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Employment Services (PES)”**

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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?**

Switzerland has a federal structure with three political levels: The Confederation (state level, „Eidgenossenschaft“) is comprised of 26 states (cantons), which are divided up into communes. In Switzerland, local autonomy plays a big role. Cantons have a high degree of freedom of action, which they can delegate to the communes. Given the federal structure of Switzerland, the public employment services (PES) are ruled according to the New Public Management-Approach, i.e. the principle of "management by objectives".

The federal level (SECO – Directorate of Labour, Labour Market / Unemployment Insurance) sets the goals for the cantonal level (26 cantons, with two small cantons that share their PES). The cantons determine how these goals are to be achieved and are responsible within this framework to implement the results-oriented principles in their regional employment centres (REC). In Switzerland, public employment services and unemployment funds are separated. Unemployment funds are managed and financed according to an input-oriented steering system which is based upon a credit points system for each of their activities. Meanwhile, PES in the REC's, which are responsible for counselling jobseekers and offering them active labour market programs, is managed by results indicators and financing is based on a global budget which depends on the number of registered jobseekers. We will concentrate on the PES management. See an overview of the Swiss labour market authorities in the appendix (p.15).

The results-oriented steering of PES in Switzerland is underpinned by a service level agreement between the federal ministry and cantonal governments. This agreement is time limited and valid for e.g. four years. At the core of this service agreement are four results indicators. A Steering Committee, which is composed of federal and cantonal decision-makers, meets regularly and discusses on the steering of Swiss PES. The head of labour market and unemployment insurance (part of the Directorate of Labour of the State Secretariat for Economic Affairs SECO) chairs the committee and is supported by 4 cantonal representatives appointed by the Association of Swiss Employment Offices (VSAA) representing their four regions.

In short, the Swiss system lets the federal level define the objectives and delegates the execution to the cantonal level, which is relatively free to decide on how to reach the goals. This gives room to local solutions, which in turn respond more accurately to regional needs and which lead to some sort of competition.

The agreement and therefore the steering measures are based on the following **strategy**:

1. Steering is not performed by way of costs. Financing is governed by a departmental ordinance (SR 837.023.3) with a bulk rate per reported number of job seekers per year. Financial instructions govern the allowability of the costs.
2. The cantons are instructed on WHAT to do on the basis of the agreement. HOW the tasks are achieved falls within the competence of the executing authorities (freedom of execution within the legally specified scope).

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

The federal government, through SECO, has overall responsibility for performance management in the PES. Execution, though, is the responsibility of the cantons. See above.

The annual calculation and publication of a benchmark which is based on results indicators (outcome-oriented) falls under the responsibility of SECO. The results achieved by the cantons are published annually in a press release.

There are also several process and output indicators that are calculated and published via a web-based tool. These input-oriented and output-oriented indicators are based on the Balanced Scorecard-approach and are maintained by the federal government.

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

According to the high degree of freedom which Swiss cantons have in their execution, there is no unique answer in Switzerland. Cantons are in principle free to become certified. Furthermore, SECO provides cantons with a certain number of process and output indicators, which are based on the Balanced Scorecard-Approach.

Type of model	Used? Yes / no Give details if requested
<a href="#">ISO9000</a>	Y (Canton of Basel-Landschaft)
<a href="#">Balanced Scorecard</a>	Y Provision of process and output indicators through the federal level.
<a href="#">EFQM</a>	Y (Canton of St. Gallen)
<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?**

Generally results-oriented agreements are valid for four years. The agreement is signed by the federal and cantonal government. When signing a new agreement, these governments are responsible to define and agree on goals to be followed with the agreement.

The Swiss results-oriented agreement sets in place a committee, which consists of the head of labour market and unemployment insurance (chair) and four cantonal representatives. This so-called steering committee decides on the design of the steering instruments, which are part of a valid service agreement.

The following instruments are used for steering (see an overview in the appendix, p.16):

- Performance measurement (results indicators)
- Communication of results
- Process and output indicators
- Review of the Situation
- Exchange of best practices

The main instrument is the performance measurement which is based on the benchmark principle: The results reached by each canton are published annually in a press release. The results for each REC are communicated internally. The other instruments are meant to support the cantonal/regional executives in their fulfilment of the goals set by the results indicators.

