

Department of Economics and Statistics

Linnaeus University

Växjö, Sweden

WHAT QUESTIONS ARE TARGETED IN THE REPORT?

Efficiency with regard to social objectives of PES

• How can an economic perspective be applied in evaluating alternative courses of action in PES?

Efficiency in providing the services

• How can productive efficiency (highest output of services at given resources) in PES be assessed?

EVALUATION OF GOAL ACHIEVEMENT, IMPACT, EFFICIENCY

Evaluation questions

- 1. Have goals been achieved?
- 2. Is goal fulfilment due to the project under examination?
- 3. Is the value of the observed impacts larger than the cost of achieving them?

Evaluation designs

- 1. Monitoring
- 2. Impact evaluation
- 3. Efficiency evaluation (Cost-benefit analysis, CBA)

Basics of CBA

- CBA means weighing up the value of impacts against the costs of obtaining them.
- Benefits and costs are valued by individuals' willingness to pay to obtain / to escape them.
- For example: Benefit of reduced unemployment spells = Additional value of goods and services forthcoming. Cost = Value of what the resources used could alternatively have produced.

TAKING THE STEP FROM IMPACT TO EFFICIENCY EVALUATION

 With access to an evaluation of goal related impacts that can be credibly valued at individuals' willingness to pay, CBA is quite easy to perform.

USE OF CBA IN EU PESS

- A survey conducted shows a very limited use of CBA in EU PESs
- Why? Answers to interviews with PES officials indicate:
 - CBA-analysis, or efficiency evaluation, of an action requires reliable impact evaluation.
 - Impacts that cannot be valued in money terms in a reasonably credible way are often considered important.
 - General equilibrium effects (e.g. displacement) can be important but difficult to observe or estimate.

RESULTS FROM CBA REPORTED IN THE SURVEY

o The Swedish PES refers to one of its annual reports where results of CBAs of three active labour market programmes are presented Benefits>Costs: Self-employment subsidy

Job experience programme

Benefits<Costs: Labour market training

 No other results from CBA reported in the survey

EUROPEAN STUDIES REPORTED IN INTERNATIONAL JOURNALS

- CBA of a staff increase: Benefits<Costs
- Benefits>Costs in four of five studied experiments with intensified placement activities

TO DEVELOP AN APPROACH IN THIS AREA

- Apply CBA to cases where allocative efficiency carries a lot of weight in the decision-making process. Cases where it is of decisive importance to show whether adopting a particular choice gives a social profit, i.e. moves society to a better allocation of scarce resources.
- Specify carefully a comparison scenario to the alternative under examination.
- Make sure that important outcomes of the alternatives to be compared can be: (a) reliably measured, (b) credibly valued in monetary terms.

AN EVIDENCE BASE FOR PES?

• Implies comparison with an environment where jobseekers and employers have no access to a PES but only to all other search channels.

EFFICIENCY IN PRODUCTION OF SERVICES

• What is productive efficiency?

- Produce the most amount of services at a given amount of resources.
- Use the least amount of resources to produce a given amount of services.

THE RESEARCH SO FAR

- Around 20 studies of productive efficiency in PES
- DEA-approaches (developed in economics and management science)
 - •DEA is a well suited tool for multi-input, multi-output production such as PES activities.
 - •More than 5 000 published studies.
- Objective: Identify inefficiency
- Limitations: Within countries

WHAT IS LACKING?

Identify and explain

• Economists and management need to work together to investigate the causes behind inefficiency.

Between countries studies

• Now there is information about 'Best in Sweden' but it would be still more informative to have access to a 'European Championship'. From a benchmarking perspective multi-country investigations can be a tool for organisational learning

WHAT IS NEEDED TO MAKE COMPARISONS ACROSS EUROPE?

- Define and measure output and input in a similar way
- Access to comparable micro data
- Cooperation between evaluation institutes and/or European PES

Summary

- CBA and productive efficiency target efficiency aspects related to PES
- CBA is the most comprehensive evaluation design of measures— putting value on impacts and value those against the cost of obtaining them
- CBA is important when there are large cost differences between activities
- Information on productive efficiency can be used to increase performance
- Comparing offices from different parts of Europe can create possibilities for organisational learning