**Internal and external performance assessment**

The Austrian PES maintains ongoing external and internal performance assessments to generate a culture of structured learning and improvement. The nine regional branches are assessed externally using criteria set by the European Foundation for Quality Management (EFQM) every four years. Every three years, each regional organisation is assessed internally to formulate plans to improve regional performance and to prepare for external assessment.

The internal assessors, trained by the Austrian Foundation for Quality Management (AFQM), ensure that regional organisations plan actions in order to improve areas of weak performance that were identified in a previous external assessment.

As a result, the Austrian PES is improving each year in terms of EFQM scores. It has received several AFQM awards and predicts ongoing improvement in its ‘balance score card’, the internal measurement of PES procedures and outcomes. These processes have generated a culture of transparency, benchmarking and improvement.

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<th><strong>Name of the PES</strong></th>
<th>Austrian Public Employment Service (Arbeitsmarktservice – AMS)</th>
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<td><strong>When was the practice implemented?</strong></td>
<td>The Austrian PES has been a member of the Austrian Foundation for Quality Management (AFQM) since 1999. In 2001, the PES first took part in the assessment process linked to the AFQM quality award. The internal assessment has been running in parallel since 1999.</td>
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<td><strong>Which organisation was involved in its implementation?</strong></td>
<td>Austrian Public Employment Service (AMS), Austrian Foundation for Quality Management (AFQM)</td>
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<td><strong>Which groups were targeted by the practice?</strong></td>
<td>Managers of the nine regional branches (located in each of the nine federal states) of the Austrian Public Employment Service.</td>
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<td><strong>What were the practice’s main objectives?</strong></td>
<td>The objective of internal and external assessment is to promote a culture of structured learning and improvement. The EFQM model and its system of feedback are guiding principles for the quality management of PES. The purpose of EFQM external assessment is to objectively evaluate PES performance and to compare it with other public organisations. The internal assessment is run in parallel to support regional PES offices with action planning and learning and to prepare them to meet the EFQM standards.</td>
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<td><strong>What activities were carried out?</strong></td>
<td>Each regional PES is assessed by an external evaluator (specialists in EFQM) every four years. The assessors check that core EFQM concepts, such as customer orientation, employee satisfaction and the cycle for ongoing improvement, the PDCA-cycle (Plan, Do, Check, Act), are in place. The organisation must prove it is performing according to this learning process and is developing measures to address areas of improvement. During the assessment, organisations are evaluated according to nine criteria, separated into ‘enablers’ (such as leadership, strategy, employee involvement etc.) and ‘results’ (such as business or customer-related results). External assessors only assess EFQM-related processes, and not measures for improvement. PES takes part in the Austrian Foundation for Quality Management quality awards via an external analysis of the PES organisation as a whole, based on EFQM criteria. This award compares the PES to other public organisations.</td>
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Internal assessors, trained by AFQM, evaluate regional branches and three local offices (a low, medium and high-performing office) within their region every three years (in different years to external assessment). They support the organisation to implement EFQM core concepts and prepare them practically for the external assessment, such as alerting them to the necessary preparation. With their insight into the organisation, they plan concrete actions for improvement, such as cooperation between regional offices. An output from the internal assessment is a ‘management agreement’ that contains specific action points to address areas of weak performance. This agreement is reviewed in an interim report and in a new internal assessment after three years. The interim report compares projected targets with actual data and may lead to new actions depending on external factors (such as local labour market developments) and the performance of the organisation. The internal assessors also use EFQM tools, such as the project database (http://ec.europa.eu/social/BlobServlet?docId=15339&langId=en) to encourage information exchange with other offices.

PES pays a membership fee (EUR 3 600 per year) and fees for external assessment to the Austrian Foundation for Quality Management. The internal assessment is conducted in-house by internal assessors trained by the AFQM.

