



The European Commission Mutual Learning Programme for Public Employment Services

DG Employment, Social Affairs and Inclusion

PEER PES PAPER

**Peer Review "Peer Review on Performance Management
in Public Employment Services (PES)"**

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Arbeitsmarktservice Österreich (AMS Austria)

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1. Overall approach to performance management

1.1. Are there any guiding principles that define and underpin the overall approach to performance management? If so, what are they?

In compliance with § 40 of the Public Employment Service Act AMS is obliged to compile a "longer-term plan" on a recurring basis for a period of at least 3 years. The current longer-term plan stipulates that:

"The main strategies of the company and the relevant internal and external aspects are clearly depicted in the AMS balanced scorecard. At AMS these also include customer satisfaction, manager appraisals, internal customer relationships or the proportion of female managers, for example, in addition to the labour market policy objectives. In this respect the AMS balanced scorecard should function as an aid to implementing the strategies indicated in the mission statement or the longer-term plan and rendering their contribution measurable."

1.2. Which structures or individuals have overall responsibility for performance management in the PES?

The management itself is primarily responsible for performance management. This comprises:

- Two general directors of AMS Austria
- 9 provincial managing directors
- 100 regional branch managers

The management receives operative support here from the controllers at the federal, provincial and regional level.

1.3. Does the PES use a quality management model to assist in managing and improving performance?

Type of model	Used? Yes / no Give details if requested
ISO9000	partially
Balanced Scorecard	Yes
EFQM	Yes
CAF	
Other (please specify)	Yes, additional specific labour market goals
None	

2. Goals and target-setting

2.1. What systems are in place to define and agree the goals, performance indicators and (quantifiable) targets?

A) Balanced Scorecard (BSC)

The BSC used by AMS is a strategic management information tool. It constitutes an overall assessment of the regional branches, provincial organisations and AMS Austria. It aids the analysis of the strengths and weaknesses of the respective organisational units and helps to define targets and focal points for development for the individual organisational units. It facilitates an objective assessment of the organisational units thus eliminating the often lengthy discussions as to the strengths and weaknesses of a regional branch or provincial organisation.

In contrast to classic balanced score cards, the AMS BSC does not derive which actions are necessary to achieve the "main goals", instead it is a tool for weighted performance measurement. The BSC takes into account that key resource dimensions (budget for the measures of active labour market policies, staffing, material expenditure) of the provincial or regional organisations are predetermined and not controlled by these.

The method of measurement used in the BSC is based on a pure benchmarking system and a weighting of the individual indicators to each other. Benchmarking is carried out by measuring the performance of the regional branches, whereby the 100 regional branches are divided into 6 clusters.

Ultimately the balanced scorecard answers the "simple" question: What constitutes a good regional branch or provincial organisation for AMS - also expressed in a single numerical value.

B) Annual Labour Market Policy objectives

The annual labour market policy objectives and target indicators of the AMS determine the main focus of the labour market policy of the AMS on an annual basis. These are developed in a coordination process involving the Federal Ministry of Labour, Social Affairs and Consumer Protection, the social partners and the federal organisation and provincial organisations of AMS and are then finally approved for the coming year by the Administrative Board (= highest tripartite decision-making body of the AMS).

The objectives and target indicators relate primarily to the divisions "Services for job-seekers" and "Services for enterprises" and have remained almost consistent in the last few years.

The target indicators are for the most part labour market policy impact indicators, in part also input indicators.

Measurement of the target indicators is often effected independently of the operative data systems of the AMS, the outflow of unemployed persons into jobs, for example, is measured on the basis of data from social security. This approach is intended to prevent the manipulation of data by AMS staff.

All target indicators can be accounted for and evaluated at the regional organisation level, also often at the level of individual employees and individual jobseekers. Target values for the federal organisation and all provincial and regional organisations are determined for all target indicators of AMS.

In the case of target indicators that have an impact on the budget, the targets are linked with the budget for funding labour market policy, a bigger budget is made available for higher target values and a smaller one for lower target values.

C) EFQM

On the one hand the concept of EFQM is the leading business model of the AMS and on the other hand AMS regularly uses some concrete EFQM tools. The dimensions of EFQM and its system of feedback control loops are guiding principles for the TQM (total quality management) of AMS. Concrete tools are:

- a) Participation in the quality award of the Austrian Foundation for Quality Management (AFQM) with an analysis and assessment of AMS as a whole according the criteria of EFQM every three to four years
- b) Quality assessment of every regional organisation of AMS in the frame of the management assessment; see point 4.2.
- c) medium-term quality plan on the basis of EFQM.