Regarding the process and output indicators which are one of the instruments: These indicators are calculated according to data of the IT-system of Swiss REC's and Unemployment funds. These process indicators are mainly calculated and maintained by the federal ministry. There is a working group which discusses the definition and the development of these indicators. This working group is composed of specialists of the federal and cantonal services (see a list of these indicators in the appendix, p. 17).

Cantons with repeated negative results or one-time substantial deviations in the result measurement submit to a special Review of the Situation. The canton must develop and implement concrete measures with respect to the identified fields of action, with the goal of achieving a better result. Implementation of the measures is evaluated externally under the supervision of SECO.

### 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	N
Annual	The benchmarking on the results indicators is calculated ex post, that means there are no target values which are set in advance. Benchmarking relies on indicators, that are actually observed.
Multi-annual (please specify)	N
Specific points in time/circumstances that trigger a review/adjustment (please specify)	Y Revision of service agreement (every four years), if there is a fundamental need for revision (which has not been the case since the year 2000)
Other (please specify)	N

### 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	Y
Ministry of Labour (Social Affairs, Economy ...)	Y
Other policymakers (please specify level and type of policymaker)	Y - Cantonal directors of each of the four regions which constitute the Swiss labour organizations (AOST) as members of the steering committee - Cantonal government leaders when it comes to sign a new service agreement
Social partners	N
Other stakeholders (please specify who)	N
Other PES staff (please specify who)	N

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

The steering committee mentioned in the previous section is also responsible to review and adjust the goals on the basis of legal obligation. The legal bases themselves are set up by Swiss legislative procedures. The definition of the fundamental goals and principles therefore underlie the political process.

### 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	N
Annual	N
Multi-annual (please specify)	N
Specific points in time/circumstances that trigger a review/adjustment (please specify)	Y <ul style="list-style-type: none"> <li>- Amendments of relevant laws</li> <li>- New scientific insights</li> <li>- Cantonal request</li> <li>- Revision of service level agreement</li> </ul>
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	Y
Ministry of Labour (Social Affairs, Economy ...)	Y
Other policymakers (please specify level and type of policymaker)	Y, cantonal directors of four regions of the VSAA are members of the steering committee, which surveys the results-oriented agreement between cantonal governments and federal ministry
Social partners	N
Other stakeholders (please specify who)	N
Other PES staff (please specify who)	Y, cantonal specialists in quality management which are member of the working group on the measurement of results

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

There are four goals for the Swiss PES which are measured by four respective performance indicators:

Goal	Indicator	Weight
1 Rapid reintegration	Average number of benefit days drawn by former beneficiaries	50%
2 Prevent/reduce long-term unemployment	Entrants to long-term unemployment divided by the number of persons who potentially could have become long-term unemployed (those who entered a new framework period 13 months ago)	20%
3 Prevent/reduce benefit exhaustions	Number of persons with exhausted benefits divided by the number of persons who potentially could have been exhausted on benefits (those who entered a new framework period two years ago)	20%
4 Prevent/reduce re-registrations	Proportion of benefit recipients who re-register within 4 months	10%

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

Swiss law on the Unemployment Insurance has the purpose to prevent unemployment, to combat existing unemployment and to promote rapid and durable reintegration of unemployed persons into the labour market.

The achievement of goals regarding rapid and durable reintegration is measured by the four results indicators mentioned above. In order to facilitate the assessment of goal achievement, these indicators are combined to a global indicator, which is the weighted sum of the four indicators (see the respective weights in the last column of the table). With regards of the weighting of the indicators, it is easily seen, that the Swiss system lays an emphasis on rapid integration.

Furthermore, the indicators focus only on benefit recipients. Discussions are under way on how to take into account non benefit recipients and the added value of doing so.

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

The number of indicators is deliberately low in order to make sure the focus is set on the right priorities. The indicators focus on WHAT is expected, leaving HOW to reach the goals to the execution bodies (REC/cantons).

