COMPARATIVE STUDY ON WESTERN BALKANS PES PERFORMANCE

BENCHLEARNING AMONG WESTERN BALKAN PUBLIC EMPLOYMENT SERVICES

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This comparative study is based on the systematic self- and external qualitative assessment among Western Balkan PES offices and research by independent experts, coordinated by the Budapest Institute and the Centre for Development Evaluation and Social Science Research

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Aim and methodology

This study reviews and compares the performance of public employment services (PES) in Albania, Bosnia and Herzegovina, Kosovo,[*] Montenegro, Serbia and The Former Yugoslav Republic of Macedonia, based on existing research and the systematic qualitative assessment of each PES. Conducted for the first time in the Western Balkans, the assessment used the Benchlearning methodology developed for the EU PES Network. This involved a self-assessment and an external assessment based on a template that systematically describes PES activities and processes that can influence PES performance (called "enablers") and compares them to a theoretically defined ideal. The qualitative assessment and comparison of enablers contributes to strengthening PES capacities in the Western Balkans by supporting reflection on PES performance in a systematic way.

The labour market challenge

Despite a recent growth in employment, the Western Balkan economies are still characterised by low employment and high unemployment rates. The existing evidence suggests that difficulties in the Western Balkans labour markets are predominantly structural, implying not only low labour market participation but also the high rates of youth and long-term unemployment. The Informality, inadequate education, migration and gender gap pose further challenges to the PES in the Western Balkan economies. Though there are notable differences across the economies, the main challenges are essentially the same.

In response to these challenges, the South East Europe 2020 Strategy calls for job creation policies and the development of labour market institutions. This may involve strengthening the PES, which currently have a relatively little room for manoeuver. In most WB economies the PES is subordinated to the ministry responsible for labour and social affairs and has a limited autonomy, caseloads are high and expenditure on ALMPs is low compared to post-socialist EU member states and especially to the OECD average.

The enablers of PES performance

According to the external assessment, PES in the Western Balkans are comparable to most post-socialist EU Member States in terms of the activities and processes that can influence their performance. The Western Balkans PES scored a relatively high on the sustainable activation of the unemployed, managing transitions between unemployment and employment, the design of operational procedures, job matching tools and partnerships. In particular, the process standardisation and ICT are fairly well developed across the region. Strategic performance management and resource allocation score is around the average, while the weakest area is an evidence-based design and implementation. In particular, most PESs are weak in quality management, the effectiveness of ALMP, evaluations, engaging employers, and resource management.

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[*] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

In the EU PES Benchlearning exercise, six enablers were found to be closely correlated with good performance in terms of reducing the unemployment of youth as well as of the low-skilled. Most PESs in the Western Balkans scored below their own average in these most impactful six enablers. The weakest of the impactful enablers are 'making use of the results of performance management' and ex-ante and ex-post evaluation, which requires that the PES combines the information delivered by a sound performance management system with a transparent and comprehensible ex-ante evaluation of specific service designs. The strongest impactful enabler concerns the 'implementation of a support structure' that enables and informs the process implementation, which presupposed a well-functioning IT system.

Lessons for Benchlearning in the Western Balkans

The relatively well-developed IT systems seem a good basis for further development in a number of areas. Namely, the PES could make a significant progress in the short and medium run if additional efforts were devoted to developing (1) profiling systems, (2) matching tools that support an automatic matching on competencies and (3) impact evaluations to support the design and implementation of services and ALMP. The next step in the medium-term may be to further develop the online services. A more difficult but necessary step seems to be the strengthening of performance management and especially the feedback mechanisms, i.e. that problems are not only detected but the adequate steps are taken to adjust the service delivery processes and tools.

The labour market challenges that most PESs are facing call for significant adjustments in PES practices beyond the above outlined areas, which may also require the substantial investment and political support. First and foremost, the PES may significantly contribute to increasing employment by providing the training of low-skilled job seekers. This would necessitate a significant increase in funding; a strong quality assurance framework; building partnership with schools, training providers and employers; and developing incentives for employers to offer work-based training.

Though the main strengths and weaknesses are common across the region, there are the considerable differences across the PES in particular aspects of their performance and practically each PES has some good practice that may be inspiring for other PES in the region. This allowed us to identify topics for Benchlearning and for each topic to identify the economies that may be a model for the others.

