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and innovation management in Public
Employment Services**

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EXECUTIVE SUMMARY

With Europe 2020, Europe formulated its strategy for the next decade, to turn its economy towards smart, sustainable and inclusive growth. Public Employment Services (PES) play a pivotal role in accompanying this shift by supporting high levels of employment, productivity and social cohesion. Therefore, organisational development, (continuous) improvement, learning and innovation have to be on (top of) the agenda of all PES organisations in order to become high performance organisations, that are mature enough to respond to the challenges and demands.

Innovation and/or continuous improvement should result in product, service delivery, policy or governance improvements. This innovation and improvement can come from different sources and can be (a) policy-driven, (b) organisation-driven, (c) professional-driven, or (d) user-driven. The main challenge is that organisations are open and responsive to these triggers. This paper looks at how PES learn, among other things, from indicators, surveys, benchmarking, and staff input and how they use this information for organisational development.

The paper concludes that:

1. Many PES organisations have moved from performance measurement to performance management and a 'mature' use of performance information. Performance information is not used for 'controlling' and accountability reasons, but for learning and managing purposes. This is clearly the case internally for many of the organisations whose practices were reviewed for this paper, where the focus has shifted from heavy and detailed performance measurement approaches to an emphasis on learning and improving through more limited, benchmarked targets and indicators. Externally, interesting methods of performance dialogues, benchmarking, visits, etc., have been developed.
2. Besides the attention to the involvement of the 'external world', like external stakeholders and customers, PES staff play an important role. Employees are regularly consulted, involved and –in some cases- even trained to come up with innovative solutions. Interesting examples include the involvement of staff in the Common Assessment Framework (CAF) self-assessment exercises and the development of improvement activities in nearly all the interviewed PES and also the deep involvement of staff in Lean exercises in order to review the core working processes of the organisation.
3. The big future challenge for PES is to play a pivotal role in the broader labour market context, since performance does not stop at organisational boundaries, and innovations and improvements need to be developed (in different directions) and shared throughout the network of labour market actors and partners.
4. Last but not least, constant attention will need to be paid to leadership in organisational development and more specifically on leadership to stimulate an innovation culture in PES organisations. A pro-active attitude demands a structured approach to improvement and innovation management. In this structure a culture of

informed risk taking should be stimulated. Piloting, controlled testing and experimenting, but also the freedom of being creative and trial and –inevitably- error, should be stimulated and supported.

1. INTRODUCTION: THE NEED FOR ORGANISATIONAL DEVELOPMENT AND IMPROVEMENT IN PUBLIC EMPLOYMENT SERVICES

Governments have to be more responsive to society's needs and demands. Public sector organisations are being reformed in order to provide better, faster and more services. However, quality, quantity and speed are not the only new competences that society requires from its government. Since the pace of societal change is accelerating, government should equally be able to respond to changing demands by offering new solutions (OECD, 1993 and 2000) and re-establish trust in government.

Due to these challenges and pressures, the public sector is an object of large reforms (Pollitt and Bouckaert, 2004). Although the administrations of the EU Member Countries are not a homogeneous set of organisations, nor are their reform processes. Nevertheless, the reforms are characterised by the introduction of new principles and common grounds (grouped under the umbrella of New Public Management): with a growing focus on efficiency and effectiveness, attention to transparency and accountability, awareness of public service delivery and the role and place of the citizen/customer.

With Europe 2020, Europe formulated its strategy for the next decade to turn its economy towards smart, sustainable and inclusive growth. Public Employment Services (PES) play a pivotal role in accompanying this shift by supporting high levels of employment, productivity and social cohesion. Therefore, organisational development, (continuous) improvement, learning and innovation have to be on (top of) the agenda of all PES organisations, in order to become high performance organisations, mature enough to respond to the challenges and demands.

In order to have this (pro-) active, result - and 'client' oriented culture, PES need to have the capacity to act accordingly. Therefore, organisational development, (continuous) improvement, learning and innovation have been on the agenda of all PES organisations for a number of years. The World Bank (2003) clustered the main approaches used along three key lines: decentralisation, service orientation and performance targeting.

- *Decentralisation*: One of the most noticeable trends has been the decentralisation of programme management, administration, and responsibility to regional or local levels. Under most decentralised arrangements, the central PES remains responsible for overall budgets and funding, policy setting, and evaluation. Much of the detailed design and implementation, however, is left to regional and local offices to tailor programmes to meet their needs (European Commission (Mosley), 2011).

- *Service orientation*: A major issue facing the PES is how to integrate its many services to ensure efficient delivery. Two new approaches have been developed – one-stop centres and tiered service delivery. PES can be organised into 'tiers' with some general

services available to everyone (e.g., job brokerage services) and more intensive programmes only available to clients identified as needing those services.

- *Performance targets / performance measurement*: For a number of years, if not decades, the issue of performance measurement (both output and outcome) has been on the agenda in PES. This movement, which started in the Anglo-Saxon world (US, Australia, NZ, UK) in the late eighties and early nineties, has also shifted to Europe (see Mosley et al., 2001; OECD Employment Outlook, 2005). This evolution is not only widespread in PES but also represents a general trend in public service management (Pollitt and Bouckaert, 1999/2004; Grubb, 2004).

Together with these developments, relevant techniques and instruments were introduced, such as management by objectives, management information systems, client surveys and others. There are relatively few cross-national studies of performance measurement in PES. Among the most prominent are studies by Mosley et al. (2001), Grubb et al. (2004) and Nunn et al. (2009, 2012), as well as several European benchmarking projects (Ecorys, 2012). However, despite the existence of recent mapping exercises on this issue, evidence of the impact of such tools on organisational development and performance improvement is still scant (see also Nunn, 2012).

The first part of the paper will therefore elaborate in more detail the dynamics of organisational development, innovation and improvement management in the public sector. The questions addressed include: 1) How are these concepts defined and used in public sector organisations in general? 2) What are the key concepts and their background? 3) What are the instruments and techniques used? and 4) What works, what are the lessons learned, the challenges and difficulties?

The second part of the paper describes experiences and practices from the PES. It addresses how PES organisations deal with organisational development, continuous improvement and learning. It also examines the systems and instruments used and how they are used. This part of the paper is based upon available document analysis, but is mainly based upon interviews with contacts from a selected number of PES; the *Arbeitsmarktservice Österreich – AMS* (Austria), *Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding - VDAB* (Belgium), *Arbejdsmarkedsstyrelsen* (Denmark), *Bundesagentur für Arbeit* (Germany), *Allami Foglalkoztatási Szolgálat – AFSZ* (Hungary), *Arbetsförmedlingen* (Sweden) and *Jobcentre Plus* (UK).

Before providing general conclusions and perspectives on future challenges, part three of this paper describes the lessons learned and challenges for organisational development and improvement in PES. It particularly focuses on the lessons learned and what might be areas for improvement and innovation in PES.

2. BETTER, FASTER AND STRONGER: ORGANISATIONAL DEVELOPMENT AND IMPROVEMENT IN THE PUBLIC SECTOR

In the context of increasing demands and diminishing resources, public sector organisations need to become more effective and more efficient. In order to determine how best to achieve this, this first part of the paper explores the concepts and dynamics of organisational development, innovation and improvement in the public sector in more detail. Firstly, the difference between innovation and continuous improvement in the context of organisational learning is explained. Secondly, the broader context of organisational development, organisational performance and how to use quality management models in increasing organisational performance, is dealt with, and finally the use of the Common Assessment Framework (CAF) as a total quality management instrument is described in more detail.