### **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 four results indicators are common to all execution bodies of the Swiss PES. There is no tailoring on specific groups of jobseekers or regions.

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

The calculation of the annual benchmark depends on an econometric model which allows PES to compare the results of the different cantons (more on this in 3.2). Even though the model is relatively simple, it is not well understood by the wider PES staff. This lack of understanding can undermine the commitment of wider PES staff.

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

Effective target-setting depends on a high degree of commitment of the bodies that are steered. Therefore, we consider the implication of the steered bodies (cantons) as a critical success factor.

### **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?**

There are two relatively independent bodies that are in charge of the execution of the Swiss unemployment insurance: there are the REC's that counsel the jobseekers and there are the funds, which are responsible for the assessment of eligibility and the financial support of the entitled persons. Both subsystems maintain a separate IT system. The data collected in these IT systems are used for the calculation of the indicators.

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

The information from the two source systems are bundled into a data warehouse and processed in order to be published as standardized reports on an online tool. This online tool is available for the staff of the supervisory and the executive bodies.

The REC IT system delivers information on socio demographic characteristics of the registered jobseekers, while the fund's IT system contains reliable data on benefit payments and costs of ALMP's.

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

In Switzerland, an econometric model is used in order to make the results of the local REC's (and the cantons) comparable. A linear regression model allows the system to control for several exogenous factors that influence the goal achievement but cannot be influenced by the REC's. Based on annual data, the regression model is applied for each of the four results indicators. In calculating the predicted values for each REC's, one can derive the deviation of the actually observed results from the predicted values. The resulting deviation measures are then combined to a global indicator (according to the weighting scheme presented in 2.3). It is this overall index that is used for the annual benchmarking.

The following exogenous variables are taken into account:

- **Labour market situation:** Ratio of new jobseekers to all workers in the REC region (inflow)
  - This variable measures the state of the local labour market. A REC with relatively high ratio of new jobseekers i.e. is expected to have relatively longer unemployment spells and therefore higher values for indicator 1 that measures average number of benefit days drawn by former beneficiaries.
- **Seasonality:** Ratio of new jobseekers from seasonal sectors to all new jobseekers in the REC region (inflow)
  - As seasonal unemployment is of significantly lower duration, REC's with a relatively high ratio of new jobseekers from seasonal sectors (construction, restaurants and accommodation) are i.e. expected to have relatively lower values for indicator 1.

- **Nationality:** Ratio of new Swiss jobseekers to all jobseekers in the REC region (inflow)
  - As jobseekers with Swiss nationality are facing shorter unemployment spells, REC's with a relatively high ratio of new jobseekers with Swiss nationality are i.e. expected to have relatively lower values for indicator 1.
- **Frontier workers:** Ratio of persons living abroad and working in the REC region to all workers in the REC region
  - It is expected, that REC's in regions nearby the frontier are facing a higher degree of competition on the labour market and therefore relative high ratios of frontier workers are leading to relative high values of indicator 1.
- **Agglomeration:** Size of agglomeration
  - The logic of taking into account the agglomeration variable is, that due to a decreasing social control in highly populated regions, the duration of unemployment spells tend to increase with the size of the agglomeration.

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

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

Problems with the quality of data are a relevant matter of concern. Especially data collected in the IT system of PES relies heavily on the daily work of counsellors. At the same time, data stemming from the fund's IT system can be judged as very trustworthy. Results indicators are calculated on the basis of fund's data, whereas most exogenous factors rely on data collected by the counsellors. Because of this, data on relevant information are monitored regularly.

Another problem lies in the fact, that the Swiss social system has separate programs and benefits that are not fully integrated. Because of that, it is difficult to get data from other registers that could help in calculating further indicators.

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

Ex ante benchmarking relies on actual data, which hardly can be manipulated. There is no need to negotiate target values.

## **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?**

The cantonal authorities are responsible for the communication of the goal achievement to their wider PES staff. The annual benchmarking results for the cantons are communicated transparently by the means of a press release, while the daily or monthly actualised information on current indicators can be taken out of an online tool. Whether wider PES staff is authorised to access this online tool, lies in the responsibility of the cantons.

