

*Do Benchmarking Results
Tell about
Good Practice?*

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To achieve its task the Working Group has to discuss two interrelated issues thoroughly:

- Why do favorable benchmarking results point towards good practices?
- How do good practices bring about a performance that receives favorable benchmarking results?

The following paper aims at clarifying some of the issues at hand. This should help to prepare the ground for discussion at the 5th meeting of the Working Group in January 2007.

This draft paper is subject to revisions. The revisions might turn out to be substantial.

For the team of consultants:
Prof. Michael Wagner-Pinter

Vienna, 13 November 2006

<i>1</i>		
<i>Portfolios of Public Employment Service activities and core processes</i>		<i>4</i>
<hr/>		
<i>2</i>		
<i>Organizing input to achieve impact</i>		<i>5</i>
<hr/>		
<i>3</i>		
<i>Two readings of the input benchmarking relationship</i>		<i>6</i>
<hr/>		
<i>4</i>		
<i>A more detailed view on core processes and performance indicators</i>		<i>7</i>
<hr/>		
<i>5</i>		
<i>How to evaluate the positive effect of a good practice: some tentative suggestions</i>		<i>8</i>
<hr/>		
<i>6</i>		
<i>Procedural implications for the Participating Partners</i>		<i>9</i>
<hr/>		
<i>Appendix</i>		
<hr/>		
List of papers of the Working Group		10
Imprint		16

1

Portfolios of Public Employment Service activities and core processes

Portfolios of PES activities differ, ...

Each PES participating in the Working Group has a distinct portfolio of activities. These portfolios are by no means identical as detailed surveys about mission statements and fields of activity among the Participating Partners have revealed.

... but share common grounds ...

Nevertheless, there is a substantial stretch of common grounds, which is shared by most of the Participating Partners. This is reflected by the fact that the Participating Partners have few difficulties in identifying four core processes, which seem to be the defining feature of each of them.

... related to four core processes:

These four core processes are:

- Servicing and supporting job seekers (CP 1)
- Servicing and supporting employers (CP 2)
- Offering information to the public (CP 3)
- Servicing and supporting PES-management and PES-partners (CP 4)

Servicing job seekers and employers (CP 1 and CP 2)

The core processes CP 1 and CP 2 address challenges that individual customers of the PES have to face. Thus the management of the PES organizes available resources (as an »input«) to offer specific services (as an »output«) such that the customers meet their challenges successfully (which is the »impact« of PES activity).

Informing the public (CP 3)

The core process CP 3 is similar to CP 1 and CP 2. It has however no single customer (with a specific challenge) as addressee; nor does it have well defined »output« or »impact«.

Servicing the PES itself (CP 4)

The core process CP 4 is quite different from CP 1, CP 2 and CP 3. The addressee of the process is the PES organization itself. Thus there is only an »input« dimension, but no »output« dimension to CP 4.

The focus is on CP 1 and CP 2; CP 4 will be approached tentatively

The Participating Partners agreed to focus on the two core processes »servicing job seekers« and »servicing employers«. Considering the tight schedule and the limited resources of the Working Group, this decision seems reasonable. At the same time the Participating Partners agreed to have at least a tentative go at the »servicing the PES (itself)« core process.

2

Organizing input to achieve impact

From input to output ... The management of PES organizes available resources as an input to generate the output that the PES is supposed (by statutory regulations, or by a target set by its overseeing body) to provide.

... to impact Output, however, is rarely a goal in itself. It is the impact that PES action has on the environment in which it operates that matters to the public and political decision making.

PES-management has no control over impact, ... In this sense, it is the relationship between input and impact (with output as an intermediary stage) that defines the performance of the PES. From this point of view it is obvious that PES-management does not have complete control over PES performance; management is limited on the input side by available resources; on the impact side, it is the »environment« (in which the PES operates) that exerts a strong influence on the impact the management can achieve through its action.

... but still is accountable for impact which is captured numerically, ... PES-management is nevertheless accountable for impact. This is acknowledged by the Participating Partner's decisions to define seven out of eight performance indicators in terms of impact the PES has on labour market dynamics (e.g. the transitions from unemployment to employment).

... by performance indicators These performance indicators offer the opportunity to measure the level of performance of one PES against the performance of another PES.

3

Two readings of the input benchmarking relationship

*»Forward« and
»backward« reading
of a link*

A very favorable benchmark in one of the areas of performance can be read in two directions:

- the PES has organized its input well (good practice) and has generated an impact that is favorably benchmarked;
- a favorable benchmark for the PES points toward a good practice in organizing an input by the PES-management.

