



**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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*VDAB – Flemish Public Employment and Vocational Training services*

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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?**

First and foremost, the Minister of Work has to be able to transparently explain to the public what he has (and still wants to) achieve for society using their tax money. So as a public service, we are obliged to report our performance to the minister and our social partners (labor unions and employers organisations). To do this in a uniform and efficient way we have installed and over the years further developed an elaborate online registration and monitoring system, that enables us to create detailed reports and analyses about the many services we provide as a PES.

The underlying process is a five yearly 'policy cycle' in which strategic goals, operational goals and specific actions are defined, executed, evaluated and if necessary adapted or cancelled. Every five years the minister of work decides, in dialogue with our social partners and ourselves, on a management contract defining the strategic and operational goals for the upcoming five years. In the management contract the method of evaluating the success of these goals is also defined. In our annual business plan we agree on specific actions to achieve the targets set for the strategic and operational goals.

Our monitoring system enables us to evaluate the success of one specific action as well as to report whether we are meeting the targets set for our strategic goals.

The data we collect in our monitoring system, combined with other databases or surveys, also enable our research service and other researchers to study the (long term) effects of certain policies using statistical techniques.

Even though over the years there have been many evaluations and reports on (our) effectiveness, produced either by the ministry of work, academic research groups or even different departments within our own service, there was little coordination of these valuable efforts. Because we want to evolve towards a more evidence-based policy development we recently started a 'steering committee on effectiveness' to coordinate these efforts and make sure they are translated into new or better policy measures.

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

- **Steering Committee on Effectiveness:** responsible for coordinating the evaluation efforts of our different departments and other evaluators. Also responsible for the translation of recommendations derived from different evaluation reports into policy advice for the Executive Committee.
- **Planning and Customer Management-department:** responsible for evaluating output using the quantitative data in our monitoring systems (total number of pathway guidance, vocational trainings, etc). Based on this evaluation, combined with a projection of the rise or decline in unemployment of the different target groups, they adjust the number of appointed personnel accordingly.
- **Strategic Policy Support:** responsible for the annual business plans. Also responsible for facilitating the annual evaluation report of our PES, produced by the ministry.

- Research Department: responsible for the processing and managing of the data registered in our monitoring system by our counsellors and partners. Also responsible for the production of qualitative evaluation reports on 'non-quantifiable' policy and for periodic in-depth studies on a wide array of labour market related subjects.
- Internal Auditing Department: attached independently to the Board of Management, in which social partners are equally represented, internal auditing performs audits on the correct execution of the policy measures by our departments. In this process, they sometimes also advise on improving performance and effectiveness.

**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
<a href="#">ISO9000</a>	
<a href="#">Balanced Scorecard</a>	Yes
<a href="#">EFQM</a>	Yes
<a href="#">CAF</a>	
Other (please specify )	
None	

## 2. Goals and target-setting

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

The five-yearly management contract (see also 1.1) with the Minister of Work sets minimal targets for 5 strategic goals and 20 operational goals (see also 2.3). Yearly business plans set more ambitious targets for (some of) these goals.

#### 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	
Annual	Yes
Multi-annual (please specify)	
Specific points in time/circumstances that trigger a review/adjustment (please specify)	
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
Other policymakers (please specify level and type of policymaker)	Cabinet of the Minister of Work
Social partners	Yes
Other stakeholders (please specify who)	
Other PES staff (please specify who)	

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

The strategic and operational goals set in the management contract stay unchanged during the five-year period. In the fifth year of the contract, an elaborate evaluation is made, comprising the annual evaluation reports and studies on the evolution of the labour market, to decide on the goals and targets for the next five-year period.

Every year the (more ambitious) targets defined in the annual business plan are updated by our Research Service taking into account the economic outlook for the next year. Again, our Board of Management, consisting of social partners and independent experts, and the Minister of Work have to agree with the proposed targets.

