

# *Mutual Learning - Benchmarking among Public Employment Services (PES)*

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## Proposal

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<b><i>Title of the project</i></b>	<b><i>Mutual Learning: Benchmarking among Public Employment Services</i></b>
<b><i>Purpose of the project</i></b>	A group of European Public Employment Services (PES) will look into the use of performance indicators for a benchmarking exercise, that aims at the selection of »good practices« to be discussed in an organized mutual learning process between the participating PES. This aim is particularly relevant in the current context of the relaunch of the Lisbon Strategy and the Reform of the Structural Funds which will put considerable pressure on PES to achieve similar results with less financial means.
<b><i>Participating partners and project leader</i></b>	The AMS, Arbeitsmarktservice Österreich, will act as lead partner of the project in which (fourteen) Public Employment Services are interested in participating (»Participating Partners«)
<b><i>Team of Consultants</i></b>	The work of the »Participating Partners« is to be supported by a »Team of Consultants (TOC)«. ÖSB Consulting GmbH and Synthesis Forschung (TOC-leader) have been invited (presumably among others) to make a proposal
<b><i>Tasks of the »Participating Partners«</i></b>	The »Participating Partners« will have to select the indicators; provide the data; agree on benchmarking procedures; interpret the results in order to prepare descriptions of »best practices«; engage in an open discussion of best practices; keep their top management informed about the results of the mutual learning process; envisage the dissemination of the insights gained to all Member States.
<b><i>Tasks of the »Team of Consultants«</i></b>	The »TOC« will organize the workshops of the »Participating Partners«; offer pre-workshop meetings on »technical issues«; provide checklists and questionnaires; analyze data and any other information forwarded; provide documentation; prepare drafts for documents on which the »Participating Partners« decide; support communication on the state of the project.
<b><i>Schedule</i></b>	
January 06	Kick-off workshop to discuss the selection of eight indicators out of the provisional »Selected List of PES Performance Indicators« and to agree on deadlines for each stage of the project.
March 06	Second workshop to decide on the eight indicators to be selected and to discuss benchmarking procedures.
June 06	Third workshop to settle on benchmarking procedures, to discuss the use of specific »context variables« for interpreting benchmarking results, and to discuss the (preliminarily) data on performance indicators.
September 06	Fourth workshop to agree on »context variables«, to discuss proposals for »good practices«, and to discuss the (second stage) data on performance indicators and benchmarking results.
January 07	Fifth workshop to decide which »good practices« should be selected, to discuss a preliminarily critical evaluation of the »good practices«, to discuss the (third stage) data on performance indicators, and to discuss the appropriate lines of communication to the PES management.
March 07	Sixth workshop to offer a critical evaluation of the good practices presented, to establish a standard format for the communication of benchmarking results and good practice evaluation, and to discuss the (fourth stage) data on performance indicators.
June 07	Final workshop to evaluate the strong and weak points of the project and its results, and to envisage how to disseminate information to all Member States.

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**1**

***Starting point: the potential use of performance indicators***

A group of fourteen European Public Employment Services (PES) is considering the implementation a common set of indicators designed to measure operational PES performance.

Such a set of performance indicators can serve several purposes:

- Focus attention* – The indicators could focus the attention of top management on areas of performance considered of utmost importance to the Public Employment Service.
  - Benchmark performance* – The indicators could provide the opportunity to benchmark one's own performance against the performance of other Public Employment Services.
  - Identify good practice* – The indicator-based benchmarking exercise might guide management judgement on whether specific areas of performance seem to be governed by »good practice« or whether there is obviously room for improvement.
  - Exchange good practice* – A regular sharing of benchmarking results might lead to a regular exchange on »good practices« which seem to contribute directly to high benchmarking results in a specific area of performance.
  - Mutual learning* – The evidence based exchange of good practices could become a well established »Mutual Learning« practice, a process likely to enhance good governance for the Public Employment Services involved.
- In order to achieve these goals, it is necessary
- Set of indicators* – to agree on a common set of performance indicators (concepts, definitions, measurement procedures)
  - Harmonized data set* – to provide regular input to a harmonised data base suitable for benchmarking
  - Link benchmark to good practices* – to establish a procedural link between benchmarking results and the selection of good practices stimulating the Mutual Learning process.