*Functional point
of view*

The first reading corresponds to the functional relationship between organizing input, generating substantial positive impact and, thus, achieving favorable benchmarking results.

Search point of view

The second reading corresponds to the purpose of the benchmarking exercise of the Working Group. The benchmarking results are used to direct the search process for good practices; its underlying assumption is: where there are favorable benchmarks, there are good practices in organizing input as well.

*From the »search«
to the »functional«
point of view*

The Working Group deals with the two types of readings in reverse order. It starts with the second reading (from benchmarking results »backwards« to good practices) and proceeds the first reading (from good practices »forward« to good benchmarking results).

*Establishing a quantitative link between
a good practice and
benchmarking results is
rather demanding ...*

From an analytical point of view, the »forward« reading is much more difficult than the »backward« reading; it has to be based on a model which tells the PES how its performance (in a specific area) captured by an indicator would deteriorate if a specific good practice was not implemented.

... but indispensable

Despite the difficulties in establishing a quantitative link between a good practice and favorable benchmarking results, such an exercise in »impact evaluation« of good practices is indispensable.

4

A more detailed view on core processes and performance indicators

Core sub-processes

In order to »locate« good practices and evaluate their impact, the core process CP 1 and CP 2 are to be differentiated one step further.

- Servicing and supporting job seekers (CP 1)
 - registration, customer profiling (CP 1.1)
 - supporting search for jobs (CP 1.2)
 - counselling on occupational perspectives (CP 1.3)
 - training and occupational rehabilitation (CP 1.4)
 - on the job coaching for special needs groups (CP 1.5)
- Servicing and supporting employers (CP 2)
 - supporting the search for candidates suitable for vacancies (CP 2.1)
 - supporting the management of collective dismissals (CP 2.2)
 - training of (prospective) employees »on demand« (CP 2.3)
 - supporting networks of employers (CP 2.4)

»Core« selection

These core sub-processes do not cover necessarily all activities that would come under the heading of »job seekers service« or »employers service«. They are a »core« selection of activities.

*From »input«
to »impact«*

Each of the »core sub-processes« has an »input«, »output« and »impact« dimension.

*Locating
»good practices«
and »performance
indicators*

From an analytical point of view:

- each »good practice« has to be located in the input dimension of a core sub-process;
- and each of the performance indicators has to be located in the impact dimension of a core process.

*Job seeker and
employer services*

More specifically, the impact dimension of the core process »job seeker services« is captured by the performance indicators Q1, Q2, Q3, Q6; the »employer service« core process is captured by performance indicators Q4, Q5 and Q7.

5

*How to evaluate the positive effect of a good practice:
some tentative suggestions*

	Sometimes it is helpful to consult a checklist when evaluating a good practice with respect to its quantitative effect:
<i>Customers affected?</i>	<ul style="list-style-type: none">• How large is the share of customers affected by the good practice:<ul style="list-style-type: none">– less than 10 per cent?– 11–50 per cent?– more than 50 per cent?
<i>Quality, or cost, or customer base?</i>	<ul style="list-style-type: none">• Does the good practice:<ul style="list-style-type: none">– enhance the quality of a service provided?– enlarge the customer base?– cuts the costs of the service provided?
<i>Channels of service?</i>	<ul style="list-style-type: none">• Does the good practice enhance the probability of accomplishing the task set:<ul style="list-style-type: none">– through self service of the customer?– through service provided by PES-staff?– through services of a third party?
<i>Synergy?</i>	<ul style="list-style-type: none">• Is there a positive spill-over of the good practice to other core subprocesses in the PES («synergy»)<ul style="list-style-type: none">– to a small extent?– to a considerable extent?– to a great extent?
<i>Input, output, impact?</i>	<ul style="list-style-type: none">• Is the good practice mainly<ul style="list-style-type: none">– an input to further input?– an input that controls a specific output directly?– an input that translates directly into an output which strongly controls impact?
<i>Extent of effect on performance indicator</i>	As a rule of thumb, any specific good practice will be noticeable if it raises the performance indicator value by up to 1%. A rise of the performance indicator by 2% has already to be considered very attractive; a rise of 3% (or more) is quite extraordinary.
<i>Describing functional links</i>	To arrive at any of those estimates («up to 1%«, »2%«, »3%+«) it is necessary to give a description of the functional links (between the good practice and the impact) captured by a performance indicator.

