



# Performance targets in Germany's public employment service

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**1**

Institutional organisation

**2**

Management by objectives

**3**

Long-term unemployment



# 1 INTRODUCTION: INSTITUTIONAL ORGANISATION

Support schemes for jobseekers in Germany



# 1 Institutional organisation – Support schemes for jobseekers

## Unemployment insurance (Social Code III)

- Unemployed persons with insurance (benefit duration: 1 year)

## Basic income support for jobseekers (Social Code II)

- Employable persons in need of assistance (may be working)

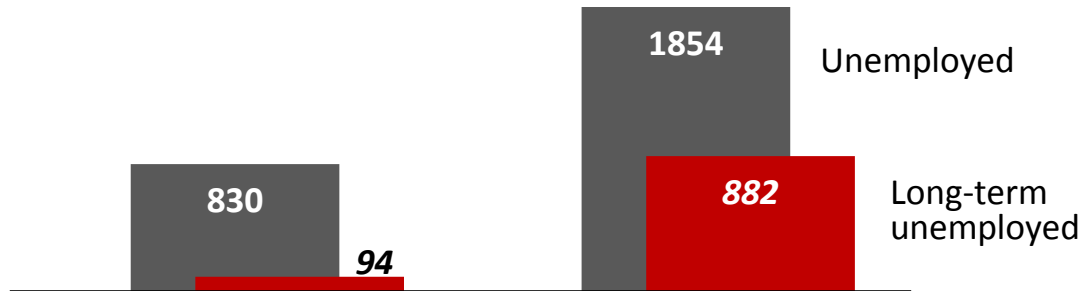


# 1 Institutional organisation – Support schemes for jobseekers

**Unemployment insurance  
(Social Code III)**

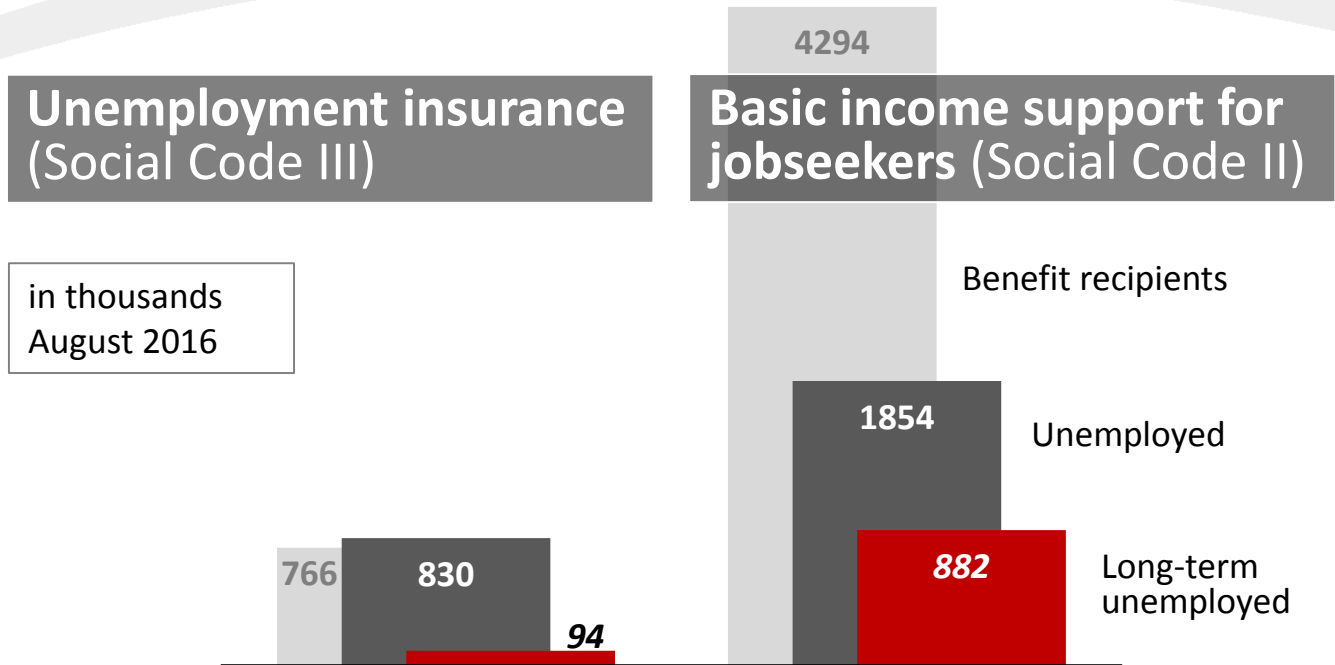
**Basic income support for  
jobseekers (Social Code II)**