## 2

### *Performance indicators: from concepts to definitions*

<i>Preparatory Work ...</i>	The »Participating Partners« do not have to start from scratch. They can build upon the results obtained by a prior »Working Group« on »PES Performance Indicators«.
<i>... resulted in 11 indicators ...</i>	The Working Group, to which representatives of six PES contributed, drew up a table of eleven performance indicators. These were supposed to reflect eleven goals central to all (or at least some) of the participating PES.
<i>... defined operationally allowing for variations</i>	For each of these eleven indicators the Working Group settled on an »operational« definition. In principle, each participating PES should have applied these definitions in order to calculate the numerical value of the indicator. To allow for institutional differences and gaps in data, the participating PES could however make use of slight variations in definitions, as long as these variations were documented in detail.
<i>Now, ...</i>	With the »Participating Partners« things should now become simpler:
<i>... select 8 indicators ...</i>	– Out of the table of eleven indicators (and several variants) only eight indicators are to be selected.
<i>...define precisely ...</i>	– These eight indicators will be defined in a straightforward manner that does not allow for many variants.
<i>... provide the data</i>	– Each participating PES should be in a position to guarantee for at least five (of these eight indicators) the provision of data calculated precisely in accordance with the operational definitions to be agreed upon.
<i>»Opting in« and »opting out« might provide flexibility</i>	Such an approach allows for sufficient flexibility since each participating PES can decide whether to »opt in« or »opt out« for any given indicator. At the same time the condition of at least five »opt ins« for each participating PES makes it very likely that there will be sufficient »opt ins« for each of the eight indicators to carry out meaningful benchmarking exercises.

### 3

#### ***Data: standardisation and collection***

***Convergence on measurement rules***

Once each participating PES has made its choice of indicators (ideally, all eight, but at least 5 indicators) a process of convergence has to be set in motion. This process narrows down the meaning of each term which is used in the definition (i.e. the measurement rules) of each of the indicators. For some of the terms it is easier to achieve consensus about the meaning to be applied. Other terms are very likely to cause more trouble (e.g. it is likely that »employment« as a term will need a lot of fine tuning to make it clear which labour market phenomena should be included or excluded).

***Be precise, on time***

The extension in the number of PES participating in the »Group of Fourteen« draws particular attention to two issues:

- a high degree of standardization of the data on indicators
- the collection of the data according to an agreed timetable.

***Feedback loops on measurement results will prove necessary***

Simple as it might seem, the provision of data according to an agreed upon definition is a time consuming process. It usually involves feedback loops. Under the best of circumstances, three to four such loops prove to be necessary. The corrections carried out within such a loop range from the trivial to the substantial. To keep up the motivation to carry on with such standardization loops will be one of the more difficult tasks of the »Participating Partners«.

***Resources at the »home base« to be secured***

Some of the difficulties arise from the fact that each member of the »Participating Partners« has to mobilize resources at his or her »home base« to get the process of data provision going. All members of the »Participating Partners« are well advised to get top management committed on this issue. An informal approval will hardly do. It might be a good idea, to make the »Benchmarking Data Collection« a task in its own right. This implies that at a very early stage, the »Data Collection« task is properly planned and monitored.

***Deadlines***

Such a proper task organization in each participating PES can ensure that the deadlines on the timetable of data collection will be met.