In addition to the publication of cantonal results, annual benchmarking results on the level of REC's are available on the internet (intranet). There are also reports on the level of counsellors. These so called "Interpretationshilfen" contain the results of the REC's counsellors and indications on the socio-demographic characteristics of the jobseeker these counsellors are working with. These reports are directly distributed to the heads of REC so that they can oversee and compare the results of their counsellors.

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

The results-oriented agreement lists the exchange of best practices as one of its instruments. In order to exchange such information, there have been one-day events with lectures or panel discussions that were dedicated to a particular topic. These events were judged as not being of added value.

SECO is currently testing a new approach for this instrument: Persons in charge of REC's with similar backgrounds (according to the exogenous factors that are taken into account for the benchmarking), are invited to discuss topics that are relevant for their daily work in an ongoing process.

#### **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.**

As the Swiss performance management system relies on competition, there are several cantons that initiated projects to improve their organisation, especially those with poorer results.

We know of a project that aims at increasing quality in counselling by recording and analysing interviews. Another example is the review of the situation, an instrument of the results-oriented agreement for cantons that were repeatedly ranked below the average in the annual benchmark. For one canton, this review of the situation resulted in an increase of the performance. This could be achieved by reducing doubts on the validity of the measured performance indicators.

In any case, to improve performance, the commitment at REC level is essential.

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

A benchmarking system, that includes strong incentives for continuous learning: if a cantonal PES is not investing in continuous learning, it faces the threat of falling behind the other cantons.

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

In our view, one of the most important challenges is to find causal relationships between different approaches in counselling and activating jobseekers and their reintegration into the labour market. Cantonal authorities often complain, that it is not clear which measures really work in order to improve goal achievement.

### **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?**

The federal ministry regularly initiates research programmes dedicated to active labour market policies. Execution bodies and social partners are included in the setup of research projects and take part in support teams of the different projects.

#### **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 results of these research programmes are published and widely discussed.

#### **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 annual benchmark is published with a regular press release. In the beginning, these results were broadly discussed in national and regional newspapers.

#### **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.**

Not possible to answer.

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**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?**

As Swiss benefit schemes are not fully integrated, it is difficult to discuss PES-benchmarking with other stakeholders that have different performance management systems. In maintaining a relatively transparent communication (press releases), Swiss PES is generally well accepted and policymakers consider that PES services are being provided with a high degree of efficiency.

## **5. Conclusions and questions**

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

- High degree of acceptance:

The goals and results indicators are accepted by all cantonal PES and result-orientation is well established.

- Innovation:

Having installed a system that stimulates competition between the cantons, there is an incentive to continuously improve the quality of services delivered by the PES.

- Taking into account regional needs:

In leaving a high degree of freedom of action, cantonal PES are able to develop services that are adapted to their specific needs.

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

- System of targets.

There are goals that are not covered by the actual result indicators, that may be taken into account (e.g. prevention of unemployment)

- Sharing knowledge between cantonal PES

There are different ways that could help improve the sharing of knowledge between cantonal PES. One important way will be the improvement of the quality of data underlying process indicators.

- Focusing on the needs of jobseekers

We see a potential to improve the services of Swiss PES in focusing better on the needs of jobseekers. Until now, Swiss PES had the legal obligation to meet every beneficiary once a month. After a revision of the law, it is now possible to differentiate the number of interviews according to the needs of the jobseeker. In our view, cantons should consider using more this new room of manoeuvre in the future.