1 Introduction

This study reviews and compares the performance of public employment services (PES) across the Western Balkans (WB), based on existing research and the systematic qualitative assessment of each PES conducted for the first time in the Western Balkans. [1]

The assessment was carried out in the Benchlearning initiative among Public Employment Services of the Western Balkan economies, within the framework of the Employment and Social Affairs Platform (ESAP). ESAP is financed by the European Commission and jointly implemented by RCC and ILO. ESAP Project is being implemented in Albania, Bosnia and Herzegovina, Kosovo,[*] Montenegro, Serbia and The Former Yugoslav Republic of Macedonia (WB6). It aims to strengthen regional cooperation and institutional capacities of national administrations, employers' and workers' organisations, enabling them to develop and effectively implement labour market and social policy reforms in their EU enlargement process. In particular, one of the four specific objectives of the ESAP project is to strengthen the capacities and the existing PES Network with a view to facilitating the SEE 2020 labour mobility objective and preparations for future participation in the European Employment Services.

The Western Balkans Benchlearning (WB-BL) contributes to strengthening PES capacities by three main actions:

(1) collection of quantitative indicators that describe PES inputs and performance;

(2) qualitative benchmarking of PES management and service delivery processes to support reflection on PES performance in systematic way;

(3) mutual learning activities to support the PES in sharing good practices and getting inspiration for improving their performance.

This study presents the results of the second of these elements. Its main focus is to

(1) present the key findings of the systematic qualitative assessment of WB PES;

(2) identify the "true" enablers that are most relevant in the region with reference to the results of the EU Bench-learning exercise,

(3) describe the main institutional constraints that may hinder the improvement of PES performance and that are common to the Balkan region,

(4) describe the best potential performance level for each enabler given the institutional constraints in the region, which may serve as a benchmark for all PES,

(5) identify and describe good practices that may be easily shared across the Balkan PES as well as key topics for mutual learning activities.

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[1] The author greatfully acknowledges valuable comments to an earlier draft of this paper from national experts Esmeralda Shehaj (AL), Nermin Oruč (BA), Ardiana Gashi (Kosovo*), Milika Mirković (ME), Hyrije Alili (MK), and Dragan Đukić as well as RCC experts Nand Shani and Vanja Ivošević and external reviewers Kristina Fleischer and Nevenka Bandelj. The research assistance of Aidana Zhalelová and Kornél Klopfstein is also greatfully acknowledged.

[*] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Despite some recent improvements, the labour markets of the Western Balkans continue to face challenges, such as low demand, a mismatch of skills and high unemployment. PES can have an important role in tackling these challenges and thereby contribute to higher employment, economic growth and social inclusion. Furthermore, with limited PES resources, there is an increasing need to demonstrate the value of PES interventions for money.

The WB-BL initiative can support PES to take up this challenge by fostering self-reflection on how PES may improve performance and by identifying good practices and common areas for further development, and by providing tools and forums for mutual learning.

2 Methodology

2.1 The EU PES Benchlearning approach

The WB qualitative benchmarking initiative essentially followed the methodology developed for the EU PES Network (European Commission 2017). The EU methodology was chosen in view of the EU accession aspirations of the participating countries, and also due to its emphasis on self-reflection and peer learning. The EU Benchlearning[2] framework mainly relies on self-assessment and peer support and its influence on PES practices is exerted mainly through increasing the level of reflection in PES management and through facilitating peer learning across European PES.

In the EU PES Benchlearning exercise, qualitative benchmarking includes a self-assessment and an external assessment of the internal organisation and processes of the PES, focusing on the features that determine PES performance. The assessments can be used by each PES to identify areas for further development and by the PES Network to identify areas with a high potential for mutual learning within the Network. The results can also be contrasted with quantitative performance indicators (see list in the Appendix) in order to find which PES features have a strong influence on the outcomes achieved by the PES.

In the qualitative benchmarking process, the self-assessment and the external assessment use the same assessment tool: this is a template that systematically describes the main activities and processes of the PES and compares them to a theoretically defined "ideal". The PES activities included in this tool are called "performance enablers" as these are all activities that can influence PES performance. The selection of these enablers is based upon the assumption that the performance of the PES is determined by contextual factors, pre-determined characteristics of PES that cannot be changed in the short and medium-term and organisational modalities, structures and solutions which the PES is able to change in the short- or medium-term. The latter are called performance enablers.