4

***Benchmarking: basic procedures and graphical representation***

<i>Numerical value ...</i>	Benchmarking is based on the numerical values the participating PES provide for each of the indicators selected.
<i>... as a ratio (favourable cases/total cases)</i>	Technically speaking, each of the indicators will be a »ratio«. Usually the numerator will be the number of »favourable cases«, the denominator will be the »the total number of cases«. To give an example: the »number of clients who declare to be satisfied/highly satisfied« could be a numerator; the »total number of clients interviewed« could be the corresponding denominator.
<i>The higher, the better</i>	Thus, a higher numerical value of the indicator will always point towards superior performance. This should make the interpretation of benchmarking results easier.
<i>Improvement/decline</i>	From the point of view of a single PES, the direction of change of an indicator value over time suggests »improvement« (rising values) or »decline« (falling values).
<i>Common scale for benchmarking</i>	From a comparative point of view it is possible to put the »single« PES indicator values onto a common scale. This scale is derived by the following simple procedure: For each indicator the top numerical value provided by one of the participating PES is set a 100 per cent; all of the other numerical values are expressed as percentage of the top value. Each participating PES can read its own »relative« performance from this common scale.
<i>Radar chart as a graphical device</i>	A useful graphical representation of benchmarking results is the so called radar chart. The radar chart is a polygon with as many nodes as there are indicators. The length of the line between the centre of the polygon and the node is interpreted as a 100 per cent. Thus the standardized numerical value of an indicator can be marked on the line between the centre and the node. If this is carried out for each node, a new polygon emerges. The closer the new polygon is situated towards the centre, the less favourable the results of the benchmarking exercise are going to be viewed.

## 5

### *Accounting for differences: context matters*

<i>Performance indicators do not provide judgements ...</i>	No single figure can represent the multidimensional aspects of performance. This is true as much of single person as of organizations. It would be highly misleading to interpret any performance indicator as giving a final judgement on an organization or its management.
<i>... they rather serve to raise questions ...</i>	Rather than using indicator values for »judgements«, it makes more sense to use benchmarking results to »raise questions« of the type: »Why has customer satisfaction with our services gone up?« or »Why does PES NN1 achieve much higher transition rates from unemployment to employment among its clients than PES NN2?«.
<i>... which are a stimulus for organizational learning</i>	Raising questions (and focussing on sufficiently complex answers) is the most important stimulus for organizational learning. When such an exercise takes place in a comparative framework, organizational learning becomes the mutual learning of organizations.
<i>Why bother at all?</i>	If indicators and benchmarking results do not provide answers (for comparative judgement) what, then, is their purpose?
<i>Standardized information focuses the mind of top management</i>	Indicators and benchmarking results are a way of standardizing information. This comes at the cost of a severe loss of complexity, but helps to focus the minds of top management. With the help of indicators, management can track regularly whether its organization is on course. Only marked deviations of indicator values from what has been expected, make management inclined to look more deeply into the matter. It is in this sense that benchmarking results raise questions.
<i>Insist on explanatory notes</i>	To ensure that benchmarking results are not mistaken as judgements the »Participating Partners« are well advised to insist that any presentation of benchmarking results has to be accompanied by an explanatory note. Short as it may be, such a note has to draw the attention of the reader towards »differences in context« that may explain some of the »differences in performance«.

## 6

### *Good practices: making evidence based choices*

*From benchmarking to organizational learning ...*

»Mutual Learning« is the general goal of the work envisaged by the »Participating Partners«. Thus one would wish to establish a link between the indicator data collection, the benchmarking exercise and the process of organizational learning.

*... via the selection of good practices...*

This link is provided by choosing »good practices« for presentation, for critical discussion and for inspiration of organizational innovation. In fact, the main purpose of the benchmarking exercise is to help to make an evidence based choice of good practices.

*... to be more likely found where performance scores are high*

The underlying idea is rather simple: In those areas in which a participating PES achieves top benchmarking scores, there is a greater likelihood that the PES has managed to develop »good practice« a look at which may benefit the other members of the »Participating Partners«.

*Mind the relationship ...*

The relationship between top scores and good practices might not be straight forward though it always merits a careful discussion on the supposed relationship between specific areas of PES action, the context under which a PES operates and the comparative benchmarking scores.

*... and look for the critical factors for success*

Such a discussion should always be included with every presentation of good practice by the PES which has been chosen to do so by the »Participating Partners«. This amounts to an evaluation of the factors deemed critical for turning the practice presented into »good practice«.

*Ask for evaluation*

The critical self evaluation of any good practice is a prerequisite for looking into the possibilities of transferability to other PES. And nobody is better prepared to offer such an evaluation than the PES which has already implemented the practice.