The basis for the "result-" and partly "process-dimension" of EFQM is to a great extent again is the BSC.

How often are the goals, performance indicators and (quantifiable) targets set?

Frequency that goals, performance indicators and (quantifiable) targets are set?	Yes/No and give details if requested
6 months	no
Annual	yes, annual
Multi-annual (please specify)	no
Specific points in time/circumstances that trigger a review/adjustment (please specify)	if there is a massive economic slump, the targets are adapted during the year (only ever happened once to date, in 2009)
Other (please specify)	

Who is involved in defining and agreeing the goals, performance indicators and (quantifiable) targets?

Who is involved in defining and agreeing the goals, performance indicators and (quantifiable) targets?	Involved? Yes/No and give details if requested
PES senior management	yes
Ministry of Labour (Social Affairs, Economy ...)	Yes, representatives of the Ministry of Labour are members of the administrative board of the AMS
Other policymakers (please specify level and type of policymaker)	Yes, a representative of the Ministry of Finance is member of the administrative board of the AMS
Social partners	Yes, representatives of the Social Partners (unions, chamber of employees, chamber of industries and commerce, federation of austrian industries) are members of the administrative board of the AMS
Other stakeholders (please specify who)	
Other PES staff (please specify who)	Experts for labour market policy controlling

2.2. What systems are in place to review and adjust the goals, performance indicators and (quantifiable) targets?

The annual labour market policy objectives and the balanced scorecard indicators are reviewed once a year and re-defined if necessary. The annual labour market policy objectives are defined by the tripartite Administrative Board of AMS. The AMS Board of Directors determines the balanced scorecard.

Controlling of the annual labour market policy objectives is discussed every three months by the management and Administrative Board, the results of the balanced scorecard once a year.

The controlling systems are part of the AMS Business Intelligence IT Systems and are administered by the experts for labour market policy controlling at AMS.

How often are the goals, performance indicators and (quantifiable) targets reviewed and adjusted?

Frequency that goals, performance indicators and (quantifiable) targets are reviewed and adjusted?	Yes/No and give details if required
6 months	
Annual	
Multi-annual (please specify)	
Specific points in time/circumstances that trigger a review/adjustment (please specify)	
Other (please specify)	Goals are not adjusted during the year The quantitative targets are reviewed quarterly on the central level and monthly to quarterly on the regional level

Who is involved in reviewing and adjusting the goals, performance indicators and (quantifiable) targets?

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Other PES staff (please specify who)	Experts for labour market policy controlling

2.3. What are the main goals and performance indicators for the PES?

A) Indicators of the balanced scorecard 2013:

- Achievement of the annual labour market policy targets
- Duration of unemployment
- Outflow of unemployed persons into jobs within 6 months
- Success of the measures of active labour market policy
- Satisfaction of job-seekers with the measures of active labour market policy
- Proportion of expenditure for active labour market policy for women
- Satisfaction of the job-seeking clients with AMS
- Process quality in the service for job-seekers
- Duration and quality of the processing of applications for unemployment benefits
- Utilisation of the AMS e-service
- Penetration rate of vacancies and apprenticeship training places
- Duration of vacancies
- Satisfaction of enterprises with AMS
- Exact matching by AMS of job-seekers and vacancies
- Job satisfaction of AMS employees
- Achievement of the internal AMS plan for the advancement of women
- Development of selected material costs
- Performance of the AMS call centres
- Satisfaction with the AMS call centres

B) Total score of the AMS balanced scorecard Annual Labour Market Policy Objectives 2013:

- Outflow of older unemployed persons into jobs within 6 months
- Minimising of the number of young unemployed persons who remain unemployed for longer than 6 months
- Sustainable job entries of unemployed persons outside of the labour market
- Job entries or entry into training programmes of unemployed women re-entering the market
- Rate of job entries of trained unemployed persons
- Job entries after special training programmes
- Number of vacancies acquired and filled by the AMS

The quantitative targets for the personal annual labour market policy objectives are always fixed separately for men and women.

What is the main rationale behind these goals and performance indicators?