2.1. Old wine in new bottles or new wine in old bottles: Innovation, continuous improvement and organisational learning

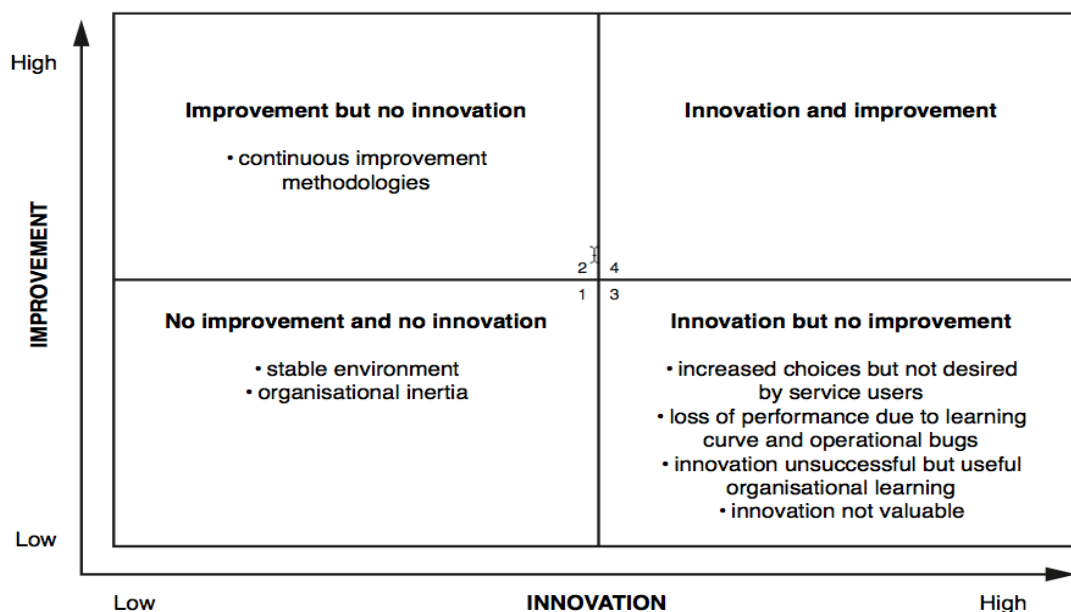
What is considered as (an) innovation for an organisation? Can a common practice for one organisation be an innovation for another? Does innovation always have to be original and more importantly does it need to bring improvement? Lots of questions are linked to the concept of innovation and when people speak about innovation they do not always mean the same thing.

Osborne (1998) found 20 definitions in the organisational literature. Altschuler and Zegans (1997) define it as '*novelty in action*' and Mulgan and Albury (2003) as '*new ideas that work*' (though this latter definition does suggest that the idea has to be successful in order to be defined as an innovation). Bessant (2003) also uses such an analysis in distinguishing between invention – having a bright idea – and innovation – which is translating the bright idea into action. Some writers preserve the notion of innovation for 'radical' or 'breakthrough' novelty. For example, Lynn (1997: 96) argues that: '*Innovation must not simply be another name for change, or for improvement, or even for doing something new, lest almost anything qualify as innovation. Innovation is properly defined as an original, disruptive, and fundamental transformation of an organisation's core tasks. Innovation changes deep structures and changes them permanently*'. So to put it simply, innovation must be something new (at least for the organisation), needs to bring with it another way of doing things, and last but not least, should result in improvement.

Hartley (2005) distinguishes between the following dimensions of **innovation for public-sector organisations**; below we try to use it in the PES context:

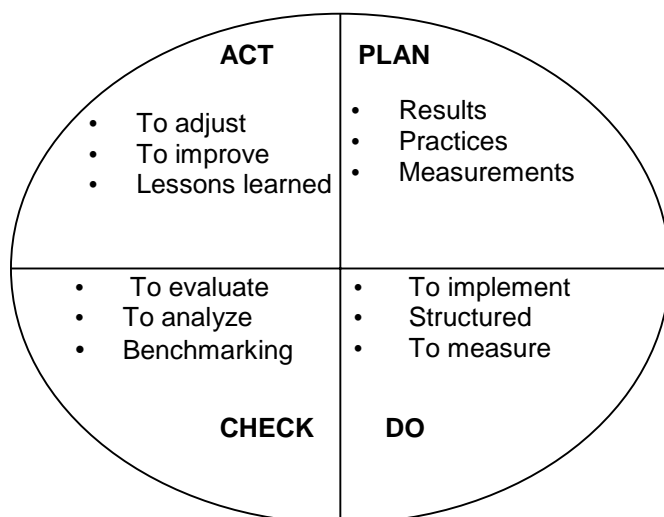
Nature of innovation	Description	PES Example
Product innovation	New products	Specific skills training for long-term unemployed, database for job seekers, etc.
Service innovation	New ways in which services are provided to users (e.g. on-line tax forms).	E-learning modules, tailor-made coaching, job fairs or speed dating where employers and job seekers are brought together, etc.
Process innovation	New ways in which organisational processes are designed (e.g. administrative reorganisation into front- and back-office processes; process mapping leading to new approaches).	Call centres, Lean approaches carefully looking into the work processes to make them as efficient as possible, integrated databases vacancies/competencies, etc.
Position innovation	New contexts or 'customers'.	War for talent, an aging workforce making it necessary for PES to adapt to the changing context and different 'customers', etc.
Strategic innovation	New goals or purposes of the organisation.	Privatisation, outsourcing of counselling to the market, etc.
Governance innovation	New forms of citizen engagement and democratic institutions (e.g. area forums; devolved government).	Decentralisation of job centre functions to municipalities, etc.
Rhetorical innovation	New language and new concepts (e.g. the concept of congestion charging for London, or a carbon tax).	Activation, lifelong learning, flexicurity, gender mainstreaming, etc.

Innovation represents a step change (or a disruptive change) for the organisation or service, in contrast to continuous improvement. Therefore, *'not all organisational changes qualify as innovations'*.



Source: Hartley (2005): 42

Continuous improvement is an ongoing effort to improve products, services, processes and policies in an incremental way. The PDCA cycle or Deming cycle (after its 'inventor' W. Edwards Deming), described in the 1950s, reflects this continuous improvement thinking in a perfect and moreover simpler way. In everything an organisation does, 'planning' should be at the basis: a well defined, thoroughly considered and reflected approach to what the organisation wants to achieve, how to do this, how to measure results and so on. This is done in organisations via strategic (multi-) annual plans, work plans on an organisation-wide, departmental, unit and even individual level. These 'plans' need to be implemented, executed and permanently monitored (the 'DO' phase). After implementing, a process of evaluation should take place. The achieved results need to be measured and analysed. Implementation needs to be assessed against the initial plans and objectives. From this 'checking phase' lessons need to be drawn for the next time ('act / adjust' phase): e.g., How can the organisation learn from this and do things better the next time? The most well-known approaches building upon these principles are the Kaizen approach (quality circles) (Imai, 1996) and recently also Lean thinking approaches (Womack and Jones, 1996).



In describing both innovation and continuous/incremental improvement, we are not judging what is the right strategy for an organisation. Crucial in both innovation and continuous improvement, is the attitude of an organisation to be open for new ideas (whether they are classified as innovations or incremental improvements).

2.2. Towards organisational development and organisational performance

Organisational development can be defined as a systematic, organisation-wide effort aimed at increasing the capacity of an organisation and its staff to achieve its goals in an efficient manner. In this way the objective of organisational development is to improve the organisation's capacity to manage its internal and external functioning. The ultimate aim of organisational development is to increase organisational performance. A great deal of work has been done (and is still going on) on performance

measurement. Performance measurement in this strict sense can be defined as ‘*the quantitative representation through measurement of the quality or quantity of input, output, and/or outcome of organisations or programs in its societal context*’ (van Dooren, 2006: 30). Nunn et al. (2009: 51) give some examples for PES.

Input measures	Output measures	Process quality measures	Intermediate outcome measures	Final outcome measures
<ul style="list-style-type: none"> • Staff hours in different roles • Spending on staff • Spending on programmes • Office numbers • Spending on compliance and processing 	<ul style="list-style-type: none"> • Vacancy registration • Interviews completed • Referrals to training or other support • Penetration measures • Individual plan completion • Placement into work trials • Sanctions 	<ul style="list-style-type: none"> • Assessment of interviews or plans • Customer satisfaction surveys • Employer satisfaction surveys 	<ul style="list-style-type: none"> • General off-flow measures • Specific off-flow measures • Penetration measures • Benefit duration measures • Vacancy outcome measures • Hybrid measures 	<ul style="list-style-type: none"> • Employment rate • Unemployment rate • Inactivity • Productivity • Long-term wages/employment history of beneficiaries

Within this field of study the concept of organisational performance is defined rather narrowly. This may be due to the fact that the concept is difficult to define and measure and goes beyond the definition of performance measurement in a strict sense. While one part of organisational performance is operationalised by the quality or quantity of input, output, and/or outcome of organisations, it is also influenced and measured by other aspects of an organisation. Popovich et al. (1988: 16-22) describe these aspects for high performance organisations as ‘*[high performance organisations] are clear on their missions, define outcomes and focus on results, empower employees, motivate and inspire people to succeed, are flexible and adjust nimbly to new conditions, are competitive in terms of performance, restructure work processes to meet customer needs, and maintain communications with stakeholders*’.