### 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	Yes
Multi-annual (please specify)	
Specific points in time/circumstances that trigger a review/adjustment (please specify)	
Other (please specify)	

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

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PES senior management	Yes
Ministry of Labour (Social Affairs, Economy ...)	Yes
Other policymakers (please specify level and type of policymaker)	
Social partners	Yes
Other stakeholders (please specify who)	
Other PES staff (please specify who)	Research Service

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

### Targets (T) for Strategic Goal 1

		ABP	ABP	
		MC2012	2013	
Global	T1 Jobseeker satisfaction	75%	75%	75%
OG1	T2 (Re-)employment of young people < 25 years	57%	62%	61%
OG2	T3 (Re-)employment of people aged 25-50 years	47.5%	52%	51%
OG3	T4 (Re-)employment of people aged > 50 years		30%	34% 36%
OG4	T5 Re-employment of jobseekers > 1 year of UE	11.5%	16%	14%
OG5	T6 (Re-)employment of target groups		18%	21% 19%
OG7	T7 Re-employment of employees in outplacement	41%	43%	41%

### Target for Strategic Goal 2

		MC	2012	2013	ABP	ABP
Global	T1 Employee satisfaction	85%	85%	85%		

### Targets for Strategic Goal 3

		ABP	ABP	
		BO 2012	2013	
OG11	T10.1 Employer satisfaction (provided information)	75%	75%	75%
OG12	T10.2 Employer satisfaction (vacancy services)	63.5%	63.5%	70%
	T10.3 SME satisfaction (vacancy services)	63.5%	63.5%	70%

### Targets for Strategic Goal 4

		MC	2012	2013	ABP	ABP
Global	T11 Student satisfaction	80%	80%	80%		
OG13	T12 Employment after vocational training	50.5%	70%	70%		
	T13.1 Offered hours of vocational training		12 mil	12 mil	12	
	T13.2 Number of students enrolled in vocational training		50 000	50 000	50	
	T14 Number of 'workplace-learning' actions		15 000	17 500	19	
	T15 Number of online web-courses offered		15 000	22 000	25	

### Target for Strategic Goal 5

		MC	2012	2013	ABP	ABP
Global	T16 Partner satisfaction on collaboration with VDAB		63%	63%	63%	

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

The mission of any PES should be to get as many people to work in a job they like doing. That's why we think our general performance is indicated most accurately by the evolution in customer satisfaction on the one hand, and strongly related, actual (re-)employment results on the other hand. If satisfaction with our services is high, and the number of jobseekers that find a new job with our help is high, we are accomplishing our mission. If one of them, or both, are low, we should find out the reason and adjust the policy or the way we operationalize it until we see the indicator rising.

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

For every operational goal that is quantifiable we use specific (re-)employment and customer satisfaction as indicators. If it isn't possible to quantify the operational goal, we annually produce a qualitative evaluation report.

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

The indicators are common to all the PES structures and levels.

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

We measure our performance mainly by evolution of customer satisfaction and (re) employment results. These indicators are respectively indirectly and directly related to the overall state of the economy, which makes it difficult to define targets that are ambitious but attainable. Our Research Service however developed a method of calculating the specific targets taking into account the economic prospects. For example, our target for the (re-) employment of young people is lowered by 1% for 2013, because of the negative economic outlook for this year. For the same reason, a target that in 2013 remains unchanged from the 2012 target can be considerably more ambitious.

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

The targets that are proposed by our management, based on the aforementioned calculations by our research service, are negotiated with social partners and independent experts in our Board of Management and the Ministry of Work. This ensures that targets are ambitious, otherwise the social partners and the Minister would not agree, but also attainable for our PES.

We combine quantitative targets with qualitative evaluation reports to make sure every aspect of our performance is reported on.

### **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?**

At the moment we combine information about the employment status of our customers from different (third-party) databases with our own registrations. Most importantly we linked our database with the 'DIMONA'-database, managed by the national social security department, in which every employer is obliged to immediately register every new employee, which tells us who is working where, and gives us a history of past employers and periods of unemployment. Combining this information allows us to provide every jobseeker with a personal online profile with an automatically updated employment-code. Every month we download the status and evolution of all profiles to measure in detail the percentage of re-employment. All actions (ie. vocational training, re-orientation, ...) offered by our counselors in the pathway guidance are registered in this same system. This allows us to link re-employment results to specific actions and specific persons. (Linking results to specific persons is particularly useful for result-based financing of partners in tendered projects. In most of these projects we pay a substantial outcome bonus for every person they get (re-) employed by their counseling- or training efforts. This actively stimulates them to maximize their results.)

A second very important indicator is the customer satisfaction of our services, which is measured every 6 months by our Quality Service by random survey. These results can also be linked to specific target groups and services.

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

We are enriching our data warehouse to systematically combine more databases with different information about our customers and vacancies, to enrich our monitoring and evaluation reports.

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

This is not common practice at the national level. We consider it of little use to compare the results of local offices one on one, since the presence of target groups will differ greatly, even for local offices within the same town or city, which affects results. However it is the responsibility of our provincial management to follow up the results of local offices in their province. Our monitoring systems provide them with a realtime overview of the performance of their teams on the different policy measures, telling them which offices have to perform better in order to achieve the targets set for their province. It is however not customary to report on performance at team level to the national level.