The most important principles include:

- Speedy integration of unemployed persons in the labour market
- Focussing on disadvantaged groups on the labour market
- Creating high customer satisfaction
- High penetration rate of vacancies on the job market
- High process quality of the AMS activities
- Gender mainstreaming

2.4. Is there any rationale behind the number of indicators set, and if so, what?

a) Balanced Scorecard: not more than 25 indicators

b) Annual Labour Market Policy Objectives: not more than 8

2.5. Are the indicators common to all the PES structures and levels (national, regional and local) or is there some degree of tailoring?

For the most part goals and indicators are common for all levels within AMS with no differentiation in the goals across the 6 cluster of local branches. The benchmarks for setting the quantitative targets for the goals differ however according to the 6 clusters.

2.6. Based on your experience, what are the main challenges faced in ensuring effective target-setting?

- The will of the top management to control targets
- Implementation of a "target control culture"
- Successful conversion of qualitative objectives into quantitative measurable target indicators
- Prevention of senseless activities carried out to achieve "good figures"
- Ensuring traceability of the results

2.7. Based on your experience, what works best in ensuring effective target-setting?

- Mixture of bottom-down and bottom-up processes
- Transparent data systems
- Discussion and feed-back cycle over targets
- No changes made to targets once they have been fixed
- Linking of the quantitative level of the targets with the allocation of the budget for active labour market policy (the higher the objectives the higher the budget, the lower the objectives the lower the budget)

3. Performance measurement

3.1. What are the main systems and tools in place to collect data and measure performance according to the agreed indicators?

AMS Austria has an extensive data warehouse in which the systems of target control and performance measurement are also integrated. Data not collected standardised in the data warehouse are entered into the data warehouse separately for performance measurement purposes.

Do you use a data warehouse? Which types of data are collected regularly and for which purposes?

AMS Austria uses a data warehouse in which AMS's own operative data are processed and evaluated. It also has data from the financial and human resources management systems, specific data from social security that are entered automatically plus the survey data of AMS customers and employees.

3.2. How do the performance measurement systems compare the results of different PES offices to be used for benchmarking?

The main tool for comparing the branches is the division of the 100 local AMS branches into 6 branch clusters. The branches within a cluster have a comparable labour market situation.

In addition "econometric" estimating procedures – that control the different initial positions of the branches – are currently undergoing testing.

3.3. Please describe one of the most effective systems or tools for collecting data and measuring performance in greater detail.

The data of the AMS operative IT system are managed in a central database. AMS uses a Cognos data warehouse to access these data and makes the performance results available via defined data cubes within the framework of the Business Intelligence System. In addition data from other institutes (the Austrian social security, for example) are also entered in the data warehouse and if necessary blended with AMS data.

Employees of AMS have unrestricted access to the results of this data warehouse. Keeping access to the results of performance measurement as open as possible has proved both very important and efficient.

3.4. Based on your experience, what are the main challenges in collecting data and measuring performance?

- Development of a sound and well-aligned data warehouse
- Prevention of data manipulation in order to achieve "good" results

3.5. Based on your experience, what works best in ensuring effective performance measurement?

- Continuous data control
- Careful processing and rectification of data error messages
- Extensive expert competence in the organisation with regard to the creation and evaluation of data

4. Performance management, continuous improvement and learning

Part 1: Performance management, continuous improvement and learning within PES

4.1. How are the goals, performance indicators and targets communicated to wider PES staff?

- AMS internal Intranet
- Employee newsletters and special employee infos
- Staff meetings at all levels of the organisation
- Separate indication of target group members in the operative IT of AMS wherever necessary
- Regular controlling of the targets on all organisational levels right through to the departments/individual employees of the regional branches
- Linking of bonus payments with fulfilment of the objectives or performance in the balanced scorecard

4.2. What systems and tools are in place to use the results for the continuous improvement and learning of the PES?

- The results of performance management are subject to systematic controlling. In the case of unsatisfactory results either self-control is practised (the management involved itself instigates activities for improving results) or the management is commissioned by the superior organisational unit to carry out improvements. One way to promote improvement is the exchange of good-practice with successful organisational units.