Total quality management (TQM) models embrace this wider organisational performance concept. The first and final goal of TQM is to meet customer expectations. Therefore active commitment of all employees, as well as comprehensive information systems that collect and process information with regard to customers, suppliers and corporate processes, are required. TQM is usually used synonymously with *continuous quality improvement*, stressing that TQM involves cultural change. Quality management moved more and more towards overall organisational management, taking into perspective both the results of an organisation and the different organisational aspects. These two elements are very well illustrated in the CAF instrument, where on one side enablers (people, resources, processes, etc.) ensure that the organisation functions well and on the other side, results (on outputs,

outcomes, users satisfaction, but also staff satisfaction) should indicate how well (what are the results achieved).

Many of the TQM ideas and methods were developed and used in the private sector before being introduced in the public sector. The concern about public sector quality and using private sector methods in the European public sector emerged in the late 1980s and particularly the early 1990s (Ferlie et al., 1996). From that moment on a number of quality management models were developed and introduced into public sector organisations. In the late 1990s, many TQM inspired models and techniques (e.g. ISO, Balanced Scorecard, EFQM, etc.) found their way into the European public sector. ISO standards and a management system built upon these standards are captured by the term 'quality assurance'. This approach has been described as '*write what you should do, do as you write, write when you don't do it right*' (Ovrevit, 2005:549). ISO 9000 has in recent years incorporated TQM ideas including process improvement. ISO 9000 certificates have become highly popular in the private sector and have also found their way into the public sector.

Another widely used instrument is the **Balanced Scorecard (BSC)** (Internet: <http://www.balancedscorecard.org>). The BSC was developed by Kaplan and Norton (Kaplan and Norton, 1992). It is a management system (not only a measurement system) that enables organisations to clarify their vision and strategy and translate them into action (Kaplan and Norton, 1992). It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The balanced scorecard suggests that the organisation must be viewed from four perspectives: *customers, finance, process, and innovation and learning*. Metrics must be developed, data collected and analysed relative to each of these perspectives.

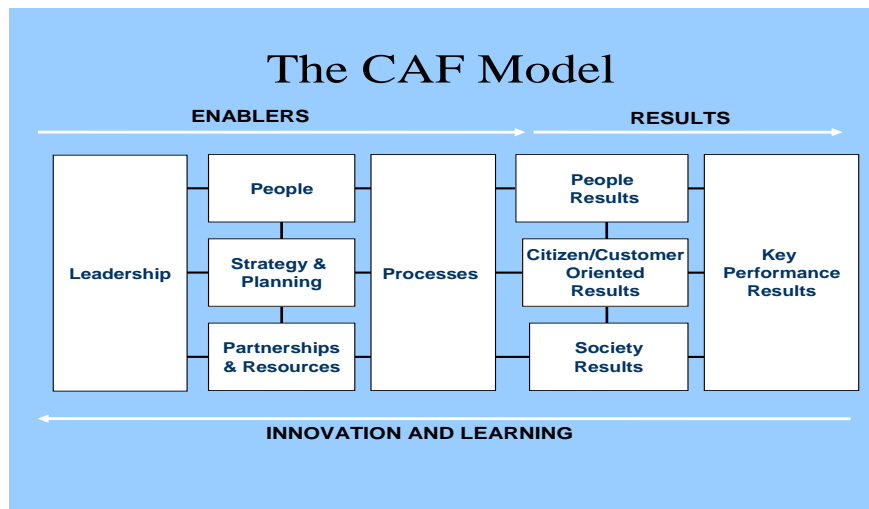
The third most widely used TQM-based method is the **EFQM model** (Internet: <http://www.efqm.org>). The **European Foundation for Quality Management (EFQM)** was established at the end of the 1980s by 14 major European companies and started to focus on the public sector during its evolution. This model is based on nine criteria. The nine dimensions of the model are: *leadership, people, policy and strategy, partnerships and resources, processes, people results, customer results, society results, and key performance results*. These same dimensions can also be found in the **Common Assessment framework (CAF)** (internet: <http://www.eipa.eu/CAF>). EFQM and CAF are interesting as they are focusing on a broad organisational performance perspective and place explicit emphasis on improvement, compared to the other methods described above (see table below).

Method	Advantages	Disadvantages	Improvement / innovation potential
ISO	<ul style="list-style-type: none"> - process management, - transparency and responsible persons linked to processes - knowledge management - international standard - possibility for labelling and external validation 	<ul style="list-style-type: none"> - strict and rigid system - risk of high level of bureaucracy - exercise on paper, documenting the existing situation - only aim is the label - expensive - ownership only with quality team 	<ul style="list-style-type: none"> - strong focus on compliance and control, less on creativity and innovation - improvement possibilities if errors, malfunctions are noticed 2. - in the reflection and description of processes there is room for creativity and innovation. Certainly when Lean thinking is integrated.
BSC	<ul style="list-style-type: none"> - managing on key performance information - strategic, cockpit overview 3. - cascading objectives and indicators 	<ul style="list-style-type: none"> - too much top down - lack of strategic framework - too many indicators - four perspectives might be too restrictive - difficulty in defining the 'right' indicators 	<ul style="list-style-type: none"> - from performance measuring to performance management - measuring should provide possibilities for detecting improvements and learning
EFQM	<ul style="list-style-type: none"> - holistic approach (organisational enablers and results) - continuous improvement, dynamic - European awards and prizes 	<ul style="list-style-type: none"> - focus on more 'experienced' organisations - expensive (membership) - should not be the end, risk is no improvement actions afterwards 	<ul style="list-style-type: none"> - starting point is assessment with the aim of setting up concrete improvement actions afterwards - innovative actions need to come from inside (positive, but challenging)
CAF	<ul style="list-style-type: none"> - public sector translation - holistic approach (organisational enablers and results) - continuous improvement, dynamic - strong involvement of staff - low level , easy to use 	<ul style="list-style-type: none"> - self assessment (recently with possibility of external feedback) - should not be the end, the risk is no improvement actions afterwards 	Idem as EFQM

As CAF is combining the holistic approach and the focus is on realising improvement as the starting point and the public sector specific context, we describe the CAF and its use in public sector organisations across Europe more in detail.

2.3. The Common Assessment Framework (CAF) assessing and developing organisational performance

During the Austrian EU Presidency in the second half of 1998, the decision was made to establish a common European quality framework that could be used across the public sector as a tool for organisational self-assessment and improvement (Engel, 2002). The Common Assessment Framework (CAF) was jointly developed under the aegis of the Innovative Public Services Group (IPSG), an informal working group of national experts (civil servants) operating in the context of the EUPAN network (internet: <http://www.eupan.eu>). The basic design of the CAF was developed in 1998 and 1999 on the basis of joint analysis undertaken by the EFQM, the Speyer Academy and the European Institute of Public Administration (Staes, 2001). The CAF differs from the EFQM-model in relation to a number of dimensions (sub-criteria) and explicitly takes account of the specificities of the public sector.



'The main purpose of the CAF is to provide a fairly simple, free and easy to use framework which is suitable for self-assessment of public sector organisations across Europe and which would also allow for the sharing of best practices and benchmarking activities' (Engel, 2002:35).

The CAF constitutes a blueprint of the organisation. It is a representation of all aspects that must be present in the proper management of an organisation in order to achieve satisfactory results.

All these elements are translated into nine criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does and can be linked with what we have described as the internal process model. The 'Results' criteria cover what an organisation achieves and the classical goal model and performance measures of outputs and outcomes, but also include measures regarding client/customer and employee satisfaction. 'Results' are caused by 'Enablers' and feedback from 'Results' helps to improve 'Enablers'. Criteria are further operationalised and given concrete form in sub-criteria. On the basis of these sub-criteria, a group from within the organisation evaluates its own progress. The CAF has been designed for use in all parts of the public sector, applicable to organisations at a national/federal, regional and local level. It may also be used in a wide variety of circumstances, e.g. as part of a systematic programme of reform or as a basis for targeting improvement efforts in public service organisations. In some cases, and especially in very large

organisations, a self-assessment may also be undertaken in part of an organisation, e.g. a selected section or department.