in thousands  
August 2016



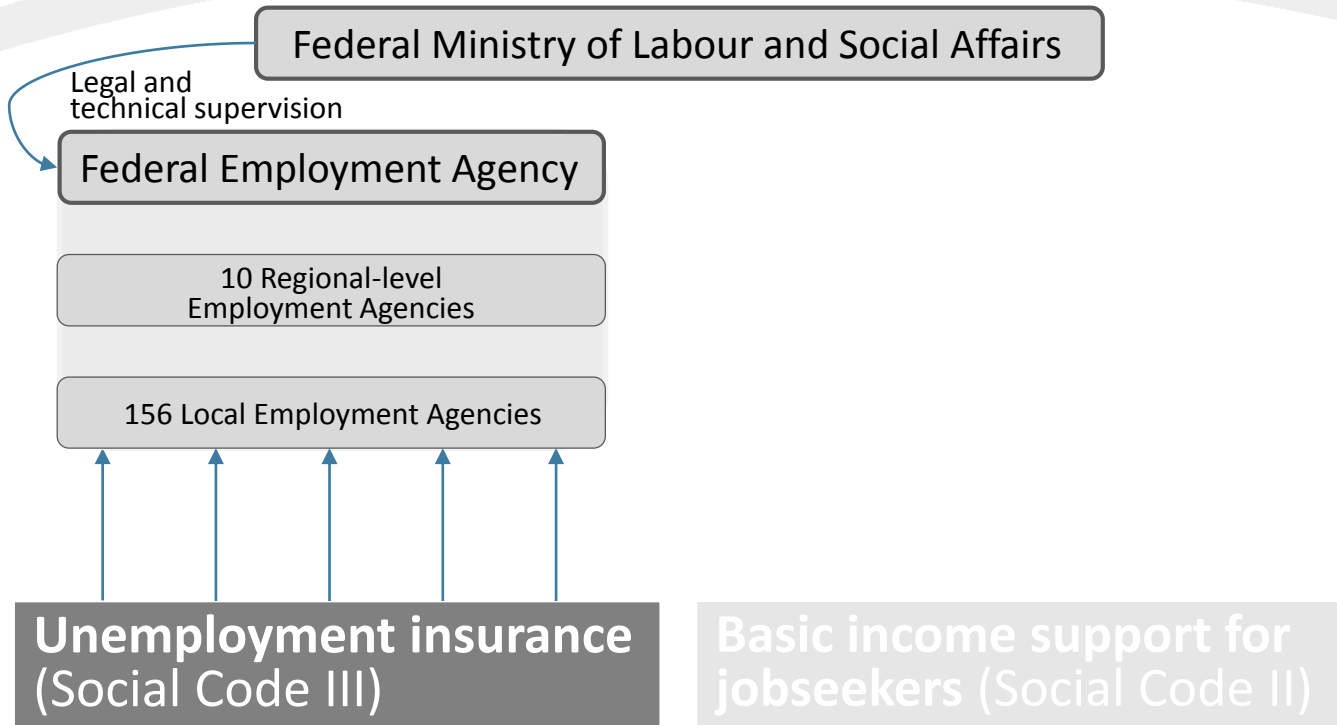


# 1 Institutional organisation – Support schemes for jobseekers



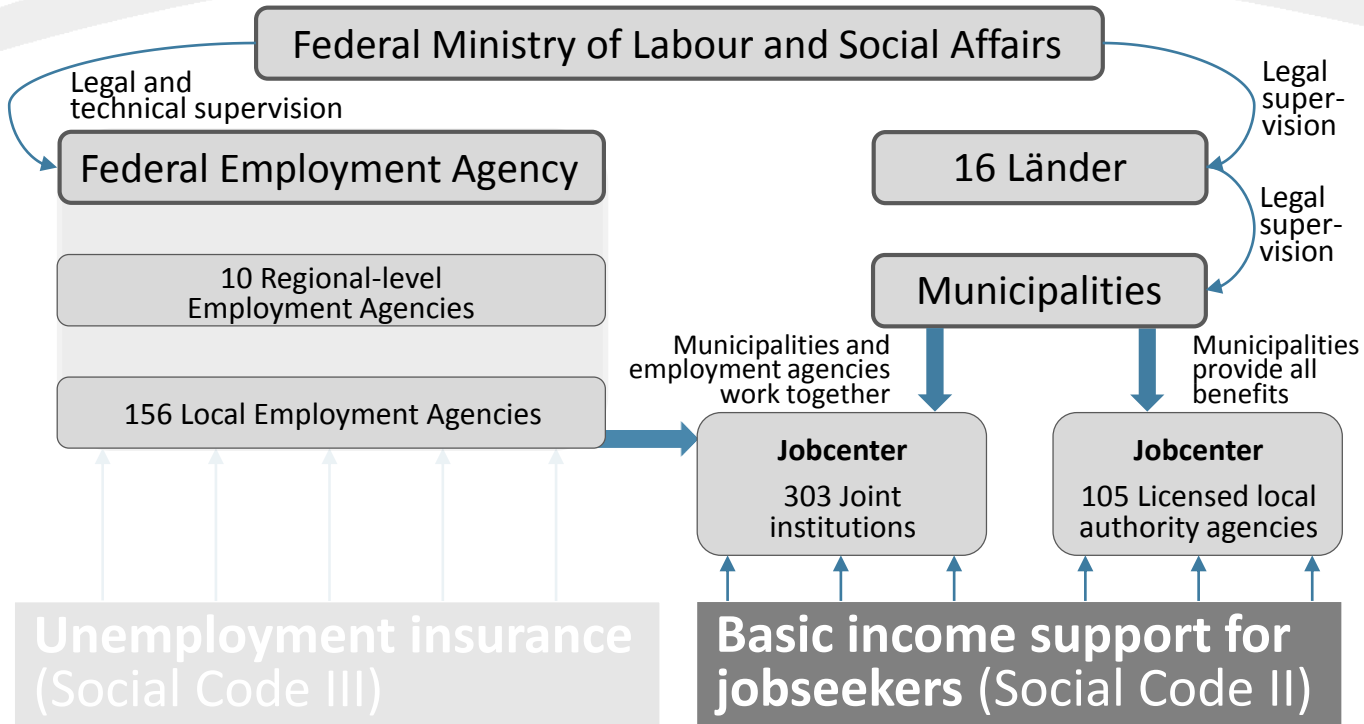


# 1 Institutional organisation – Support schemes for jobseekers





# 1 Institutional organisation – Support schemes for jobseekers







## 2 MANAGEMENT BY OBJECTIVES

Performance target systems in Germany's public employment service



## 2 Management by objectives

### **Management by objectives aims to...**

- Strengthen local scope of action and responsibility
- Encourage peer learning
- Improve performance
- Establish transparency