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

'Mijn Loopbaan' (Dutch for 'My Career') is the name of our online registration system. Jobseekers are obliged to create a profile in order to receive unemployment benefits. Employers are stimulated to register their vacancies in our system for free. They even receive personal support to ensure the registered vacancy meets certain quality standards. This enables us to automatically match jobseekers with vacancies. Because our counsellors also register the actions taken to (re-)employ the jobseekers, the actions

can be linked to employment results, Mijn Loopbaan enables us to constantly evaluate the effectiveness of most services we provide. Mijn Loopbaan also provides us with the necessary information to report on employment results for different target groups, the number of new vacancies in a certain period, etc.

In 2013 we enriched the jobseeker profiles and vacancies with the skills they have or require. This improves the quality of the automatic matching process. (A demo of Mijn Loopbaan can be provided).

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

Registrations will always be just registrations. The registration of a counselling action doesn't guarantee that this specific action was of any use to this specific jobseeker. It may well have been a very short meeting. That's why we combine quantitative evaluations based on registrations with customer satisfaction to get a much more balanced view of our performance.

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

A reliable registration system is needed to provide the necessary information for senior- and middle management. This implies the ability to define which information is necessary, so that a full picture of performance is formed, and no effort is lost in registering unnecessary information. To know which information you need to register in order to measure performance, it is therefore essential to think in advance which indicators and targets are needed.

## **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?**

In the annual business plans and in the balanced scorecards, which are available on our intranet, and in the quarterly reports (see 4.2).

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

- Every 3 months a report is produced by our Research Department which gives a quantitative overview and short explanation of our current situation compared to the targets. (see 2.3) This report is discussed by our Executive Committee and by the Board of Management and communicated to the entire management. The data in the report for the fourth quarter contains the quantitative information for the annual evaluation report.
- Late 2011 we installed an expert-network for each of our 13 'service-domains'. These networks consist both of experts that work for our headquarters and experts that work for one of six provincial offices. These experts are the linchpin between our front-office teams and the middle- and senior management, as they provide invaluable bottom-up input for adjusting, cancelling or continuing the actions in the annual business plan. Because they know what the problems are on the workforce, and because they are always involved in any evaluation effort, their input is invaluable for the organisation.
- Late 2012 we installed a 'Steering committee on Effectiveness' to make sure the results of all evaluation efforts, whether our own or by other institutions, are translated into policy advice and clearly communicated to our Executive Committee. The committee consists of experts from our research service, our service for planning- and customer management, an expert of our labour market information-service and a representative from the research service of the ministry of work. The first effort of the committee was to produce an 'evaluation calendar' which gives an overview of all relevant evaluation efforts for the year 2013. This calendar was attached to our annual business plan for 2013.

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

The annual evaluation report produced by the Ministry of Work shows the minister and the public how well we have achieved our goals in the past year. This strongly motivates our senior- and middle-management to meet the targets set in the management contract. There is a large degree of provincial autonomy in how these targets are met. Our provincial experts advise the provincial management on adjusting workprocesses within the margins set out by the national level. Provincial experts meet each other in the domain-specific expert-networks to share experiences and learn from each other, as well as to advise on adjusting the national work processes on an operational level. The middle-management also meet each other in much the same way in an array of national

management meetings (such as the executive committee), in which more strategic choices are made in order to manage performance.

Example 1:

Evaluation of tendering as an instrument for the labour market.

In 2006, VDAB launched a large-scale experimental tendering project for the re-employment of 6000 jobseekers. Following this experiment a number of different tendering projects for different target groups was launched. In 2009, three years after the launch of the first tender project, we asked an independent research institution to evaluate the succes of these projects and give advice on how they should best be structured in the future.

The results of this study have set out the guidelines of our current tendering policy, which consists of large-scale 'Flemish' tender projects for generic target groups, and more specialised small-scale 'local' tender projects for difficult target groups. The evaluation also advised us on how to keep administration demands as low as possible, and the need of as much transparency as possible in the planning of new tender projects.