The CAF provides:

- an assessment against a set of criteria which has become widely accepted across Europe, based on evidence;
- opportunities to identify progress and outstanding levels of achievement;
- a means to achieve consistency of direction and consensus on what needs to be done to improve an organisation;
- a link between goals and supportive strategies and processes;
- a means to create commitment among employees by involving them in the improvement process;
- opportunities to promote and share good practice within different areas of an organisation and with other organisations;
- a means to integrate various quality initiatives into normal business operations;
- a means of measuring progress over time through periodic self-assessment.

CAF is being used more and more in public sector organisations in Europe (and beyond). Currently 2645 users are registered in the CAF database (<http://www.eipa.eu/CAF>). These users are spread over 44 countries and in addition more and more European agencies and institutions have found their way to the CAF; 206 organisations are registered (as using or having intentions to use it) under the cluster 'social services', among which include: Arbeitsmarkservice Burgenland (Austria); the three Belgian Public Employment Services VDAB, ACTIRIS, and FOREM (agency Charleroi, Liège among others); Jobcenter Aarhus (Denmark); Jobcenter Pays de Loire (France); the Finish Employment offices Päijät-Häme, Pirkanmaa, Riihimäki and Kouvola; and many local employment offices in Hungary. Besides this direct target group for this study, employment ministries, municipal social welfare services, schools and training institutions are also working with CAF.

Under the Polish EU Presidency a large scale research project was carried out among CAF users, providing some interesting and useful insights on the context for this paper (Staes et al., 2011):

- 78% of the organisations who applied CAF have developed an improvement plan or have integrated improvement actions in the management plan of the organisation based on the self-assessment carried out with the assistance of the CAF.
- The most important reasons for using an organisational performance model are focused on the improvement of the organisation, both on the side of the enablers and on the side of the results. Using the CAF should lead to a structured improvement process, addressing the areas for improvement identified through self-assessment.

- Organisations were asked about their actual improvement plans and activities. In nearly all the cases, the CAF assessment resulted in sustainable improvement activities.

The concepts of excellence that had been at the basis of CAF were further developed, and formulated explicitly for the public sector. These principles became the leading principles for building up the organisation towards the level of excellence on the basis of a sound self-assessment and an effective improvement plan. In this way organisations are stimulated to look (with the help of staff) into their functioning, by analysing the results achieved (output and outcome), but also by looking into what enables these results to happen, with the aim of setting up targeted improvements.

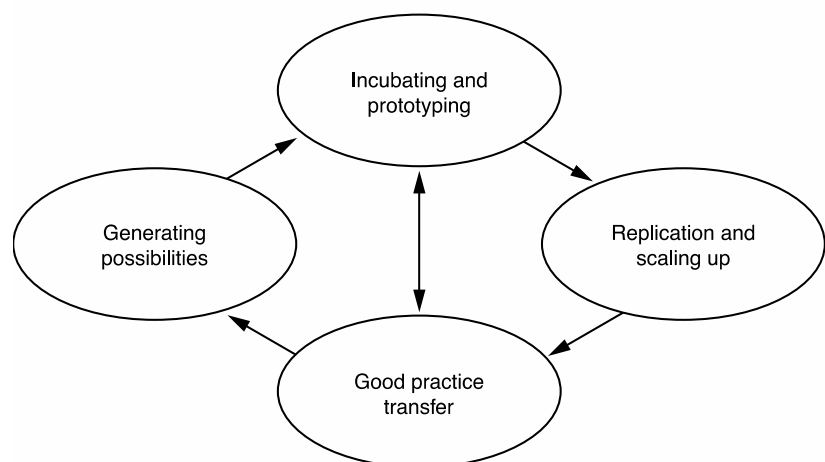
3. EXPERIENCES FROM THE FIELD: (MANAGEMENT) SYSTEMS IN PES TOWARDS IMPROVEMENT

The second part of this paper describes experiences and practices from the field of public employment services. It examines: how PES organisations detect the need for improvement; how they are inspired and from what sources; the kind of improvements implemented and how it is done; how the PES deals with organisational development, continuous improvement and learning; the systems and instruments used and how they are used; and very importantly, the involvement of staff in all of this. This part of the paper is based upon available document analysis, but is mainly based upon interviews from contacts with a selected number of PES: the *Arbeitsmarktservice Österreich* – AMS (Austria), *Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding* - VDAB (Belgium), *Arbejdsmarkedsstyrelsen* (Denmark), *Bundesagentur für Arbeit* (Germany), *Allami Foglalkoztatási Szolgálat –AFSZ* (Hungary), *Arbetsförmedlingen* (Sweden) and *Jobcentre Plus* (UK).

Several authors have identified stages of innovation with some suggesting a clear linear sequence and others that the sequence may be more looped than linear (i.e. that processes may be iterative or overlapping). Stages are nevertheless helpful for conceptualising processes and the barriers and success factors at each point, even though in practice some may be blurred or even missed altogether. In relation to the public-service sector, Mulgan and Albury (2003) have proposed a sequential (though not necessarily linear) model as follows:

1. The generation of ideas and possibilities;
2. The trialling and prototyping of promising ideas;
3. Replication and scaling up;
4. Analysis and learning.

For example, generating possibilities is concerned with promoting the creativity of individuals and teams (examples described further on are the Lean approaches involving the creativity of staff in the UK and CAF self assessor teams in Austria, Belgium, Germany, and Hungary) in part through fostering an organisational climate that supports innovation



Source: Hartley, J. (2005): 35

and calculated risk. Learning from others is also a source of innovation and developing models of knowledge transfer are important here. Incubating and prototyping is the phase which can follow the unleashing of suggestions and ideas, and a key process here is to deal with vested interests (in favour of the status quo) and the perceptions of risk of the innovation. Pilots, pathfinders and action zones are ways both of protecting the fledgling innovation through to implementation, but also, and crucially, enabling learning about what works and what does not, leading either to modification or abandonment (the Danish example will be elaborated in detail below). The third stage is replication and scaling up, which is concerned with taking an innovation that has worked in one part of the organisation and applying it elsewhere (for example, the bottom up prototyping in Austria and Germany). The fourth stage is analysing and learning from the innovation, and the need to learn from ‘honourable failure’ as well as from successful innovation (examples on using performance information for this purpose will be described in more detail below).

3.1. Detecting and identifying the need for improvement.

The drivers of the impetus for innovations or improvements can be fourfold:

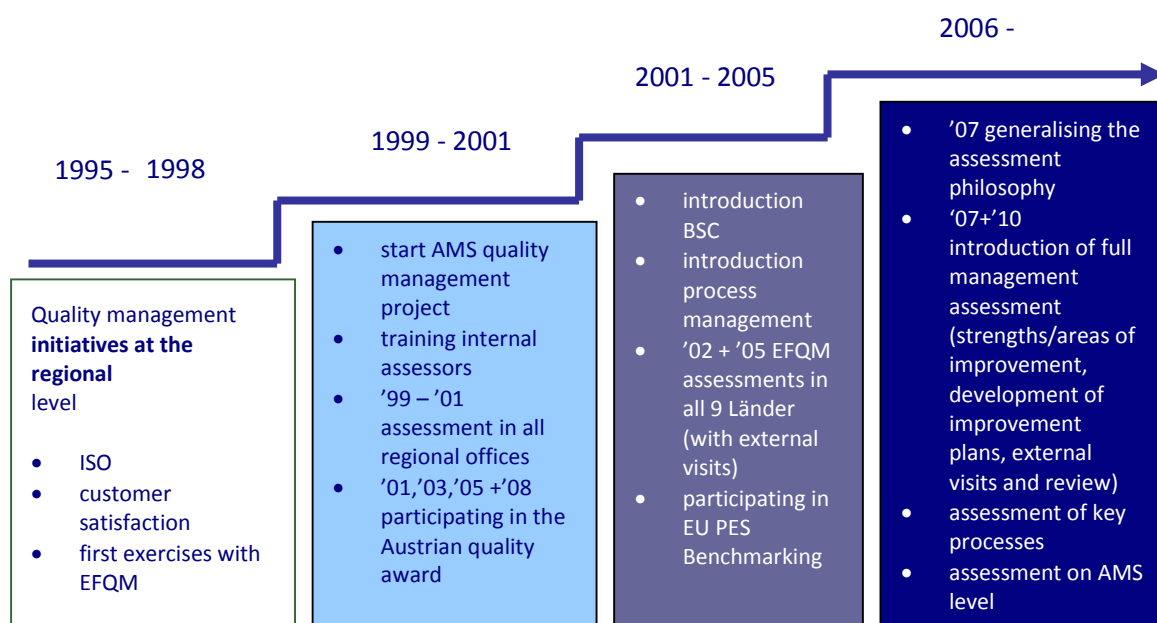
- a) Policy-driven (central government, policy-makers), these innovations are per definition ‘top-down’;
- b) Organisation-driven (meeting needs, expectations and aspirations of staff, users and citizens), these are to be considered as rather ‘bottom-up’ and initiated by the organisation itself;
- c) Professional-driven (comparison with other organisations and sharing good practice), in this partners and other stakeholder come into the picture therefore – ‘sideways-in’;
- d) User-provided, and directly resulting from the contacts with users.