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[2] 'Benchlearning' is defined as "the process of creating a systematic and integrated link between benchmarking and mutual learning activities, that consists of identifying good performances through indicator-based benchmarking systems and of using findings for tangible and evidence-informed mutual learning activities."

The EU PES Benchlearning framework includes 29 enablers and out of these, 17 enablers have been found to have an impact on PES outcomes (reemployment rates), controlling for context factors (see detailed description in the Appendix). The 29 enablers are grouped into the following 8 sections:

Section A: Strategic performance management

Section B: Design of operational processes

Section C: Sustainable activation and management of transitions

Section D: Relations with employers

Section E: Evidence-based design and implementation of PES services

Section F: Management of partnerships and stakeholders

Section G: Allocation of PES resources

Section H: Identify and implement reform

In the assessment tool, enablers are described in each stage of the PDCA-cycle (Plan, DO, Check and Act), a commonly used performance management approach. For each enabler the assessment tool defines an ideal, which is used to assess the level of current practice in the PES on a scale of 1 to 6.

The main steps of the benchmarking process include the training of assessors, preparing the internal assessment, a site visit, and the preparing the external assessment report. The external assessor team usually includes 2 peer PES, 2 officials of the European Commission and 2 external experts, one of whom is responsible for drafting the external report. Altogether the process takes about 11-15 weeks per economy (excluding the initial training).

2.2 The quantitative benchmarking method adapted to the Western Balkans

The Benchlearning methodology followed the approach developed for the EU PES Benchlearning initiative, with a few minor adjustments. The assessment process included the training of assessors (an introductory workshop in July and a full day training session in September 2017), national workshops for the internal team of assessors, in some economies a retreat for conducting the self-assessment and site visits by external assessors in November-December 2017. The introductory workshop and the training session were attended by 40 PES experts, who then acted as coordinators or participants in the self-assessment teams and/or as peer assessors.

The self-assessment and the external assessment used the same system of enablers and scoring guidelines as in the EU PES Benchlearning initiative, except that the number of enablers was reduced to 22 (19 of these were compulsory and 3 were to be chosen by the PES out of the 10 optional enablers)[3]. The external assessment was conducted by a team including 2 external national experts, peer PES experts and RCC staff. Peer assessors were proposed by the PES and allocated by RCC. In total, 31 peer assessors were involved in site

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[3] The optional indicators included B4, C4, C6, E2-4, F3, F5 and F6. As a further small adjustment, the implementation of the Youth Guarantee was moved from enabler C4 (early intervention) to enabler C5 (early engagement) so that it is included in the set of compulsory enablers.

visits[4], of whom 12 PES experts had no prior training. The external assessment reports were prepared by an independent national expert.[5]

The self-assessment reports were prepared in the local languages while external reports were prepared in English language. PES received the template and detailed guideline for the self-assessment, in English and in the local language. The national experts were also available to answer any questions throughout the process. The external experts prepared the national reports (WB-BL reports) which included both internal and external[6], scores, and were sent to the PES for information.

The assessment process diverted from the EU PES Benchlearning methodology in the following aspects:

- a detailed guideline was provided beside the training of assessors and was translated to local languages to ensure that the methodology is understood by all participants;

- the size of the external assessment team was not restricted to 6-7 members;

- peer PES experts were allowed to participate in the PES visits even if they have not received any prior training in the Benchlearning methodology;

- a local workshop was organised for the self-assessment team to explain the methodology in detail;

- retreats were funded by RCC to prepare the self-assessment, on request by PES;

- due to the specific institutional setup of the PES in Bosnia and Herzegovina, the site visit was longer and organized somewhat differently.

In the implementation of the process, there were some further, unplanned changes in some economies. In particular, though the original agenda envisaged parallel sessions (splitting the external team into two groups) so that all the enablers can be covered, in several economies the visit was conducted in plenary sessions. Together with the large number of peer assessors, this led to delays and as a result, some enablers could not be discussed in detail.

The present study is based on the external reports prepared by the national experts, supplemented by desktop research in a few points, especially in Chapter 3. The strengths and weaknesses of the PES have been identified mainly on the basis of the scores reported by national experts, focusing primarily on in-economy dispersion of scores across the enablers, rather than on cross- economy differences. This approach acknowledges the fact that the scores are not fully comparable across the economies[7] and helps keep the focus on what can be improved within each PES organisation. The topics for mutual learning were selected from among the enablers that emerged as relevant for most PES.

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[4] In most economies there were 3 or 4 peer assessors (instead of 2, as in the EU methodology), and 8 in Montenegro and Serbia.