6

Procedural implications for the Participating Partners

	<p>The preceding discussion of the link between input-output-impact-benchmarking results can be translated into a road map for the Working Group.</p>
<i>From »performance indicators ...</i>	<ul style="list-style-type: none">• Step 1: Define and measure a set of performance indicators corresponding to the two core processes »service to job seekers« and »service to employers«.
<i>... to benchmarking ...</i>	<ul style="list-style-type: none">• Step 2: Carry out a benchmarking for each of the performance indicators taking into account the specific context in which each PES operates.
<i>... to good practices ...</i>	<ul style="list-style-type: none">• Step 3: Ask those Participating Partners who achieve favorable benchmarking results to come forward with the description of (some of) their good practices. This description should be complemented by a suggestion to what extent the good practice contributes to the numerical value of the performance indicators.
<i>... to be discussed ...</i>	<ul style="list-style-type: none">• Step 4: Present and discuss the good practices forwarded.
<i>... and communicated.</i>	<ul style="list-style-type: none">• Step 5: Communicate the results of the benchmarking exercise and the good practices to the heads of PES.
<i>Steady process of improvement ...</i>	<p>So far, step 1 and step 2 have been taken by the Working Group and the Team of Consultants; the results are far from perfect, but a steady process of improvements has been set in train.</p>
<i>... and next steps ...</i>	<p>Step 3 and step 4 are to be taken during the first quarter of 2007.</p>
<i>... in 2007</i>	<p>Step 5 will have to be addressed during the second quarter of 2007.</p>
<i>Immediate focus</i>	<p>The most important activity of the Participating Partners is to find out about good practices of their home base, to relate those good practices to core sub-processes and to evaluate quantitatively the contribution of the good practice to the numerical value of one of the corresponding performance indicators.</p>

*List of papers of
the Working Group*

All papers of the Working Group will be distributed by the group of consultants to each of the Participating Partner:

There are several series of papers. Some of them can be used for general circulation, some of them are for internal use only; none of the papers are strictly confidential.

White Papers

- White Papers deal with general topics and cover the topics of the final report of the Working Group (unrestricted circulation)

Blue Papers

- Blue Papers list performance indicators and discuss their strong and weak points (unrestricted circulation)

Red Papers

- Red Papers report on harmonized data forwarded by the Members of the Working Group (circulation only with permission of the Members who provided data)

Yellow Papers

- Yellow Papers contain only information which serves to organize the work in progress (of no use to outsiders of the Working Group)

Green Papers

- Green Papers cover issues related to the choice of good practices and their presentations (unrestricted circulation)

List of Papers (latest draft)

<i>Type of paper</i>	<i>Reference</i>	<i>Title</i>	<i>Date</i>
White Papers	WP 01	PES-Performance, Indicators, Good Practice	19/01/06
	WP 02	Reporting the Benchmarking Results to the head of PES. The Performance of AMS Austria (English Version). First Draft	15/01/07
	WP 03	Reporting the Benchmarking Results to the head of PES. The Performance of AMS Austria (English Version). First Draft	15/01/07
	WP 04	Reporting the to the European Commission. First Draft	17/01/07
Blue Papers	BP 01	Supporting Flowcharts	23/01/06
	BP 04	Measuring effectiveness and operational efficiency of the Finnish PES	03/03/06
	BP 06	A list of eight performance indicators (Second draft)	03/04/06
	BP 12	Operational definitions of performance indicators Q1-Q3 (Fourth draft)	27/07/06
	BP 13	Operational definitions of performance indicators Q4 and Q5 (Second draft)	27/07/06
	BP 14	Operational definitions of performance indicators Q6 and Q7 (First Draft)	27/07/06
	BP 15	Operational definition of performance indicator Q8 (First Draft)	27/07/06
	BP 20	Information Technology as an Input to PES Performance: A standardized data format (First Draft)	13/11/06
	BP 21	Information Technology as an Input to PES Performance: Data on Austria	13/11/06
	BP 22	Capturing Context: A radar chart approach (Third Draft)	15/11/06
	BP 23	Measurement Procedures: The specific approaches taken by the Participating Partners Q1-Q3 (Third Draft)	19/12/06
	BP 24	Measurement Procedures: The specific approaches taken by the Participating Partners Q4 and Q5 (Third Draft)	19/12/06
	BP 25	Measurement Procedures: The specific approaches taken by the Participating Partners Q6 and Q7 (Third Draft)	19/12/06

List of Papers (latest draft)

