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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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European Commission:

Susanne Kraatz, DG Employment, Social Affairs and Inclusion, Unit C.3 Employment Services, EURES.

Author: Employment Service of Slovenia

In collaboration with ICF GHK and the Budapest Institute

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Contents

1. Overall approach to performance management	1
2. Goals and target-setting	2
3. performance measurement	8
4. Performance management, continuous improvement and learning	10
5. Conclusions and questions	13

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?

The top-management of the ESS introduced the principles of management by objectives in 1999.

The rationale behind the management by objectives system was to increase engagement of Regional Offices in the objectives-setting process, to motivate the Regional Offices for better work and results and to foster innovative solutions and practises at regional and local levels of our organization. Since the objectives are also defined in quantitative manner, the evidence based performance management was also one of the principles we wanted to pursue.

The main objectives and targets are laid down in the ESS annual Business Plan.

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

Performance management is integrated into regular organization levels and structures. The overall responsibility for performance management lies with the Director General and senior management staff and Central and Regional Offices. The technical support as well as data maintenance for the performance management system is ensured by the analytical department and ICT department in the Central Office.

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
<u>ISO9000</u>	Yes. The methodology of ISO9000 is based on »Plan-Do-Check-Act« circle and should be applied to all processes. The PDCA cycle (also known as the Deming circle) is a four-step model for carrying out changes and improvements in work processes. The ESS adequately operates and maintains a management system which meets the requirements of the standard ISO 9001 since year 2004. Every two years the external evaluators validate the ISO 9001 certificate.
<u>Balanced Scorecard</u>	
<u>EFQM</u>	
<u>CAF</u>	
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?

See also the answer on question 1.2.

The annual business plan includes targets which are developed by the Central Office in close cooperation with Regional Offices, and later on further defined in cooperation with the Ministry of Labour, Family and Social Affairs (MoLFSA). Apart from key objectives and targets set up in the ESS annual Business plan, further elaboration of operational objectives as well as their measurement are defined in different areas of the ESS activities (e.g. ALMP, information/counselling/ matching, e-services, unemployment insurance benefits, etc.) which are monitored at central, regional and local levels, most commonly on a monthly basis. At the same time the Regional Offices (with Local Offices as their part) closely monitor their performance, using additional indicators. In this way a set of sub-sets of indicators on the various ESS activities and services are elaborated and regularly followed up.

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, PES senior management from Central Office and Regional office
Ministry of Labour (Social Affairs, Economy ...)	Yes
Other policymakers (please specify level and type of policymaker)	
Social partners	Partly, through the ESS Council
Other stakeholders (please specify who)	
Other PES staff (please specify who)	PES Staff from Regional Offices and Local Offices

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

Based on the guidelines of MoLFSA and national labour market policy objectives, the ESS prepares proposals of annual operational objectives and targets. These objectives and targets are set up by the ESS Management (in close cooperation with Regional Offices). Regional offices define their own targets and activities which contribute to the achievement of annual operational objectives and targets. The ESS Business Plan must be confirmed by MoLFSA and the ESS Council. The ESS Council includes 6 representatives from the Government, 3 representatives from Trade Unions, 3 representatives of Employers' organizations and 1 member of the ESS itself. Regional Offices prepare their own Business Plans, taking into consideration regional priorities.

The follow up of main indicators as well as other sets of sub-indicators are on the agenda of regular meetings (monthly or quarterly basis) – the ESS monthly management meetings (DG with directors of RO) and specialised staff meetings at central level (staff from Central office and RO). At regular meetings discussion on achievements in reaching the targets as well as other trends are discussed. Similar meetings are organised at RO and LO levels. The purpose of these meetings is to identify the improvements in the work processes and the quality of services and to set up proposals for the change or adjustment of targets.

The ESS has to report on the realisation of annual Business plan to the ESS Council. Different reports on ALMP and on other ESS activities are also produced for MoLFSA. The

ESS may only propose a change of targets, but cannot propose changes in the budget items. The annual budget for ESS (staff costs, material costs) is defined by MoLFSA, therefore the discretionary space to reallocate funds is limited. The ESS management has the discretion to allocate only staff and material costs, but always within the approved annual budget plan.

The annual funds for ALMP as well as the number and the contents of individual programmes (which the ESS have to perform) are defined by MoLFSA, and is – as such – included into the ESS annual Business plan. The reallocation of resources between individual ALM programmes during the year is under authority of MoLFSA.