7

**Reporting: how to focus attention**

- Inform decision makers* »Mutual Learning« is not a goal in itself. It serves the purpose to inform decision making in order to improve PES governance. Thus it is of utmost importance to attract management attention to the results of the benchmarking exercise and to the exchange of good practice.
- Use standardized reporting systems* Since time and attention are scarce resources at the top management level, the flow of information has to be well designed. It should become part of an established reporting system with which top management is used to working. This involves standardization of the information generated by the benchmarking exercise and the exchange process. Ideally, this standardization could be the same for all participating PES. This would facilitate the discussion among top management at the regular Heads of PES meetings.
- Give reporting high priority* The »Participating Partners« might want to reserve sufficient time in their work programme for a close discussion on reporting. It might be useful to deal with reporting immediately after work in the »Participating Partners Group« has started. This would be necessary anyway if each participating PES considers the »Data Collection-Benchmarking-Exchange of good practice« a well planned and closely monitored task in its own right.
- Envisage dissemination beyond the »Participating Partners«* This project with its ultimate aim of improving performance and governance through benchmarking is at the very heart of the new Lisbon Strategy and the Reform of the Structural Funds. Thus one would wish to share the experiences and results of this project with all other Member State PES or with groups working on similar governance issues. In the case of the European Commission providing financial support to this project such a dissemination of results will be mandatory.

**8**  
***A tight schedule: how to succeed in 18 months***

The »Participating Partners« will have to set themselves specific tasks and deadlines. It is suggested that decision making takes place at the seven workshops envisaged.

<b><i>Activity</i></b>	<b><i>Starting point</i></b>	<b><i>Finishing line</i></b>	<b><i>Decision at workshop in</i></b>
A1 Discuss the »Selected List of PES Performance Indicators« drafted by the preparatory Working Group	Jan 06	Jan 06	Jan 06
A2 Select eight indicators (from the list) to serve as a basis for the benchmarking exercise	Jan 06	Mar 06	Mar 06
A3 Make sure that the PES (represented by the »Participating Partners«) generate the information necessary for assigning numerical values to the eight chosen indicators	Jan 06	Mar 06	–
A4 Agree on a procedure for benchmarking	Mar 06	Jun 06	Jun 06
A5 Consider the »context variables« deemed appropriate to facilitate a discussion of benchmarking results	Jun 06	Sep 06	Sep 06
A6 Propose »good practices« you know of in those fields in which the PES (you represent) achieves high scores in the benchmarking exercise	Sep 06	Jan 07	Jan 07
A7 Give a critical evaluation of the strong (and not so strong) points of the »good practices« proposed	Jan 07	Mar 07	Mar 07
A8 Establish lines of communication which ensure that top PES management takes notice of the benchmarking results and the exchange of »good practices«	Jan 07	Mar 07	Mar 07
A9 Envisage how to disseminate the experience and benefits of joining as a »Participating Partner« to all Member State PES	Mar 07	Jun 07	Jun 07

9

***What to expect from the »Team of Consultants«***

- The »Team of Consultants« of ÖSB Consulting GmbH and Synthesis Forschung will support the work of the »Participating Partners« in the following way:
- Workshops* – Organize the workshops of the »Participating Partners« (at most seven meetings of at least two »full« half days at a venue in Vienna (chosen by AMS).
  - Pre-Workshop meetings* – Offer pre-workshop meetings which should serve the needs of those »Participating Partners« who look for specific »technical« advice on matters of operational definitions of indicators and data collection (at most one full day for each of the seven Workshops at a Viennese venue chosen by the AMS).
  - Requests* – Answer on a day to day basis specific requests by »Participating Partners« on issues of clarification (via e-mail).
  - Drafts* – Prepare the drafts for documents on which the »Participating Partners« take decisions.
  - Checklists* – Provide checklists which might be of use to the »Participating Partners« in organizing the support they will need from their »home base« PES.
  - Questionnaires* – Distribute regularly questionnaires to be answered by the »Participating Partners« in order to make the progress of the project transparent to all participants.
  - Analyses* – Analyze data and any other information forwarded by »Participating Partners« with respect to the task at hand.
  - Documentation* – Provide early accessible documentation of data, procedures, analytical results and decisions taken by the »Participating Partners«.
  - Communication* – Support the communication of the state of the project to the European Commission or other third parties (like the Heads of PES meetings).

It is a formidable task to provide this kind of support to a Working Group which faces as a tight schedule as the »Participating Partners«. To take on such a challenge though seems quite promising to the »Team of Consultants«.