- Focus resources on political objectives



## 2 Management by objectives

### Objectives have to be...

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**ealistic
- **T**imed



## 2 Management by objectives Unemployment insurance

### Unemployment insurance (Social Code III)

- Framework agreement on objectives between Federal Ministry and Federal Employment Agency (§ 1 (3))
  - Objective (among others): Prevent long-term unemployment



## 2 Management by objectives

# Basic income support for jobseekers

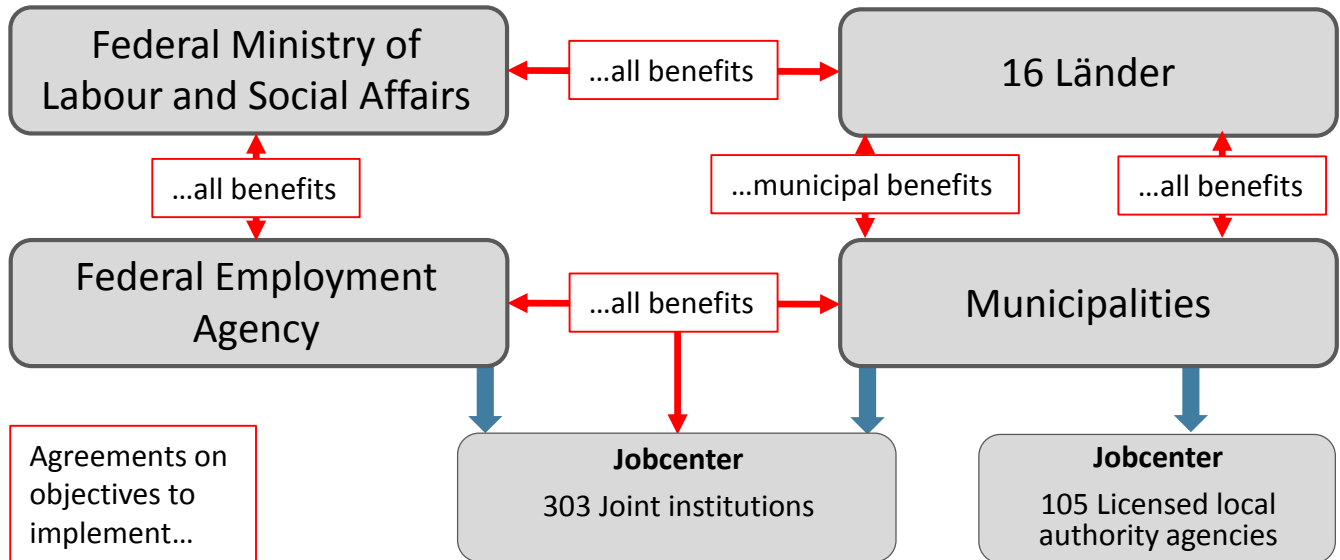
### Basic income support for jobseekers (Social Code II)

