-national units (e.g. offices, regions, individuals)?
7. How will you explain variation in performance between different sub-national units?

8. Who will be involved in these processes? What resources are available for this?
9. How will you ensure that learning about change and variation in performance is disseminated?
10. Experience of Benchlearning process
11. Were you involved or have any knowledge of the Benchlearning process of the EC?
12. To what extent were your plans influenced by this, in terms of the preparation for the visit (e.g. self assessment), the visit of the assessors, the Year 1 report?
13. What resources were committed to the Benchlearning process?
14. Did the assessors challenge your plans and processes, including the change processes you have told us about?
15. To what extent did the external assessment report reflect your self-assessment?
If it differed, how so and why?
16. Did you think that the external assessment and change reports provided a fair reflection of strengths and weaknesses in your PES, specifically in relation to performance management?
17. Did recommendations provided to you provide a useful summary of what needs to be done?
18. How did you disseminate the assessment report and learning from the Benchlearning process?
19. Do all parties agree with the judgements and recommendations? Who/why, etc.?
20. What did you learn from this process?

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