[5] National experts included Esmeralda Shehaj (AL), Nermin Oruč (BA), Ardiana Gashi (Kosovo*), Milika Mirković (ME), Hyrije Alili (MK), and Dragan Đukić (RS).

[6] Except in the case of Bosnia and Herzegovina, where external scores were not provided.

[7] Though the assessment tool was the same, the assessor teams were different, which inevitably induces some variation in interpretation of the tool and hence the scoring.

The potential sources of inspiration and good practices were selected from the national studies and the PES Knowledge Centre of the EU PES Network. One lesson that emerged from the EU PES Benchlearning exercise is that peer support may be more effective if coming from a PES with a similar institutional background and not too far ahead in their level of development. Therefore, when identifying potential sources of inspiration, preference was given to Eastern European examples, e.g. from Estonia, Lithuania, or Slovenia.

3 The labour market and institutional context

This section provides a brief summary of the labour market situation, focusing on structural issues that PESs are expected to tackle, and describes the institutional framework of employment policy that determines the room for manoeuvre of the PES.

3.1 The labour market situation

The period before the financial crisis was rather successful for WB6 economies as GDP per capita has almost doubled between 2000 and 2008 (World Bank and WIIW 2018), but this did not translate into higher employment levels. Since 2010, the employment has increased considerably (of about 300,000 persons) and some of the WB6 have come close to achieving their SEE 2020 targets (RCC 2017). However, the decline in unemployment has been modest and inactivity has remained high, particularly among women, the low-educated, and youth. Kosovo* stands out with a particularly low rate of employment (Figure 1).

Figure 1 Employment rates (15-64) by gender in Western Balkan economies (2017)
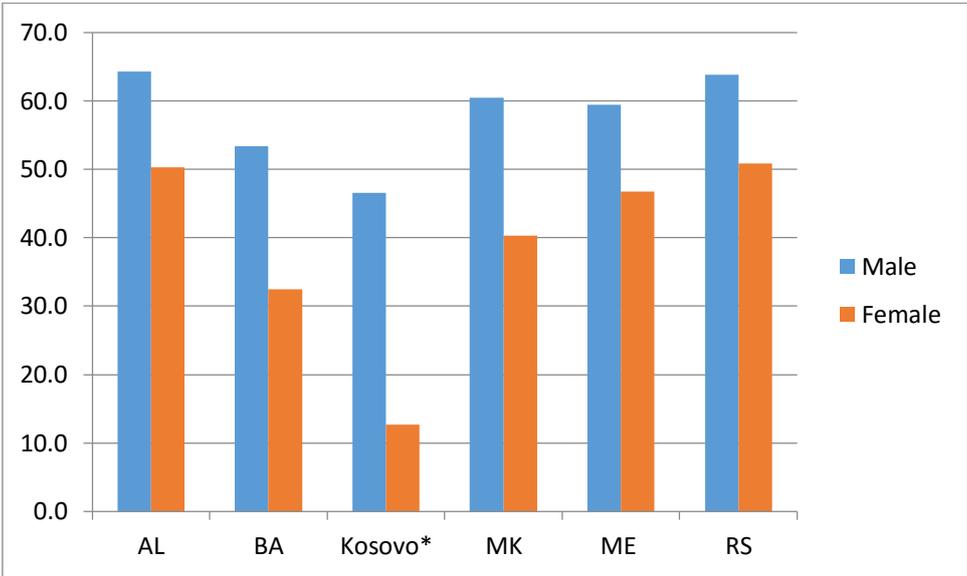
Sources: RCC Database, based on data from national statistical sources. Abbreviations: AL = Albania, BA= Bosnia and Hercegovina, MK = The Former Yugoslav Republic of Macedonia, ME= Montenegro, RS= Republic of Serbia

Youth unemployment is well above the EU average, and is especially high (near or above 50%) in Bosnia and Herzegovina, Kosovo* and The Former Yugoslav Republic of Macedonia (Figure 2).