- General objectives of the law (§ 1):
  - Enable benefit recipients to live in human dignity,
  - Assist in finding employment, strengthen individual responsibility,
  - Preserve, improve or regain employability,
  - Provide means of subsistence,
  - Reduce extent & duration of dependence,
  - Ensure gender equality.
- Agreements on objectives (§ 48b)



## 2 Management by objectives Basic income support for jobseekers

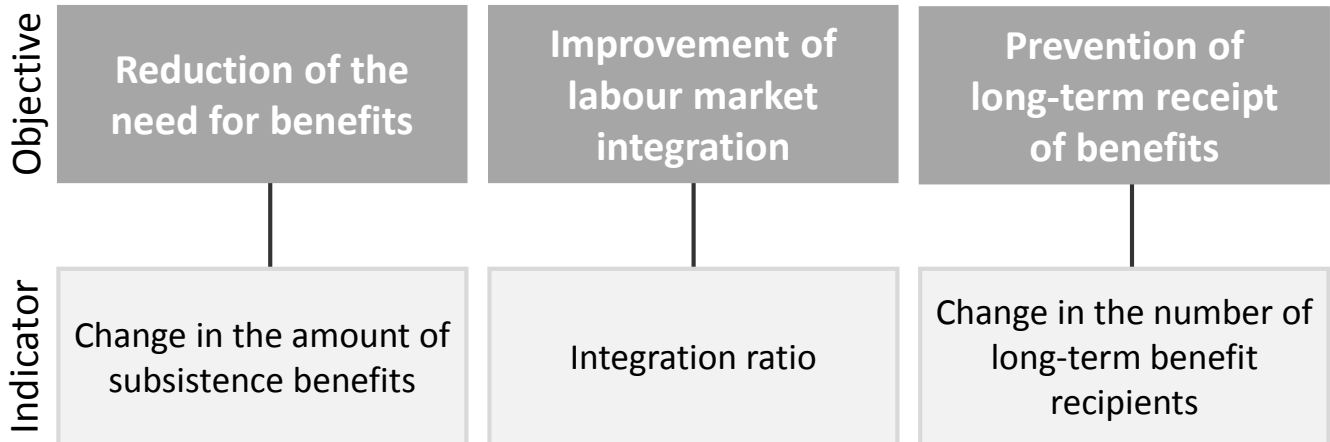
### Agreements on objectives between all involved parties





## 2 Management by objectives Basic income support for jobseekers

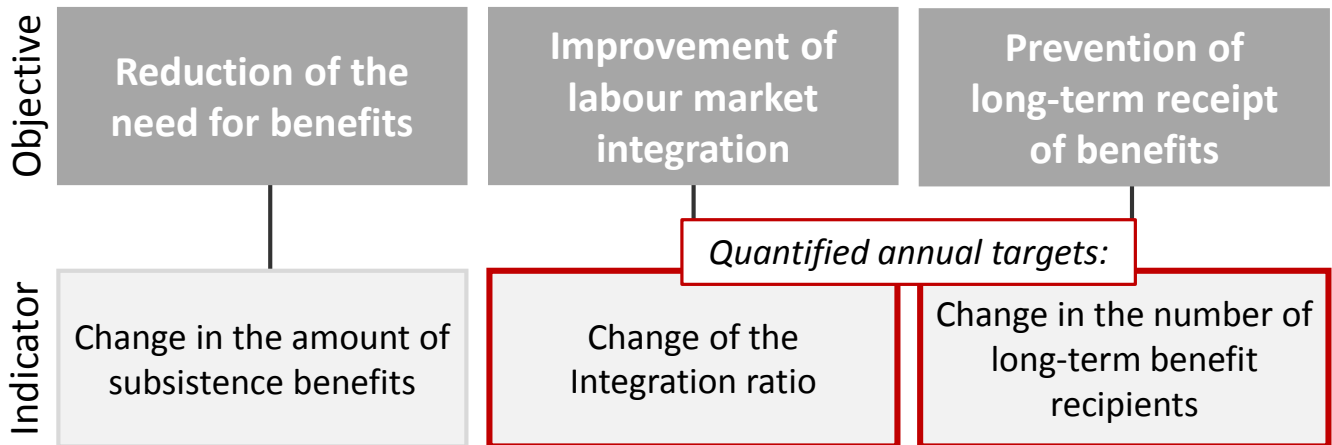
### A common set of objectives, a common data base