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	The ESS prepare reports on its annual Business plan twice a year: for the first 6 months and 12 months; the reports are submitted to the ESS Council and the MoLFSA; if the LM situation changed significantly, the ESS Management could propose changes of the annual targets when submitting the 6 months report.
Annual	
Multi-annual (please specify)	Internally, within the ESS: on annual basis
Specific points in time/circumstances that trigger a review/adjustment (please specify)	Changes in the Labour market that influence significantly the unemployment trends. Changes and adjustments in the National Budget during the year, consequently leads also to adjustments of the ESS annual Business plan; changes of these kind are defined and submitted by MoLFSA.
Other (please specify)	

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

Who is involved in reviewing and adjusting the goals, performance indicators and (quantifiable) targets?	Involved? Yes/No and give details if required
PES senior management	Yes
Ministry of Labour (Social Affairs, Economy ...)	Yes
Other policymakers (please specify level and type of policymaker)	
Social partners	Yes, partly through the ESS Council
Other stakeholders (please specify who)	
Other PES staff (please specify who)	

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

Main target for 2012 defined in the ESS Business plan were:

Objective 1: More efficient job mediation

Target: Transition of 62 000 unemployed persons into employment.

Objective 2: Timely activation of unemployed in order to stimulate their transitions into employment

Target: All newly registered unemployed will be offered at least one activity (supporting their job-search or participation in ALM programme) in the first 4 months of unemployment spell.

Objective 3: To increase the efficiency of active labour market programmes

Target: The number of participants in all ALMP: 29 860 unemployed (9 136 subsidized employment)

Target: The number of exits into regular employment among on-the-job training participants: 1 200 unemployed

Target: The share of specific groups among participants in all active employment programmes should be at least:

Aged 50+ 22 %, aged below 30 35 %, long-term unemployed 50 %, unemployment benefits recipients 24 %; unemployed recipients of social assistance 30 %

Objective 4 (longer-term): To promote the ESS as central institution of life-long career guidance

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

With regards to objective 1: the overall goal in National employment policy is to help unemployed persons to get a job. We monitor closely the number of exits from the unemployment register into employment. Internally we make a more detailed plan on how much each Regional Office should contribute to the overall target (62 000 in 2012). The regional targets are compared to actual numbers during the year. In this way we could observe the planned as well as actual contribution of RO to the number of exits into employment. At the same time we monitor closely (statistical data in standard tables, data queries based on data warehouses) the structure of persons leaving the register for employment (by gender, by age groups, by the rational of unemployment spell, etc.)

With regards to objective 2: Our role is to help and support the unemployed in the job search process. On the basis of our experience we know that support is important at the beginning of unemployment spell. One important instrument to help the unemployed is the individual action plan (IAP) which is defined as the agreement between our employment adviser and the unemployed person on mutual obligations and activities. From monitoring on how IAP is realized, we can see which type of support the person needs in order to increase his/her activation.

With regards to objectives 3: the resources for individual ALM programs are defined by Government. We know how many persons could participate during the year in order not to spend more resources than planned. In order to ensure regional participation of unemployed in individual programs on an even basis, we prepare annual plans on how many participants will be offered particular program by regions (regional quotas). The quantitative targets under objective 3 also show that specific groups of unemployed should be targeted. The Regional Offices are obligated to reach their quotas by ensuring participants from specified target groups. When it comes to ALMP, we have to respect the budget limitations as well as principle of regional participants' quotas.

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

See answers to question 2.3.

See also answer 2.1.

Each main objective and its operational targets have several aspects of more specific and detailed monitoring. These monitoring data are based on standardized statistical tables and data-ware houses (up-graded with the Olap tool) which enable ESS to produce statistical data at different aggregate levels of monitoring dimensions.

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

Operational targets are defined in different areas of ESS activities and monitored at central, regional and local level. The regional offices (with local offices as their part) are

closely monitoring their performance, using also additional indicators (e.g. visits to employers, number of speed dating organised, number of customers visits, etc.).

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

We try to improve the target-setting process (combining both the bottom up and top down approach) and target formulation. We are aware that targets should be concrete, reachable, easy to follow and understandable to the ESS staff. They should stimulate and motivate the ESS staff at all levels. The challenges are related to all these aspects: the communication forms and tools, involvement of staff, methodology, etc.

Budget ALMP limits: the budget for individual ALMP is defined by the MoLFSA; MoLFSA defines also the targets groups for ALM programs. ESS has limited influence to the scope and the content of individual ALM programs.

Due to budget restrictions (resources for staff and the ESS material costs are defined by MoLFSA), the ESS cannot increase the number of staff when the unemployment significantly increases due to unfavorable economic situation, which as a consequence could influence our performance and quality of services. Just to add another aspect, which also indirectly connect the MoLFSA to the ESS performance management and results. Namely, the Head of PES is directly appointed by the Minister of Labour, therefore the level of managerial and other necessary competences of appointed person could have influence on the internal work organization and performance outcomes.