Figure 2 Youth unemployment (15-24) in Western Balkan economies (2017)
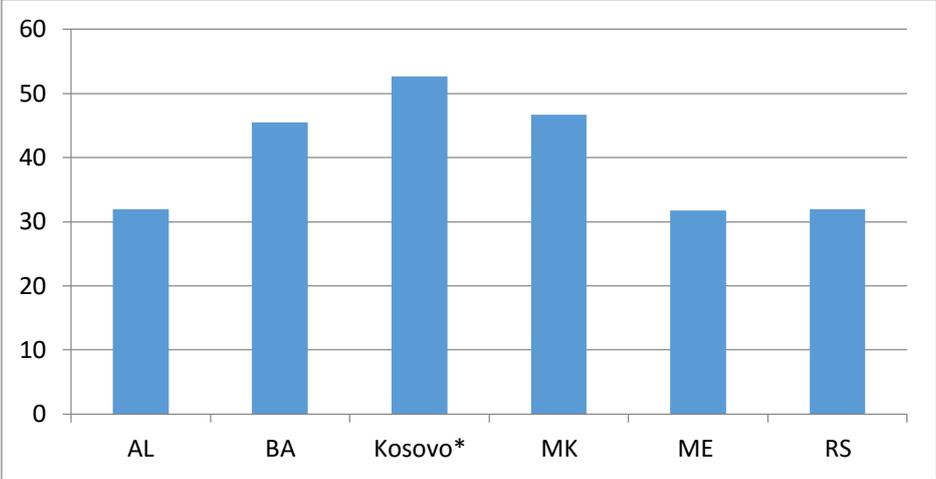
Sources: RCC Database, based on data from national statistical offices.

Compared to EU member states, female employment rates are also low, particularly in Kosovo* (11.9 percent) and Bosnia and Herzegovina (29.5 percent). Broadly speaking, the gender gap in employment may be explained by cultural factors, the patriarchal family structure and the lower prospective salaries for women combined with limited availability of affordable childcare (Reva, 2012). Dependence on remittances may also decrease female employment rates (UNDP, 2016; Petreski et al. 2017), being a disincentive to job search. A cursory look at the national level data suggests that remittances (as % of GDP) may indeed contribute to the gender employment gap in some of the Western Balkan economies, e.g. in Kosovo*, though perhaps less so in The former Yugoslav Republic of Macedonia (Figure 3).

Figure 3 Gender gap in employment by remittances (as % of GDP)
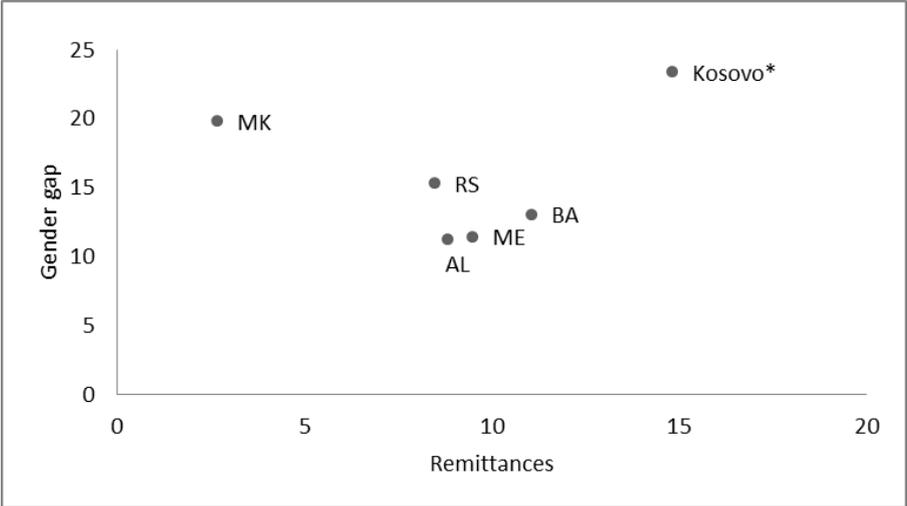
Sources: World Bank, based on data provided by national statistical offices and Eurostat.

In most of the region, unemployment is much higher among the low-skilled than among high- skilled professionals (Figure 4). According to a recent report, the low-skilled were most affected by declines in employment levels, and with the exception of Montenegro, they have not profited from the recent employment revival either (World Bank and WIIW 2018). Skill shortages became apparent already during the economic transition as a consequence of privatisation and economic restructuring. Among others, Arandarenko and Bartlett (2012) argued that the educational system inherited from the Yugoslav era could not adapt to a service-oriented market economy. In general, vocational education across the region still provides overly specialised knowledge and old-fashioned educational methods fail to give sufficient attention to developing problem solving or transferable soft skills (Lilyanova 2017, RCC 2018). According to Murthi and Sondergaard (2010), poor quality education and low levels of public expenditure have led to a drop in the share of skilled labour in these six economies.