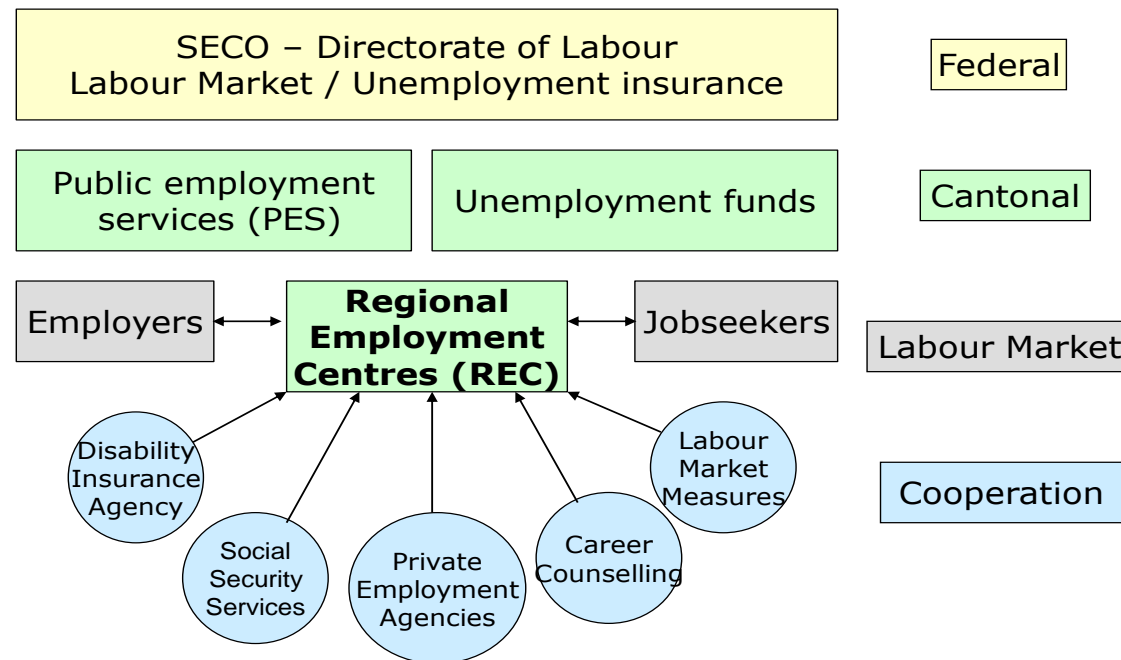


**5.3. In the Peer Review discussions, on which of the following topics would you most like to focus and what would you most like to learn from others?**

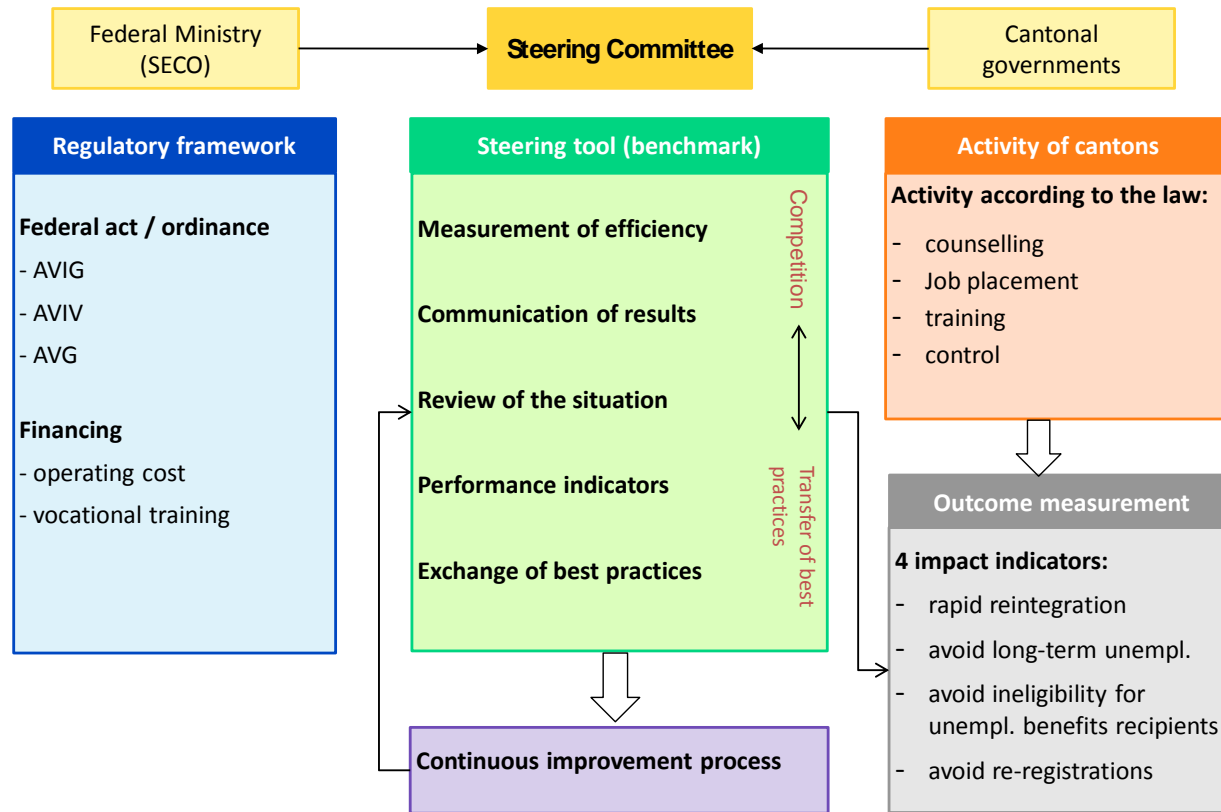
Topics	Importance of the topic (scale: 1 = very unimportant, 5 = very important)	What would you most like to learn from others in the topic(s) you are most interested in? (maximum three bullet points)
Overall approach to performance management	5	<p>What are the incentives in the system in order to make sure</p> <ul style="list-style-type: none"> <li>- the focus is set on the right priorities</li> <li>- All actors of the system do their best</li> <li>- Performing actors get enough acknowledgment</li> <li>- Non performing actors get under pressure to do better or even get replaced.</li> </ul>
Goals and target-setting	3	
Performance measurement	4	
Performance management, continuous improvement and learning	5	<ul style="list-style-type: none"> <li>▪ How can you evaluate different approaches to counselling in order to gain reliable knowledge on causal effects between counselling and the reintegration of jobseekers into the labour market?</li> <li>▪ How can you set the right incentives to promote information-sharing between different PES?</li> </ul>