Different systems and instruments in PES are used to generate and identify improvements. It is interesting to note that all countries are using several (complementary) ways of detecting improvement.

Systems/instruments/techniques for improving	Countries
- internal assessment	AT, BE, DE, HU, SE, UK
- external assessment / site visits	AT, BE, DK, SE, UK
- stakeholder involvement	BE, DK, SE, UK
- customer feedback	AT, BE, DE, HU, SE, UK
- benchmarking / bench learning / performance dialogue	AT, BE, HU, SE, UK
- staff involvement	AT, BE, DE, HU, SE, UK

Internal and external assessments

Many of the elements mentioned in the box above can be found in the Austrian approach to improvement. The AMS quality management approach is structured in a very systematic way and has been developed gradually over the past 15 years. All the regional offices are regularly running assessments against the benchmark (internal self-assessment afterwards followed by external visits) to see where and how to improve. This systematic approach is now also being applied at the level of the Länder. The nine Länder are now going through an assessment process every three years, defining strengths and areas of improvement, organising site visits and so on. This approach introduced a systematic way of continuously improving the organisation.



By putting in place this dynamic system of continuous improvement, there is significant emphasis on learning from others (in the PES benchmarking project and regularly inviting colleagues and experts to contribute on specific topics). This was also the way in which the Balanced ScoreCard (BSC) and process management were introduced via learning from other European PES, but also via good practice in Austrian private sector organisations.

The use of performance information via performance dialogues and benchmarking

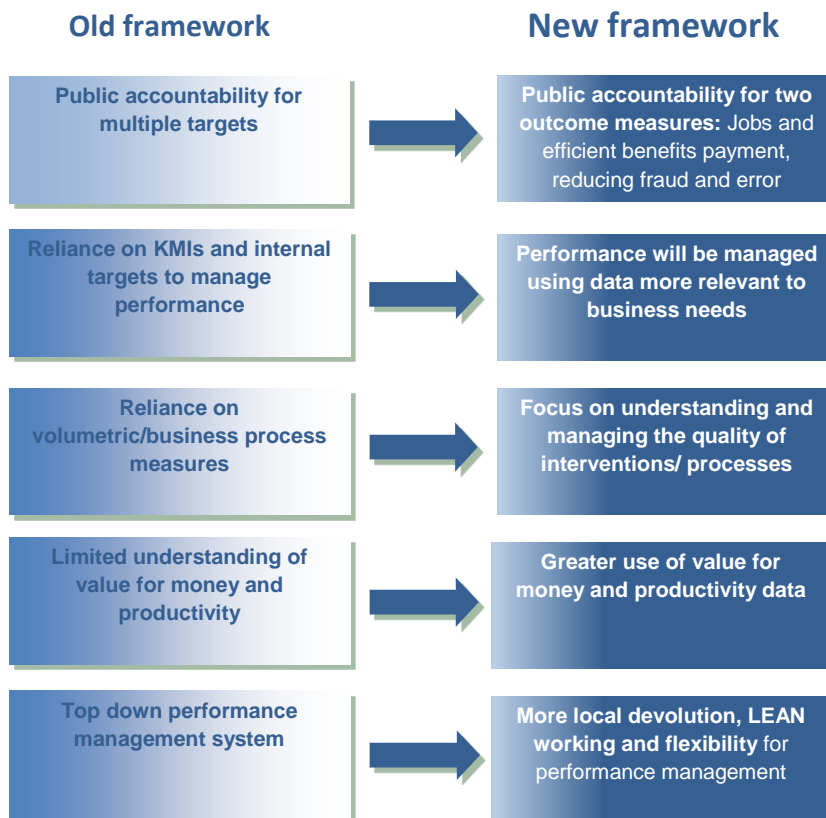
In between the Danish national and the local level, four 'employment regions' are responsible for monitoring if the jobcentres are performing well and to help initiate projects to bring about improvements. A regular dialogue is taking place between the employment regions and the jobcentres to discuss performance, exchange practices and to learn. This dialogue is being triggered by the website (<http://www.jobindstats.dk>). On this portal all information on the performance of the

local jobcentres is being displayed in a transparent way that is open to the public. Different stakeholders and actors (local jobcentres, the regions, social partners, the media) are more frequently using this information to feed into the debate on improvements. This level of transparency requires a strong degree of management 'maturity'. Currently a knowledge bank is being constructed at national level, integrating different good practices, practical tools, techniques and examples of approaches that work. This knowledge bank should be a source of inspiration to the local jobcentres in their day-to-day work and its improvement.

Targets for the delivery of the UK Jobcentre Plus (JCP) services are agreed with the Secretary of State for Work and Pensions, and published in the annual business plan. These targets are designed to improve overall productivity, efficiency and effectiveness. The new performance management system (PMS) introduced in April 2011 reduces the number of headline measures to two (broken down into some underlying indicators):

1. getting people into jobs as quickly as possible (measured by benefit off flows),
2. efficient benefit processing that reduces fraud and error.

The rationale for the new framework is that previous targets and indicators overly relied on administrative data entered manually by staff in offices and were as such, unreliable. The number of measures was also seen as excessive, creating the need for additional staff merely for measurement (hence creating additional expense), and the framework overall was seen as focusing too much on process rather than outcome measurement.ⁱ Part of the stated rationale of the new PMS is to use the reduced numbers of prescriptive centralised targets to free up local managers to be able to make more decisions locally.



The intention of the new PMS is that it will be used at operational and strategic levels given the design is intended to facilitate performance management, assessment of service quality and delivery, and assessment of outcomes. The use is therefore designed for operational managers and the data will be analysed in response to requests by more senior staff and potentially ministers.

Data are available for team managers and more senior staff in the organisation through specifically tailored reports. These can be used to assess performance on an on-going basis and focus resources / efforts at any problem areas that emerge and / or take remedial action. The way the PMS is used for performance management will vary according to the level of the manager using it – e.g. team managers can use it to manage the performance of their team members and ensure that the team as a whole is performing as expected; office managers will use it at a slightly higher level and can benchmark performance against other offices. This is also possible for district managers. The PMS includes measures and indicators relevant to the wide range of management areas – e.g. there are measures on cost and efficiency that are relevant to and intended for use by financial managers in the organisation; measures on staff satisfaction, attendance, etc., for use by HR; performance measures for use in quality management; and outcome measures relevant to strategy development.

In Austria the BSC is now the leading steering and management tool linking the strategic ambitions (multi-annual plans and political targets and objectives) to the day-to-day business of the AMS. The BSC includes 26 indicators and all the different

Länder and regional offices feed into this. The BSC information is updated at regular intervals and thus becomes an instrument for managing the organisation. The link with the key processes and the overall perspective from the EFQM framework is made very clear. Different initiatives were implemented as a result of the self-assessments (customer satisfaction measurements, staff motivation surveys, process timetables, etc.) and they are integrated and form part of the management information. In this way, the BSC of the AMS becomes a combination (balance) between strategic, business indicators on the one hand and operational, quality management indicators on the other hand. This structural approach towards continuous improvement and learning from results demands a clear vision from leadership, to think strategically with a long term perspective.