<i>Type of paper</i>	<i>Reference</i>	<i>Title</i>	<i>Date</i>
Yellow Papers	YP 01	Public Employment Services in Europe: a large spectrum of missions	11/01/06
	YP 02	Performance Indicators: A first survey on data availability and ranking	12/01/06
	YP 08	PES Background and Content Information and Indicators in the year 2005 (Third draft)	30/07/06
	YP 10	A tight schedule (Fifth Draft)	19/01/07
Red Papers	RP 04	Transition from unemployment to employment: Indicator 1 (Second Draft)	08/09/06
	RP 05	Transition from unemployment to employment before unemployment lasts long: Indicator 2 (Second Draft)	08/09/06
	RP 06	Transition from measures to employment: Indicator 3 (Second draft)	08/09/06
	RP 07	A cluster approach towards different PES- environments (First Draft)	08/09/06
	RP 08	Benchmarking: Performance Indicator Charts – 8 Indicators (First Draft)	12/09/06
	RP 09	Benchmarking: Participating Partner Charts Countries (First Draft)	12/09/06
	RP 10	Opening access to a large share of vacancies through the PES information system: Indicator 4 (First Draft)	12/09/06
	RP 11	Making sure that vacancies are filled: Indicator 5 (First Draft)	12/09/06
	RP 12	Customer satisfactions: Indicators 6 and 7 (First Draft)	12/09/06
	RP 13	Information technology indicator (First Draft)	12/09/06
	RP 14	Benchmarking of PES Performance Indicators 2004: 13 PES, 7 Indicators, 4 Context Variables (First Draft)	19/12/06
	RP 15	Benchmarking of PES Performance Indicators 2005: 13 PES, 7 Indicators, 4 Context Variables (First Draft)	19/12/06

List of Papers (latest drafts)

<i>Type of paper</i>	<i>Reference</i>	<i>Title</i>	<i>Date</i>
Green Papers	GP 01	Looking for good practices: A draft questionnaire	01/06/06
	GP 03	(42) Examples of Good Practices: A summary	12/09/06
	GP 04	Do Benchmarking Results Tell about Good Practice? (First Draft)	15/11/06
	GP 05	Assessing Good Practices: A draft questionnaire (Second Draft)	20/11/06
	GP 06	PROMOTION OF APPRENTICESHIP TRAINING: A good practice pertinent to the core process »Servicing and supporting job seekers«. Austria Good Practice I. (First Draft)	09/01/07
	GP 07	IMPROVING SERVICES FOR EMPLOYERS: A good practice pertinent to the core process »Servicing and supporting employers«. Austria Good Practice II (First Draft)	09/01/07

List of Papers (previous drafts)

<i>Type of paper</i>	<i>Reference</i>	<i>Title</i>	<i>Date</i>
Blue Papers	BP 02	Transition from Unemployment to Employment (First draft)	10/02/06
	BP 03	Transition from Unemployment to Employment (Second draft)	28/02/06
	BP 05	A preliminary list of eight performance indicators (First draft)	06/03/06
	BP 07	Operational definitions of performance indicators Q1–Q3 (Third draft)	¾/06
	BP 08	Operational definitions of performance indicators Q4 and Q5	¾/06
	BP 09	Operational definitions of performance indicators Q6–Q8	¾/06
	BP 10	Measurement Procedures: The specific approaches taken by the Participating Partners (Second Draft)	29/05/06
	BP 11	Capturing Context: A radar chart approach	29/05/06
	BP 16	Capturing Context: A radar chart approach (Second Draft)	08/08/06
	BP 17	Measurement Procedures: The specific approaches taken by the Participating Partners Q1-Q3 (Second Draft)	12/09/06
	BP 18	Measurement Procedures: The specific approaches taken by the Participating Partners Q4 and Q5 (First Draft)	12/09/06
	BP 19	Measurement Procedures: The specific approaches taken by the Participating Partners Q6 and Q7 (First Draft)	12/09/06
Yellow Papers	YP 05	A tight schedule (Second draft)	06/03/06
	YP 06	PES Background and Content Information and Indicators in the year 2005 (Second draft)	12/05/06
	YP 07	A tight schedule (Third draft)	07/06/06
	YP 08	A tight schedule (Fourth draft)	12/09/06

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<i>Type of paper</i>	<i>Reference</i>	<i>Title</i>	<i>Date</i>
Red Papers	RP 01	Transition from unemployment to employment: Indicator 1	30/05/06
	RP 02	Transition from unemployment to employment before unemployment lasts long: Indicator 2	30/05/06
	RP 03	Transition from measures to employment: Indicator 3	30/05/06
Green Papers	GP 02	Assessing Good Practices: A draft questionnaire (First Draft)	08/08/06

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