#### **4.4. Based on your experience, what works best in ensuring continuous learning and improvement within PES?**

Constantly evaluating whether we are doing things right (tactics), but also evaluating on a long term basis whether we are doing the right things (strategy). Since the Minister of Work, our Board of Management and the Executives Committee are responsible for the PES strategy it is important that they are well up to date on the effectiveness of the things we do. They are informed by the annual evaluation report, the quarterly reports, the balanced scorecards, the qualitative reports and occasional study reports by the Research Department of the Ministry of Work or third party researchers

To evaluate whether we are doing things right is the responsibility of the middle management and expert networks, using the online monitoring systems and workflow experience. Our Internal Audit Department will independently perform several audits a year to check whether policy measures are performed correctly.

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

- Improving performance in many cases requires new skills and adapted behaviour from employees. Making sure that following evaluation results, the proposed adjustments to the evaluated work processes are communicated clearly and implemented in the proposed way can be a time- and effort-consuming proces. A lot of effort has to be put in communicating, convincing, coaching and training employees untill the new work process is properly adopted on the workflow.
- In the case of for example, the evaluation of a policy measure for a specific target group, results can be very promising, suggesting that this policy measure is useful for all jobseekers and should be broadly applied. This might however very well not be the case. It is very important that the results of every evaluation are thought through thoroughly before formulating any advice. Within VDAB this task will be carried out by the steering committee on effectiveness.

## **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?**

Evaluations are performed both by ourselves as by the ministry and other research institutions.

### **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 social partners and other independent experts are represented in our Board of Management. Our results for each year are evaluated by the ministry in the annual evaluation report, which is reported to the minister of work.

### **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?**

See 1.1

### **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)?**

- Every year an evaluation report of our performance is produced by the Ministry of Work. For this report we provide the ministry with quantitative data (with explanation), as well as our annual qualitative evaluations (see 2.4) containing our conclusions and policy suggestions. In the process of developing the evaluation report there are several meetings between the Ministry of Work, the cabinet of the Minister and ourselves, in which we discuss results and give suggestions based on our experiences.
- The quarterly reports (see 4.2) are discussed by our Board of Management, in which our social partners (labour unions and employer organisations) are represented equally. Every qualitative evaluation (see 2.4) is also reported to and discussed by our Board of Management.
- The Board of Management also has the ability to order evaluations (by our own departments or by external researchers) on specific policy measures.

### **If possible, please provide 2-3 concrete examples of where the performance results have been shared with others resulting in changes in service delivery or ALMP measures.**

IBO: Individual Vocational Training on the Workfloor. IBO is a training measure aimed at (but not restricted to) low-skilled jobseekers. A jobseeker is trained on the job in a company for a maximum of six months, in which the employer doesn't have to pay the jobseeker in IBO a wage. The jobseeker receives unemployment benefits during the IBO, and the employer only has to pay a relatively small 'productivity fee'. In return the IBO can only start if the employer agrees in advance to fully employ the jobseeker after the IBO.

Because qualitative and quantitative evaluation indicated that this measure was very successful at sustainably employing jobseekers that otherwise wouldn't have a fair chance to full employment, the objective for IBO in our annual business plan rises from 12 000 in 2011 to 17 000 in 2014, and may well rise even further in 2015.

**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?**

- The social partners are represented in our Board of Management.
- There are a lot of formal and informal contacts between our Research Department and other researchers, such as the research department of the Ministry of Work, academic research groups etc.

## **5. Conclusions and questions**

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

- Since our PES is no longer evaluated based on output but on outcome, we need performance management to make sure we meet our targets.
- Performance management is a continuous process that needs constant attention with every policy change or new policy measure. To manage performance you need reliable data. To make sure the collection of this data doesn't become a burden or a goal in itself, you need to think well in advance which parameters and indicators are necessary, and which registrations they require.
- To evaluate PES-performance and policy on a more long term basis, collaboration with academic research groups and other (international) researchers is advisable because their results will be considered politically neutral.
- Representing social partners equally in the management of the PES and involving them proactively in re-considering policy measures is necessary to make sure the new policy has their full support.

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

- Collaboration between different departments can be better organized. We are working on this by implementing Business Process Management.
- The datawarehouse will enable us to combine more information, which will enrich our current monitoring system allowing for more accurate and less labour intensive evaluations.
- We are developing a method for Activity Based Costing and Management, which will allow us to have a realistic view of the total cost of a specific policy measure, and enable us to better estimate in advance the impact of the implementation of a new or revised policy measure on our organization. In our current evaluations the real cost of a policy is still too much of a blind spot.

**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?**

<b>Topics</b>	<b>Importance of the topic (scale: 1 = very unimportant, 5 = very important)</b>	<b>What would you most like to learn from others in the topic(s) you are most interested in? (maximum three bullet points)</b>
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