Involving stakeholders and customers

All interviewed PES involve stakeholders and especially customers in the functioning and the evaluation of the PES work and services. Stakeholders can be defined as a person, group, or organisation, who affect or can be affected by an organisation's actions. Generally four groups are distinguished for public sector organisations:

1. *Authorities*: these are the institutions, persons who can tell our organisations what to do and how to do it. Most often this is the Minister, Government, Parliament, etc.
2. *Users / customers / citizens*: the ones who receive or come to receive your services. For PES these are in general terms the employers and the job seekers.
3. *Partners*: these are other actors, outside your own organisation, which whom you work together in order to achieve (common) targets. These are for PES typically other sector organisations, but might also be the educational sector or your suppliers.
4. *Staff*: this last group of stakeholders will be dealt with in Section 2.4.

This broad stakeholder approach is typically for Total Quality Management approaches, in which the users/customer is one stakeholder. The focus to this stakeholder is very strong in the interviewed organisations. All of them carry out customer satisfaction measurements on a regular basis. Only a few examples are elaborated here. Besides being on the forefront of many IT innovations (databases, web interfaces, and recently also e-coaching), the Flemish Public Employment Service (VDAB) also has a long tradition of organisational development, supported by using EFQM/CAF, and utilising the Balanced Scorecard in monitoring strategic indicators and focussing on users (both jobseekers and employers) and measuring their satisfaction as a source for identifying and defining concrete improvements.

The Swedish Public Employment Service tries to adapt its service and supports the customer based upon the customer's own needs and abilities. It offers distinct services, which steer the customers' process forward. Services are provided to the customers, both spontaneously and during scheduled appointments.

In Hungary this external focus is also strongly present. The experimental introduction of the quality management system into seven local offices, which primarily aimed at the establishment and introduction of a quality culture, as well as the partnership-oriented operation of the local offices, started in 2002 in the context of a PHARE project. After an in-depth evaluation and assessment, the quality management system was introduced in all local offices in 2004. The model is built upon the CAF framework and has a strong focus on user satisfaction measurements, and resulting in the creation of a '*satisfaction index*'. Parallel with the quality development work, the Management System based on Agreed Result Objectives (MBO) was introduced in the PES in 2005. Against the background of 9 general indicators, the MBO has a very strong bottom-up approach where 174 local offices draft their plans, and they are discussed and integrated into 20 county work plans. Besides outcome and output related business indicators, 'quality management' is one of the nine general indicators. The Partner Satisfaction Index of the quality management system forms the basis for the quality management indicator. Two surveys are conducted among the jobseekers yearly, employers are asked annually about their satisfaction with the PES. Staff satisfaction surveys are also carried out regularly.

3.2. The nature of improvements and innovations

As described above in part 1.2., the concept of organisational development – operationalised via Total Quality Management techniques and instruments, takes into account different elements of the functioning and performance of organisations (broad organisational performance perspective). The advantage of these Quality Management techniques, tools and systems, is that they 'oblige' or 'trigger' (each in their own way as described in the comparative table) organisations to look for improvement and innovations. Therefore, innovations and improvements can be of a different nature: below we give some examples from PES organisations.

Product innovation / Service innovation

For a long time the Flemish PES (VDAB) worked with classical segmentation criteria (age, gender, educational background, employment duration, etc.) to define the services to provide to different target groups. For some years they have started with a new kind of segmentation based on the needs and personal characteristics of job seekers. This is how the VDAB arrived at a typology of characteristics of jobseekers requiring different levels of assistance (people who need a very personal approach) and coaching, people who only need to have short guidance, people who need additional interventions (re-education), etc. Based upon this typology, the service delivery process was adapted and resources (staff, time, money for education) were reorganised and used in a more efficient and effective way. Recently VDAB has shifted its focus, starting from the employers side in matching demand and supply, nevertheless the segmentation methodology is still used in a tailor made approach ('*sluitend maatpak*') supporting jobseekers more or less intensively.

This 'sluitend maatpak' is one of the three strategic options VDAB developed for the future. The two others are the development of the coordinating ('*regisseur*') role in relation to the other stakeholders and partners in the labour market and thirdly, the 'overall career model' with the ambition of creating a personal competency profile database for each person living in Flanders. In both of these strategic options the partnership development and the recognition of the other actors (political level, employers sectors and associations, other public and private actors in the labour market, etc.) in the field is crucial. The notion that performance and achieving results do not stop at organisational boundaries has steadily grown in the organisation.

The Swedish Public Employment Service has set up a system of designated customer managers assisting employers. These PES staff have specific skills regarding the relevant company and its industry. The contact person facilitates assistance for the employer, while at the same time s/he can easily assess the needs of the company and can contribute with providing the right skills in a more efficient manner.

Process innovation

To find out what works best in practice, randomised controlled trials have been used since 2005 in Denmark. In these randomised experiments, two identical and comparable groups are randomly selected. One group receives the 'new treatment' and the control group gets the 'normal treatment'. Inputs and outcomes are measured, as well as the cost benefits and the conditions in which policies/approaches work, might work and do not work. A large number of local employment centres are involved and supported through these trials. Throughout the trial and definitely afterwards the results are studied and - if successful - translated into legislation or rolled out throughout the country as an advised general approach. This approach has in the past led to some changes in the approach towards job seekers. The project 'Fast moving into jobs' was targeted at newly (insured) unemployed people. The combination of frequent client meetings with the jobcentre (every second week) and activation within 13 weeks of unemployment proved very effective. It reduced the first period of unemployment by three weeks compared to client meetings held every three months and activation within nine months.

Position innovation / Strategic innovation

Jobcentre Plus (JCP) is the operational delivery unit within the UK Government Department for Work and Pensions (DWP). JCP was previously an Executive Agency of the DWP; it was created in 2002 by the merger of the PES and benefits agency. Following a further review in October 2011, JCP's status changed and it reverted to being an integral part of DWP. As such, the budget, strategy and direction are set by DWP, which is accountable to ministers. Many services are outsourced on the basis of competitive tendering and payment by results. Service delivery of support initiatives for JCP customers, including counselling for the long term unemployed and other customers farthest from the labour market, are largely outsourced and delivered by a mixture of public, voluntary and private sector providers.

Governance innovation

Since the 2007 reforms, the Danish labour market and the relationship between the Danish Labour Market Authority and the local Public Employment Centres have completely changed. The Minister of Employment and the Danish Labour Market Authority have overall responsibility for labour market policy. At the lowest level, however, the 93 jobcentres are organised locally and under the authority of the municipality. The jobcentres are responsible for the direct contact with clients. The local jobcentres receive ministerial targets (the general lines, general objectives), but are responsible and accountable for implementation in the field.

Both strategic and governance innovations have a strong policy focus. Very often this policy dimension is exclusively dominated by a political debate and rationale. From an organisational improvement and innovation logic, management systems and approaches should strengthen organisations to influence this debate. Mature organisations should have an impact on (or even trigger) strategic and governance innovations by providing strategic and governance performance information. In doing so, important questions should arise, for example, what is the impact on the levels of service delivery as a result of outsourcing or marketising counselling services? Or does the merging of jobcentres as in the Danish case lead to better services and results? Based upon this information policy decisions can be taken (or not). It should also help organisations acting pro-actively in designing policy.

3.3. Implementing improvements

Due to the strongly decentralised and federalised AMS (Austria) organisational structure (9 *Landesorganisationen* and 99 *Regionale Organisationseinheiten*) many of the initiatives in the past have begun from the bottom up in different regional / local offices (ISO, customer satisfaction measurements, EFQM assessments) and subsequently analysed on a central level before becoming more widely introduced. Even the limited number of centrally driven, top down projects which are often politically inspired (e.g. gender mainstreaming, call centres, electronic services, segmentation, etc.) always have a strong involvement of regional and local representatives in the development phase before being implemented or they are intensively tested in pilots prior to being rolled out at the national level. The bigger improvement projects are run through a clear structural approach supported by the central department for personnel and organisational development. Most of the improvement projects are run via a project structure involving colleagues from the field and different types and levels of expertise.