## Appendix:

### Labour Market Authorities of Switzerland



## Agreement between cantonal governments and federal ministry



Perspective	Indicator
Management and Staff	Number of employees (in charge of the execution of the law on unemployment benefits, full time equivalent) per 1'000 job-seekers
	Number of counsellors (full-time equivalent)
	Workload: number of dossiers per counsellor (full-time equivalent)
	Education: part of employees having a certificate in HR or a degree acknowledged as equivalent
Customer and welfare	Results indicator 1: Average number of benefit days drawn by former beneficiaries
	Results indicator 2: Entrants to long-term unemployment divided by the number of persons who potentially could have become long-term unemployed (those who entered a new framework period 13 months ago)
	Results indicator 3: Number of persons with exhausted benefits divided by the number of persons who potentially could have been exhausted on benefits (those who entered a new framework period two years ago)
	Results indicator 4: Proportion of benefit recipients who re-register within 4 months
	Duration of unemployment of deregistered job-seekers
Financing	Labour costs per full-time position
	Running costs per job-seeker
	Exhaustion degree of running costs
Business processes	Time between registration and first interview
	Part of new registered job-seekers with a first interview 15 days after registration
	Number of interviews per job-seeker
	Part of job-seekers with no PES-activity (e.g. interview) during the last three months
	Number of interviews per month
	Frequency of sanctions: Number of sanctions per 1000 job-seekers
	Severity of sanctions: average number of deleted benefits (in days)
	Part of deregistrations with entrance upon job
	Part of job-seekers without assignment (to job, ALMP)
	Number of placements (as a ratio to all job-seekers and per counsellor)
	Number of placement of long-term unemployed (as a ratio to all long-term unemployed)
	Average duration of job search
Part of ineffective assignments	
Number of job vacancies announced to the PES per 100 job-seekers	
Environment	Job-seekers rate
	Unemployment rate
	Part of long-term unemployed (>1 year)
	Number of newly registered job-seekers (inflow)
	Number of deregistered job-seekers
	Part of high risk job-seekers (jobseekers being affected by three or more risk factors for long-term unemployment: age, nationality, language and duration of unemployment)