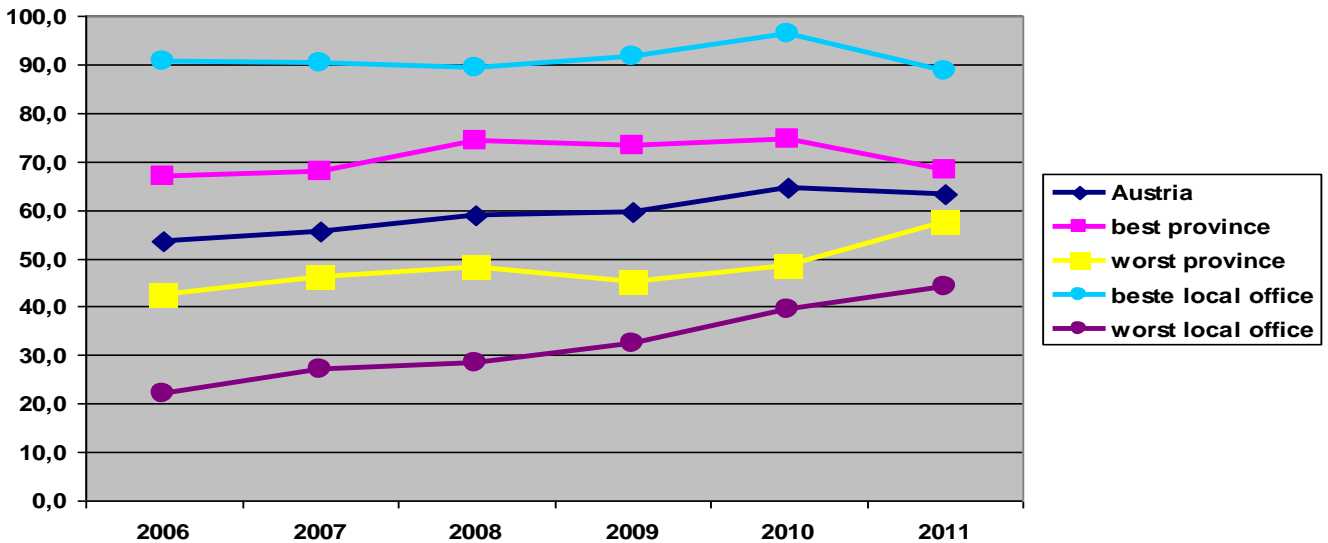
One useful tool in this respect is the so-called Management Assessment, whereby the federal organisation analyses every provincial organisation every 3 years within the framework of an assessment after which the federal and the provincial organisation then together agree on the most important activities and improvement measures.

4.3. Please describe what works best in giving concrete impulses for the continuous improvement and learning of the PES at all levels.

- A key tool here is the systematic benchmarking of performance with the suitable improvement recommendations for the organisational units with bad performance results.

a) Example 1: Total performance in compliance with the AMS balanced scorecard:

BSC Performance 2005 - 2011

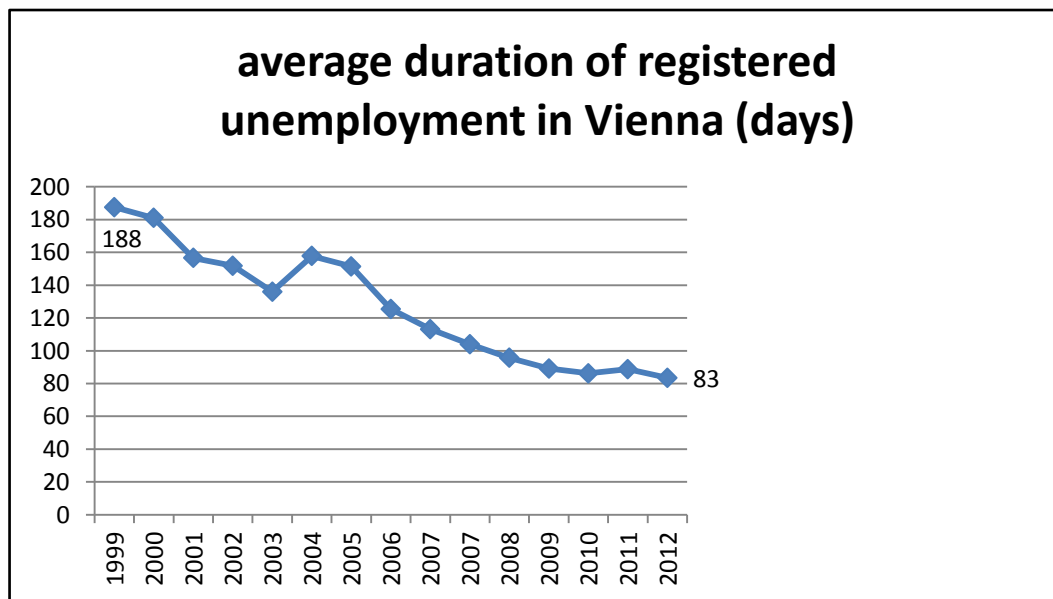


Improvement of local offices:

The regional province organisations of AMS also have responsibility for the performance of the local offices. Therefore the regional organisations monitor the local offices with the BSC and arrange with them agreements about the priorities of improvement. The instruments for improvement range from internal action plans, external support, good practice exchange, establishing supervisory boards etc. as far as a change in the management.

b) Example 2:

Development of the average duration of registered unemployment in Vienna:



4.4. Based on your experience, what works best in ensuring effective performance measurement?

- Well-developed management and control system
- Systematic controlling
- Appropriate selection of managers
- Developed quality management system

4.5 Based on your experience, what are the main challenges in linking performance measurement to continuous improvement and learning within PES?

- No specific challenges, because a systematic, continuous process of improvement and learning must be based on a suitable performance measurement

Part 2: PES business case: using information from performance management in the dialogue with policymakers and social partners

4.6. How is the wider knowledge of successful (and less successful) employment policies and measures collected?

- Regular systematic exchange of information on the management level and in the divisions of AMS
- AMS has its own "good practice" database that functions as an information system
- AMS commissions external scientific institutes to carry out scientific evaluation studies to selected topics within the framework of an annually defined research programme

4.7. How is the wider knowledge of successful (and less successful) employment policies and measures shared with others (e.g. social partners and policymakers at different levels)?

- The Federal Ministry of Labour, Social Affairs and Consumer Protection and the social partners are represented in the AMS tripartite Administrative Board. The Administrative Board has its own committee that, among other things, deals regularly with successful procedures, measures and tools.

In addition AMS compiles a "longer-term plan" on a recurring basis for a period of at least 3 years in which important policies and procedures of the organisation are determined for the medium-term. This "longer-term plan" is discussed and approved by the AMS Administrative Board.

Furthermore, the tools of the active labour market policy, key services and cornerstones of the structural and procedural organisation of AMS are defined in guidelines from the Administrative Board as binding standards for the entire organisation.

- In addition to this the Ministry also commissions evaluation studies to selected topics in the field of labour market policy.

4.8. How are the goals, performance indicators and targets communicated to other stakeholders (social partners, ministries) if these are not involved in the process?

- please see point. 4.6.

4.9. How are the results from PES performance management (in terms of what works best, ideas for continuous improvement) shared with others (policymakers, social partners)?

Concrete examples of where the performance results have been shared with others resulting in changes in service delivery or ALMP measures.

- please see point. 4.6.
- All AMS tools for the active labour market policy are reviewed regularly (at least every three years) within the framework of the quality management also on the basis of the outcome and results of these tool and then discussed and if necessary adjusted by the Administrative Board mentioned in point 4.6. Key cornerstones of the structural and procedural organisation of AMS are also discussed within the Administrative Board.
- Examples: models of customer segmentation in the branches of AMS, guidelines for the funding of employment projects etc. etc.

4.10. Based upon your experience what are the main challenges and what works best in ensuring the dialogue of PES with other stakeholders about results from performance management?

- Discussing the results of performance management with key stakeholder is no problem for AMS Austria because, as explained in point 4.6, these stakeholders are integrated in the organisational structure of AMS.

5. Conclusions and questions

5.1. What lessons have you drawn from your experience in performance management?

- Modern, decentralised organisations like AMS Austria need performance management if they are to continue to develop successfully
- The results of performance management must be the guiding principle for the top management and suitable control systems must be implemented
- Due diligence must be applied to the quality of data collection and the rectifying of deficiencies in data quality
- The results of performance management should be as open as possible within the organisation and very transparent

5.2. What are key issues for the way forward in your organisation in relation to performance management?

- Improvement in the recording and evaluation of process indicators
- Improvement in the knowledge of the interrelationship between cause and effect
- Expansion of performance information at the employee level
- Reflection and reviewing of the tools for performance improvement

5.3. In the Peer Review discussions, on which of the following topics would you most like to focus and what would you most like to learn from others?

Topics	Importance of the topic (scale: 1 very unimportant, 5 = very important)	What would you most like to learn from others in the topic(s) you are most interested in? (maximum three bullet points)
Overall approach to performance management	2	
Goals and target-setting	2	
Performance measurement	5	* Which dimensions and indicators does performance management encompass * How is performance management used as a control instrument
Performance management, continuous improvement and learning	4	*Which systematic management processes are there for ensuring continuous improvement and learning