The same picture can be drawn in the German Bundesagentur für Arbeit. Since the significant organisational reforms of 2004-2006, the decentralised entities of the Bundesagentur für Arbeit (10 regions and 155 offices) have been given much more responsibilities and management autonomy. Targets and general policy lines are discussed and agreed on a central level, but the organisational steering and management is left to more decentralised levels of management. Via a regular 'performance dialogue' the lessons learned and the identification of strong practices

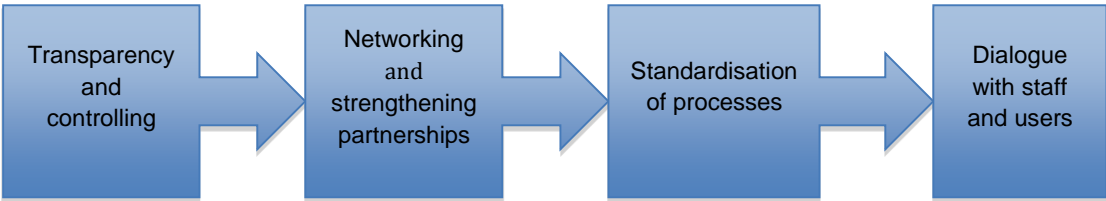
are stimulated. In this way clusters of comparable agencies or jobcentres (having comparable labour market conditions) are compared on e.g., integration rates or unemployment spells, to identify the potential for performance improvement. The same dynamic of decentralised ownership and responsibility was recently launched throughout a big quality management programme with CAF. This approach is very much bottom up, leaving the responsibility for the undertaking and implementation of the CAF model and consequently for drawing lessons and taking conclusions from improvement initiatives to the appropriate level.

3.4. Involving staff in improvement and rewarding innovation

Lean thinking has been introduced in many UK jobcentres. A significant number of staff have been trained in the past few years and Lean projects are set up and staff are involved to discuss, try out and implement concrete improvements on a daily basis. Employees are also encouraged via a digital feedback mechanism to launch improvement ideas. After an active debate on the digital forum some of these ideas are picked up at higher level and implemented as a service improvement across the country.

The initiative(s) on quality management that first began in Austria at the regional level in the beginning of the 1990s are now institutionalised at the national level, where a small quality management team (two people) is responsible for a network of quality coordinators and assessors in the different Länder and regional offices. A number of staff have been trained over the years in quality management and by taking part in assessment teams this culture of improvement and quality thinking is being spread throughout the organisation. The background of the EFQM (and CAF) version is an ideal background to introduce a ‘common language’, with common understanding of techniques, concepts and principles.

Also in Germany, two regions will operate in 2012 as pilots and the lessons learned will be used to provide an input to develop a country-wide approach. On a central level: (1) sensibilisation actions are undertaken to raise awareness with the different management levels and spread the necessary info on CAF, (2) internal moderators/facilitators are trained to support the entities willing to launch a CAF project and (3) the lessons learned are brought together and provide possible support in the follow up. This approach needs to be situated in a cultural shift, which took place in 4 phases and began 10 years ago.



The use of CAF as an ‘open ended’ instrument is seen as a way to trigger and facilitate the dialogue within the organisation (between different organisational levels, between

managers and staff, etc.), but also outside the organisation with users (job seekers and employers) as well as with partner organisations.

Within the Flemish VDAB, a performance culture is stimulated. Recently this performance dynamic was changed from a rather centralised top-down approach to a more bottom-up approach where the general policy lines are agreed between the central level and the Minister (and agreed upon in a management contract), but giving more room for the lower levels (in a structure of 13 regions before and 5 provinces since the beginning of this year) to participate in the elaboration of their annual management plan. In this approach the role of managers becomes more important. For a number of years the VDAB has developed the 'C-MOL' Leadership framework. 'M' stands for Managerial aspects and skills of steering and controlling the organisation. 'O' stands for 'Ondernemen' - which are the entrepreneurial aspects and skills. 'L' includes the leadership components of vision and value development. In all these aspects the element of the coaching is crucial. By including these competences in training programmes, recruitment and evaluations, a leadership culture is created.

The Chief Director of the Hungarian Employment Office established a Quality Award in 2005 for the local offices of the National Employment Service in order to acknowledge their results achieved in relation to quality development and to create and opportunity to learn and exchange good practices.

4. LESSONS LEARNED AND CHALLENGES FOR ORGANISATIONAL DEVELOPMENT AND IMPROVEMENT IN PES

After setting out the context and defining concepts of organisational development, innovation and improvement in the public sector in Section 1 and describing how these concepts are applied in public employment services in Section 2, this section describes the lessons learned and challenges for organisational development and improvement in PES. These can be clustered along five general lines. The first is the general movement from performance measurement to performance management and a demand for a 'mature' use of performance information. Closely related to this is the steering of organisations and organisational levels (lesson 2) and a shifting focus on learning and improving (lesson 3). It was also noted that PES will increasingly need to spread these lessons to other labour market actors and partners as they become more involved in delivering outcomes (lesson 4). Last but not least, we focus on the role of leadership in organisational development and more specifically on stimulating an innovative culture in PES organisations.

4.1. From performance measurement to performance management

PES, other public services and their partners have for a number of years adopted more rigorous performance management cultures. This movement, which started in the Anglo-Saxon world (US, Australia, NZ, UK) in the late eighties, also shifted to the rest of Europe in the early nineties (see Mosley et al., 2001 and OECD Employment outlooks). The functions of performance measurement systems can be classified into eight functions, all focussing on particular elements. These functions contribute to different ambitions (clusters). Management information systems might be focussing primarily to: (1) steer and manage the organisation, (2) aim at accountability and reporting externally, or (3) have a strong focus on taking lessons from the information and improve the organisation.

Function		Cluster
Control	How can I ensure that the people are doing well?	1. To steer / manage and control
Budget	On what programs or projects should the organisation spend money?	
Motivate	How can I motivate people to improve performance?	
Promote	How can I convince people that we are doing a good job?	2. To give account
Celebrate	What have we achieved and has to be celebrated?	
Evaluate	How well is my organisation performing?	3. To learn, analyse and improve
Learn	What is working and what is not working?	
Improve	What exactly should we do differently to improve performance?	

Source: W. Van Dooren, (2006)

Studies in the past have shown a comparative overview of the indicators used. One remarkable issue that came up during our study – and in particular during the interviews – is the changing attitude towards measurement.

Many PES have indicated and demonstrated that the culture is shifting away from a mechanical approach to measurement. Where in the past ‘more was better’ and huge management information systems were created, leading to high data collection costs, which did in the end did not provide the expected added value to the management and improvement of the organisation. It demands a certain degree of maturity in organisations to deal with performance data in this way. Performance data become in this way a trigger for discussion and dialogue rather than a control, name, shame and blame instrument. This cultural shift is also important for the other lessons below.

4.2 Steering on results is managing with trust

The Management by Objectives (MBO) approach has been widely introduced in PES. Performance management and measurement are closely associated with the rise of interest in Management by Objectives (MBO) from the 1950s onwards. MBO involves senior managers setting indicators and targets in relation to desired outcomes, but allowing local managers the autonomy to innovate to achieve these. However, more contemporary authors suggest that performance measurement is often used to insert more rigid controls over organisational processes to standardise delivery and improve efficiency. Integrating performance measurement with organisational learning provides an opportunity to learn lessons from previous delivery, confirming or denying underlying assumptions which act as a guide to action. Where the debate ten years ago was focused on how to avoid the perverse effects of cherry picking, creaming and parking, the debate on performance measurement has now shifted towards organisational development and learning. In all countries –even those characterised

as having a centralised approach - management autonomy towards 'lower' levels is heavily stimulated and reflected in the set up and use of performance information on headlines. However, different PES interviewed showed the merit of the maintenance of national performance measurement datasets. This is because this will allow for the comparison of managerial approaches between territorial/managerial/governance units to address central policy-evidence questions such as: 'What works for whom and in what circumstances?' This approach requires a strong culture of trust within the organisation.

When discussing the changing focus in performance measurement in PES organisations (Section 3.1.) we already pointed to the shift towards using the information for management purposes (to steer/manage and control) and to the strong focus PES organisations demonstrated in learning from the measurement information and improving the organisation accordingly.