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

The annual targets are defined by using both approaches: bottom-up and top-down. By using the bottom-up approach we try to influence the identification of the staff with the targets and their motivation to reach them. The targets must be well described (qualitative aspects), must be measureable and should be well communicated through all organisational levels. It is also necessary to discuss the results on regular basis, ensuring feed-back on how performance could be improved from staff. Just setting targets, without monitoring and result-focused discussion on possible improvements, doesn't work.

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?

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

Yes, the PES Performance Management System includes a DWH. It currently consists of a data-cube system with a simplified interface with standard tables on the basis of MS ProClarity available on Intranet. Recently more attractive layout of tables and reports with automatic data generation for the intranet has been implemented.

The data-cubes enable the staff in analytical department and other staff to generate arbitrary data queries and tables. The DWH includes administrative data derived from the ESS activities, the social security administration, the tax administration and the state pension fund.

Management information, including the progress towards target realisation is actually generated by the ICT tool and available on the Intranet. The format consists of Excel tables for each goal per Regional offices and Local Office within them. Tables are updated each month, if monthly up-dating is required by the goal.

The statistical basis for further and more detailed monitoring of different aspects of activities and actions is also ensured to managers and other staff at different levels, from local offices to central office. A variety of standard statistical tables are produced on a monthly basis, and direct access is given to data warehouses which enable the dynamic, interactive data exploration with a possibility to combine a range of variables. By using data warehouses one can get a better inside view and understanding of specific questions or problems that have been noticed and are to be further investigated.

The basic statistical figures and trends in unemployment, job-vacancies, unemployment benefit recipients, participants in ALMP are also produced at Central Office in a standard format and on a weekly basis. The format also includes an up-dated list of companies that have announced redundant workers or are close to bankruptcy procedure with corresponding number of workers who are at risk to become soon unemployed. It is a task of Regional Offices to make a contact with companies with a great number of redundant workers in order to offer these workers relevant information and services.

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

- Already within the target setting process we take into account the broader regional LM context (the level of employment rates, the trend in the past years in employment, unemployment and number of JV, the specific economic development, e.g. the restructuring of companies); broader regional LM context is part of the bottom up approach which helps to determine how much each Regional Office should contribute to the national targets; by this method the quantitative annual regional targets as a contribution to the annual overall targets are defined.

- Monitoring consists of comparing the respective regional and overall targets with actual results and performance; the targets are divided by number of months, thus for each observation period during the year we could see which regional offices and to what extent they managed to contribute to the overall targets; in visualisation graphs and tables we use red colours to describe contributions below expectations and green colour to describe contributions above expectations.
- In the future we want to use better, more advanced approaches and tools for a more objective and impartial comparison of the performance between LO and RO.

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

See answer 3.1.

The statistical and analytical department in Central office updates the tables and graphs on the ESS Intranet each month showing the level of realisation of targets (green and red flags are used). Staff management as well as all staff members can very easily access this target follow-up system. In this way the staff gets feedback on the results of their work on a regular basis. In case further investigation of the data is needed, the staff at Regional and Central Office can use data-warehouses. By ensuring continuous feedback on the level of target achievements, the staff could have evidence-based discussions on the performance, improvements in work processes and methods, etc.

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

Methods for comparison of results between all organizational levels that would better take into account (would more objectively reflect) the differences in broader economic and employment context in which individual regional offices are operating.

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

- Monitoring the results at all organizational levels: PES senior management – Regional Offices directors and staff – Local offices staff
- Identify reasons for good performance results of Regional or Local Offices, finding out good practices which may be transferable to other Regional/Local Offices (PDCA cycle).

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?

Management information, including the progress towards target realisation is generated by the ICT tools and available on Intranet. The format consists of Excel tables and graphs for each goal per regional and local offices. Data are up-dated each month (if monthly up-dating is required by the characteristics of the target). The data are discussed monthly with staff of local and regional offices.

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

- Regular meetings of the ESS senior management staff
- Regular meeting of regional staff who are in charge of job matching, working with employers etc.
- Internal training programs for our staff (to improve the specific competencies)
- Sharing information on good practices is part of the agenda of meetings at Central office level when middle management staff working on specific fields (job mediation, ALMP, in-depth career counselling) discuss their specific work items.