Figure 4 Unemployment rates by educational levels (2016)
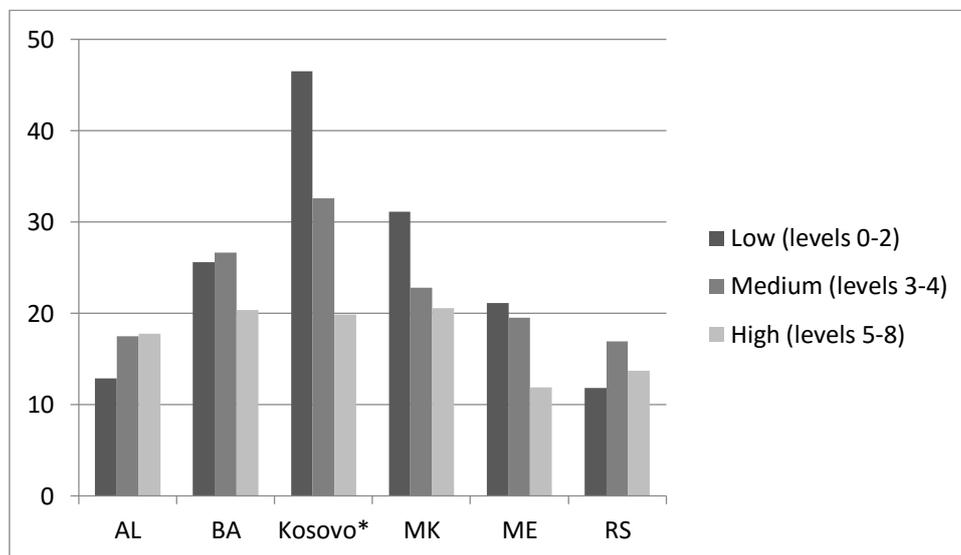
Note: Indicators are based on the International Standard Classification of Education (ISCED)
Sources: WB Database, based on data provided by national statistical offices and Eurostat.

The poor quality of education in the region is believed to be a result of the (1) lack of formal cooperation between schools and employers and (2) lack of feedback on the impact of education and curriculum. As educational institutions do not receive feedback on the effectiveness of the education they provide, they do not improve the curriculum. Moreover, employers may not recognise the need for giving such feedback as it is more common to hire on the basis of connections rather than merit (Oruč and Barlett, 2018).

The skills mismatch is aggravated by outward migration. Although the emigration from the region plays an important role in decreasing unemployment and it is also a key source of income for many, it tends to reduce the skills level of the labour supply (Lukic et al., 2012, World Bank and WIIW 2018).

It should be noted that low-skilled unemployment is relatively low in Albania and Serbia. In Albania, this may be explained by the high share of agriculture and the prevalence of small scale farming (with a share of 21.6% of the GDP as opposed to the regional average of 11.7%) (Figure 5). Though petty farming (self-employment in rural areas) is also relatively wide spread in Serbia, this is unlikely to be the only explanation in their case, given the relatively low share of agriculture in the economy.

Figure 5 Sectoral distribution in Western Balkan economies (2017)
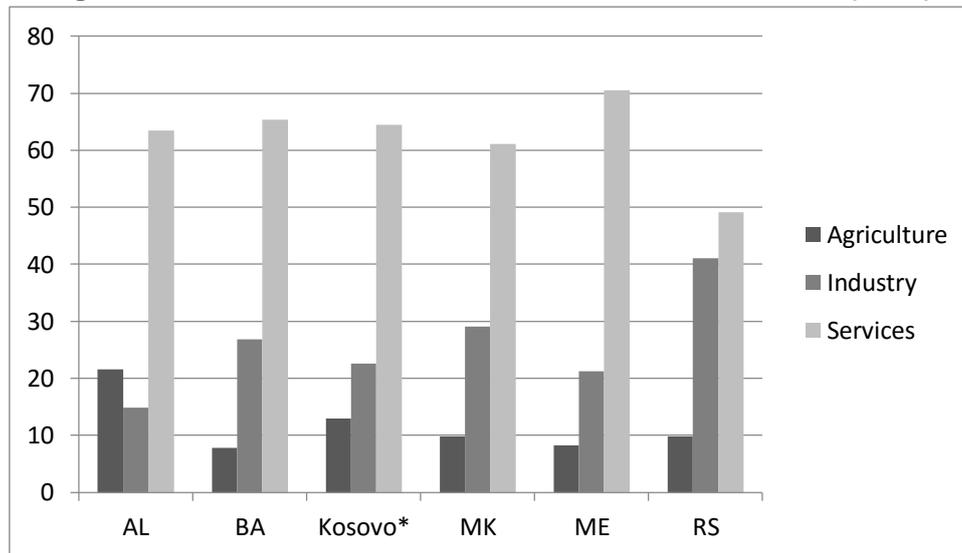
Sources: The World Factbook, Central Intelligence Agency (CIA). % of GDP