	To learn and research	To steer / manage and control	To give account
Key question	How to improve policy or management?	How to be in command of activities?	How to communicate performance?
Focus	Internal	Internal	External
Orientation	Change/future	Control/present	Survival/past
Exemplary instruments	Strategic planning, benchmarking, risk analysis, business process reengineering	Monitors and management scorecards, performance pay, performance budgeting	League tables, citizen charters and annual reporting, performance contracts

In analysing the improvement and learning dynamics and attitudes in PES we have found different ways of how learning and improvement are being tackled. A *first method of learning* is managed in organisations themselves via the lessons from key results, using input from staff or from satisfaction measurements. This form of learning we have seen in all the PES interviewed. A *second*, is the organisation of learning events focussing on comparative performance and why PES organisations perform as they do and how they can improve their functioning. Examples include the dialogues organised on a central level, but also dialogues facilitated between levels (national with regional and regional with local) or learning moments organised as described in e.g., Austria, Germany and the UK, where performance discussions are held to find out what works and how to improve. The *third stage* in the learning cycle is the optimisation of the learning. The national and European benchmarking and learning networks and follow-up visits are good examples of this type of learning. One of the most interesting examples however, is the Danish approach on learning and experimenting.

4.3. Chain thinking and acting

Final outcome indicators typically focus on overall objectives, such as increasing the employment rate or reducing the rate (or duration) of claiming particular benefits. They are often, however, quite difficult to link back to single PES interventions because of the wide range of other influences that act on them. As described above, performance does not stop at the boundaries of the organisation and an important (but complex) role for PES in the future will be to play this coordinating / connecting role in the whole chain of actors involved in the labour market, from government partners, the education sector, private actors, associations of (sector) employers, but also more and more third sector organisations (social assistance organisations, socio-economic volunteer organisations, etc.). Chain management is one of the complex topics in public administration, but if PES organisations want to keep playing a pivotal role in labour market, they have to take up the challenge of leading this debate.

4.4. Innovation and improvement and the role for leaders

Each innovation and improvement implies a different configuration of actors and institutions, with different roles for policy-makers, managers, professionals and citizens. The main challenge is that innovation requires a willingness to take risks and that in turn requires a culture of trust. We should not forget that not all innovation is good. Some innovation is bad because it does not work – most writers on innovation accept that it is a risky business in which one must expect a steady flow of failures as well as successes (Mulgan, 2007). Tolerance for failure tends to decline during austerity – the pain of perceived waste is that much sharper. ‘People in government fear nothing more than newsworthy failure...When new initiatives fail – and inevitably a large proportion do – they become highly newsworthy, with a focus on who is to blame’ (Altshuler, 1997, p39). The danger is that PES will be told to innovate, congratulated when their first innovation goes well, and then pilloried when the next one fails; after which, new bureaucratic regulations will be imposed to prevent that kind of failure from being repeated. Such cycles or alternations from tight to loose, to tight again, are well-known in public management. Many of the features which support innovation are those which support the management of change in organisations. For example:

- The external and internal context of the organisation. For example, external pressures from stakeholders or earlier successes in innovation.
- Leadership, innovation entrepreneurs and champions.
- Innovation processes including organisational and innovation structures (e.g. stage-gate structures) and cultures; the engagement of staff and other stakeholders.
- Evaluating intended and unintended outputs and outcomes of the innovation.
- Ensuring feedback through performance monitoring and organisational learning.

Developing the innovative capability in organisations is seen to be a major necessity

for both private and public organisations. This requires the fostering of a climate which raises, but also challenges, explores and tests innovation at all stages. Leadership, on all levels, plays a crucial role in this. Innovation and improvement demands taking risks, and not having the attitude of risk avoidance. In this study we have found interesting examples (Belgium, UK, Austria) where this innovative leadership attitude is translated into the competency framework of the PES organisation. Leaders are stimulated to encourage their staff to be creative and to be involved in coming up with improvement solutions in day to day work. Also on a structural level, 'taking risks' can be promoted through the launching of pilots, controlled testing (see Denmark) or experiments on services or service delivery.

5. CONCLUSIONS AND FUTURE CHALLENGES

PES play a crucial role in the translation of the policy ambitions on the European and national level in the field of employment. In this regard ambitious standards are set. PES organisations need to be mature organisations in order to respond to the challenges and demands. Organisational development, (continuous) improvement, learning and innovation, therefore have to be on (top of) the agenda of all PES organisations in order to become high performance organisations.

The challenge for organisations is to have an open mind for all these triggers. Innovation and improvement are sometimes seen as moments of ‘suddenly seeing the light’ and take place in a rather unstructured and chaotic way. We have seen in this paper that working towards innovation and improvement demands a structured approach to stimulate improvement in the different steps of the cycle.

Firstly of course, in detecting and identifying the need for improvement, the drivers of the impetus for innovations or improvements are fourfold:

- a) Policy-driven (central government, policy-makers), these innovations are per definition ‘top-down’;
- b) Organisation-driven (meeting needs, expectations and aspirations of staff, users and citizens), these are to be considered as rather ‘bottom-up’ and initiated by the organisation itself;
- c) Professional-driven (comparison with other organisations and sharing good practice) - in this partners and other stakeholder come into the picture therefore, ‘sideways-in’;
- d) User-provided, and directly resulting from the contacts with users.

We have seen that the interviewed PES also make extensive use of performance information in this stage. This means that PES organisations think carefully about learning. Using performance information for improvement purposes is an essential point in this journey. We have found various indications that PES have moved from performance measurement to performance management and a ‘mature’ use of performance information. This is clearly the case internally where a heavy and detailed measurement culture has made way for an approach focussed on learning and improving. This shift does not happen overnight and demands constant attention. In their journey to increase organisational performance a broad focus is applied in the choice of quality management instruments.

Secondly, PES should have an open mind in the solutions that are developed and provided as answers to the detected needs. Innovative solutions might be found about products or services, or even at the strategic or governance level. These solutions might involve trial and error, taking risks with the –inevitable- danger of making mistakes. Therefore, having an open mind in implementing these solutions is a third aspect. Pilots, experiments, etc., might help in lowering the risk and spreading the knowledge to other partners. PES need to play a pivotal role in the broader labour

market context, since performance does not stop at organisational boundaries, and innovations and improvements need to be spread and learnt (in different directions) throughout the network of labour market actors and partners.

This open mind also needs to be present inside organisations. If we want a structured approach towards improvement, development and innovation, it starts by involving staff in the organisation. Constant attention will be required for leadership in organisational development and more specifically in stimulating an innovative culture in PES organisations. In maintaining and strengthening this overall culture shift from sound and solid public administrations, towards high performing organisations operating in complex network structures, different actors need to play their own role. Administrative leadership will therefore also be crucial, however political leadership in this context must not be underestimated.

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END NOTES

ⁱ Targets for DWP delivery of JCP services are agreed with the Secretary of State for Work and Pensions, and published in the annual business plan. These targets are designed to improve overall productivity, efficiency and effectiveness. The following targets were set for 2010/11:

- Helping people into work - to achieve a total points score of 11.47 million based on the job outcomes JCP achieves;
- Helping employers to recruit - to achieve 91% in the delivery of services to employers according to the standards we have set for our business;
- Delivering a good service to our customers - to achieve 86% in the delivery of customer services according to the standards we have set for our business;
- Providing work-focused support at the right time - to ensure that JCP work-focussed support is given to customers at the correct time in 85% of cases measured;
- Timely processing of benefit claims - to process claims within an average number of working days, Income Support (IS) – 9 days, Jobseeker's Allowance (JSA) – 11 days, Employment and Support Allowance (ESA) – 14 days.

The Minister for Employment agreed to remove three of these targets at the mid-year stage (October 2010). This was done to provide a stepping stone for the introduction of a new performance management framework from April 2011. As a result, JCP ceased to report performance against the:

- Interventions Delivery Target (IDT) from the beginning of July 2010;
- Customer Service Target (CST) from the beginning of October 2010; and
- Employer Engagement Target (EET) from the beginning of August 2010.

JCP also contributes to Department for Work and Pensions' (DWP) wider target to ensure that losses from fraud and error in paying IS and JSA amount to less than 4.2% of overall expenditure.