**What resources and other relevant organisational aspects were involved?**

National funding

**What were the source(s) of funding?**

**What were the outputs of the practice: people reached and products?**

**Products:**

During the EFQM assessment, external assessors prepare reports, such as how the organisation has implemented the PDCA-cycle (Plan, Do, Check, Act), and award points according to the nine criteria described above. These reports highlight areas for improvement within the EFQM criteria. However, they do not include concrete action points for improving performance. These are included in the ‘management agreements’ between the internal assessors and regional offices. Based on the ‘management agreements,’ regional offices prepare interim reports that provide insight into the implementation of ‘management agreements’.

For the internal assessment, 35 employees (out of approx. 5 700 PES employees in total) are currently trained by AFQM to be assessors within the EFQM concept (there are no restrictions with regards to who in AMS can become an assessor). Assessors need to complete a three-year training course which is renewed every two years and contains theoretical elements and a practical part, which is an assessment. One assessment takes around two to four days to complete and one assessor does approximately one internal assessment per year.

A range of tools have been created to help improve performance, including a ‘lessons learnt’ form completed by local PES to rate the effectiveness of their measures and the project database (http://ec.europa.eu/social/BlobServlet?docId=15339&langId=en) for good practice exchange.

**What outcomes have been identified?**

The ratings from external assessors help the PES to outline areas for improvement and concrete actions are planned with the support of internal assessors. This process has improved the organisational development of PES and its services, which can be verified by improved ratings in the external assessment and operational changes.

The external assessment helps the PES objectively monitor performance, with scores within the EFQM criteria showing annual improvement. AMS has received the ‘EFQM Recognised for Excellence 5*’ award several times, which involves comprehensive self-assessment and data collection by assessors. In addition, the Austrian PES was recognised as one of the best organisations in 2015 with the Austrian State Prize for Company Quality of the Austrian Foundation for Quality Management. Internally, there are increasingly high scores in the balanced score card.

On an operational level, several aspects have changed based on the internal and external assessments. For example, the more than 100 local branches are divided into six clusters based on social and economic conditions. Thus, each cluster has a similar job market situation which makes local offices comparable. Another example of improvement is the link between financial and performance data which makes the joint review of targets and budgets for staff or ALPM measures possible. In the case of target indicators that impact on the budget, targets are linked to the budget for funding job market policy. In this way, higher budget is made available for higher target levels, so PES offices that plan with more ambitious targets receive more budget and offices with lower targets less budget. The performance dialogue around targets has thereby become easier, reducing the risk of underperformance.
What are the lessons learnt and success factors? 

Internal and external assessment show that the organisation can learn from external review and comparison, and from internal success and failure. A culture of transparency is a precondition of ongoing improvement and learning from mistakes.

Performance planning and dialogue also depends on external factors and the individual performance of a regional office.

An external assessment provides the PES with an external view of barriers to performance as well as success factors. This is linked to the fact that AMS is willing to be compared to other Public Employment Services in Europe or to other public organisation within the AFQM in Austria. The fact that assessors within the Austrian PES are trained and assess other organisations (often other public organisations such as tax authorities) contributes to the learning culture, because staff can see how other organisations deal with core processes within the EFQM model. The PES has also learnt more about areas of improvement, such as sharing information on failure and unsuccessful methods from external performance assessments. As a result, the PES values honest communication about unsuccessful methods, so that other regional and local offices can avoid making the same mistakes.

There is also a discussion around how detailed the PDCA-cycle (Plan, Do, Check, Act) should be. A very detailed description of measures to meet a certain objective can be helpful for planning reasons, but might also lead to discrepancies when comparing projected targets with actual targets. This is because it is not always possible to determine the impact of individual actions. For example, the target to increase the number of jobs available at a local office by a certain number could need several action points, such as working with employers. However, it is hard to estimate how many jobs will actually be generated because of the cooperation with employers. PES experience is that regional offices that perform well do not need to plan their performance in detail, so they enjoy greater autonomy, but lower performing regional offices should have closer contact with head office concerning their measures.

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