## 2 Management by objectives Basic income support for jobseekers

### A common set of objectives, a common data base







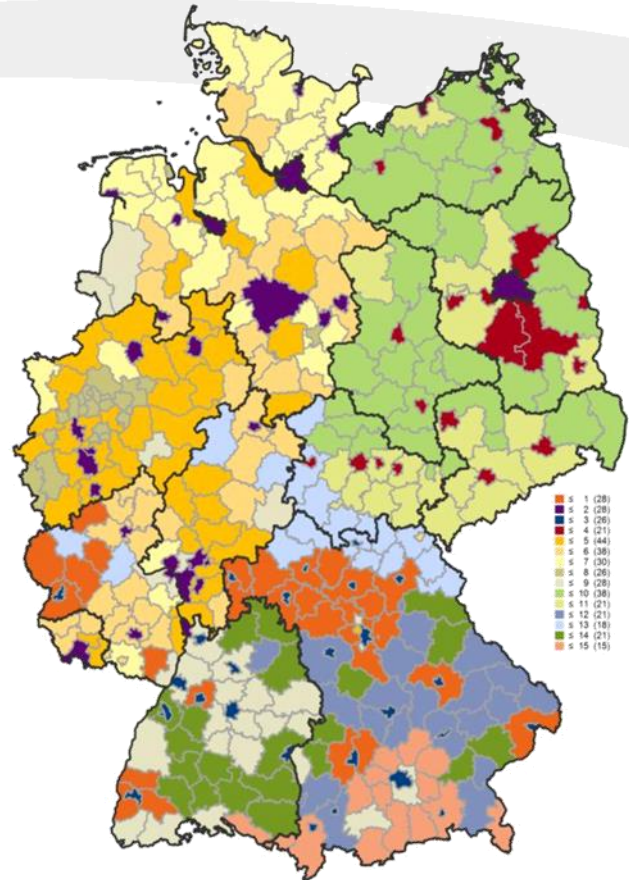
# 2 Management by objectives

## Basic income support for jobseekers

### Comparison between regions

#### 15 region types

- Statistical clusters with similar characteristics
- To compare ambition of targets
- To compare performance indicators





## 2 Management by objectives

### Basic income support for jobseekers

#### The annual decentralized planning process

1. Agreement on Common Planning Principles (August)
  2. Submission of Jobcenter target offers (November)
  3. Negotiation of submitted targets (November to April)
  4. Conclusion of target agreement (April)
  5. Realisation of target achievement dialogues (2 per year)
- *Performance indicators are made public, budget is **not** linked to performance indicators*



## 3 LONG-TERM UNEMPLOYMENT

Do the existing performance targets provide incentives to reduce long-term unemployment?



# 3 Long-term unemployment

## Do targets set the right incentives?

### **Contradictory objectives for public employment services**

- Rapid integration
- Integration into sustainable jobs
- Integration into vocational education and training measures
- Reducing poverty / reducing long-term unemployment
- Reducing risk for children of growing up in poor households
- Minimizing costs



# 3 Long-term unemployment

## Do targets set the right incentives?

### Basic income support for jobseekers (Social Code II)

- Agreements on objectives include targets to reduce long-term receipt but **not** long-term unemployment
  - Prevent “revolving door effect” and integrations into low-paid or unsustainable employment
- Potential “false incentives”:
  - Creaming: short term unemployed clients are easier to integrate
  - Singles are easier to bring out of welfare dependence than (large) families with children



Questions?  
Thank you!

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# 2 Management by objectives

## Basic income support for jobseekers

### Monitoring of supplementary indicators

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Objective

Reduction of the  
need for benefits

Improvement of  
labour market  
integration

Prevention of  
long-term receipt  
of benefits

Supplementary  
indicators

- Amount of housing and heating benefits
- Employable persons entitled to benefits
- Entry rate of employable persons
- Exit rate of employable persons

- Rate of entry into marginal employment
- Rate of entry into publicly funded empl.
- Sustainability of integration
- Integration rate of single parents

- Integration rate of long-term recipients
- Activation rate of long-term recipients
- Average entry rate of long-term recipients
- Average exit rate of long-term recipients