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

If possible, please provide 2-3 concrete examples of where the performance results have led to an improvement or learning in the PES organisation.

a) So called regional career fairs have been introduced in all regional offices after such a fair was organized by one regional office few years ago. The objective of the career fair is to actively promote career opportunities in specific occupations with labour shortages through the close cooperation with local employers, vocational schools, adult training providers and employers' organizations. The regional office as initiator and main organizer tries to reach out to young pupils in the last grades of elementary schools, their parents as well as job-seekers and unemployed in order to promote in a very direct and interactive way the career possibilities in occupational fields with high demand. All these groups are given the possibility to learn at first hand which educational and training programs are available, what the curriculum looks like, which companies are offering employment opportunities, what are typical occupational careers, which trends in occupational demand could be expected, - etc. So far the feedback from all participating partners as well as from participants and visitors of this type of fair has been very positive. At central level we do not follow up the statistics on individual career

fairs. The evaluations of fairs are based on feedback questionnaire which is fulfilled by partners (employers, schools).

b) On the basis of good results and feedback from employers, we have disseminated and generally introduced the speed dating sessions with employers at our premises (local office, career centers). This practice was presented at a Central Office meeting with middle management staff from RO who are in charge of job mediation. Speed dating is used as initial phase in recruitment process in cases of JV which are difficult to fill in, when the employer wants more candidates, for specific seasonal jobs etc. The speed dating is performed in two ways:

- The ESS staff present the job opportunities to invited job-seekers by themselves; later on the employer joins and can immediately start the interviews with those who express an interest.
- The employer present by himself the JV and job opportunities in the presence of our staff and after words starts the interviews with those persons who express the interest.

Our experiences show that SME employers prefer the first form since they do not have extra HRM staff. The satisfaction with the results of speed dating is immediately discussed and evaluated with the employers.

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

- The use of PDCA cycle
- Regular discussion of the performance results at all levels.

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

At the moment, the biggest problem of the ESS is lack of time for staff meetings and internal training due to the large inflow of unemployed persons.

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?

One of the main challenges is the monitoring of ALMP:

- we provided all descriptive data on individual ALM programs to MoLFSA which is responsible for the external evaluation of ALMP (the ESS do not have the financial resources for external evaluation); from time to time the MoLFSA engage external evaluators but the ESS has no influence on the programs which are to be evaluated nor on the content or type of evaluation. Unfortunately, the external

evaluations made so far are more or less also of purely descriptive nature and do not explain the gross, the net and the dead-weight effect of the program.

- from ESS prospective we monitor closely the exits from individual ALMP into employment as well as feedback from employers on which programs they prefer the best; this information are transferred to the MoLFSA on regular basis.

4.7. How is the wider knowledge of successful (and less successful) employment policies and measures shared with others?

All the information and data are shared with MoLFSA (quarterly) and presented at meetings of the ESS Council, where the social partners are present.

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?

The ESS prepares proposals for MoLFSA, which emphasize the results of the measures (ALMP), in particular the impact of the measures on the target groups which are involved in the program.

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)?

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.

On the basis of our proposals, the MoLFSA added additional criteria for employers participating in on-the-job training programme. Namely the criteria that at least one third of participants should be employed for a minimum of three months after the programme is terminated.

We regularly send proposals with regard to the target groups for ALMP, based on the structural dimension of registered unemployment.

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 ESS organize consultations with employers across regions, where we present what we have achieved in the past year (data, ALMP measures), what are the results of the programs, which programs will be implemented in the future, we exchange opinions with employers what could be improved in ALMP measures, etc. The summary of the employers' feedback is sent to MoLFSA.

5. Conclusions and questions

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

- Objectives and targets must be clearly defined
- We should not have too many overall annual objectives and quantitative targets; therefore it is important to define objectives and targets which would contribute to management and performance improvements. Targets must be constantly monitored at all organizational levels.

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

Please outline three to five lessons in bullet point form, including the relationship of local autonomy to regional / national accountability.

To introduce new tools and methods for better comparison between Regional and Local Offices results, tools and methodology which would better take into account the differences in broader labour market contexts.

To improve the presentation of the key performances targets and data: we intend to replace recent intranet sites with a specially designed internal analytical portal.

To learn more how performance management system is designed, supported and use in other PES (to identified what could be useful for us, what we are able to introduce).

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	5	Yes The overall approach of the PES top management
Goals and target-setting	4	Yes The content, the number and definition of goals: qualitative and quantitative aspects.
Performance measurement	5	Yes Methods of performance management which take into consideration the broader context in which PES organizational units are operating
Performance management, continuous improvement and learning	4	Yes The approaches, the methods and forms of change management – process from identification to implementation of good practices.