Another significant challenge for Western Balkan economies is informal employment. According to World Bank (2017) estimates, around 50 percent of the jobs created between 2010 and 2016 have been in the informal sector. Nonetheless, it has to be noted that in Albania, The Former Yugoslav Republic of Macedonia and Serbia, a decrease in informal employment has been observed during this same period.

Lastly, much of the unemployment is long term. Based on regional statistics (World Bank Report, 2015), the vast majority (70 percent) of unemployed across the region have been out of work for more than a year. Economies most affected are Bosnia and Herzegovina (85 percent) and The Former Yugoslav Republic of Macedonia (84 percent).

In conclusion, the existing evidence suggests that difficulties in the Western Balkans labour markets are predominantly structural, implying not only low labour market participation but also high rates of youth and long-term unemployment. Informality, inadequate education, migration, and the gender gap pose further challenges to the PES in the Western Balkan economies. Though there are notable differences across the economies, the main challenges are essentially the same.

3.2 The institutional context

The WB6 economies have endorsed an ambitious strategy for boosting the economic growth and improving living conditions, which necessitates an improvement of labour market

performance. The South East Europe 2020 strategy has, among others, defined the aim of creating up to 1 million new jobs by 2020, enabling the employment to grow from 39% to 44%, and adding 300,000 highly qualified people to the workforce (RCC 2013).[8] The strategy promotes the job creation policies and developments of the governance of the labour market. The main goal of the national employment policies in the region is to ensure a sustainable employment growth with the focus on less developed regions and strengthening labour market institutions (Lilyanova, 2017). In particular, all WB6 refer to the PES reform in their National Economic Reform Programmes, focusing mainly on improving the overall efficiency of PES services and the development of individualised services (RCC 2017). special attention is paid to the situation of youth, women, low-educated and ethnic minorities, redundant workers and people with disabilities (Lilyanova, 2017). In general, the employment policy in the region is rather fragmented with the focus on passive labour market policies.

The core mandate of PES across the WB6 is to register the unemployed, administer benefits, provide job exchange, counselling services, and ALMP (Table 1). In some of the WB6 economies, the PES also provides vocational training, vocational rehabilitation and career counselling.

However, in most cases the PES is subordinated to the ministry responsible for labour and social affairs and has limited autonomy. PES services and measures are primarily designed by the line ministry. In some cases, though the PES budget is covered by unemployment insurance, it is also mixed with allocations from the central budget and allocations from the donors (Table 1).

Table 1 Autonomy of PES in the Western Balkans

	Mandate beyond core activities*	Design & Implementation	Funding
AL	Paying UB, activating the disabled, training and ALMP (on-the-job training, hiring subsidies, public works)	Ministry (design), central and regional PES (implementation)	central budget and donors
BA	Paying UB and health insurance, ALMPs (hiring and start-up incentives)	Public Employment Services	unemployment insurance contributions
Kosovo*	Career orientation and lifelong learning services, training, ALMPs (Start-up incentives, direct job creation, apprenticeships, , job-rotation)	Ministry of Labour and Social Welfare	central budget and donors (for ALMP)
MK	Paying UB and social benefits, career orientation, ALMPs (mainly sheltered and supported employment)	tripartite** Management Board (design), PES (implementation)	unemployment insurance contributions and central budget
ME	Paying UB, career orientation, training, vocational rehabilitation, ALMPs (mainly temporary employment, public works)	Ministry of Labour and Social Welfare	central budget (some autonomy)

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[8] The Strategy has been endorsed by the WB6 and Croatia.

RS	Paying UB and social benefits, career orientation, training, vocational rehabili-tation, ALMPs (apprenticeships, hiring subsidies, start-up support, public works)	tripartite** Management Board (design), PES (implementation)	unemployment insurance contributions, central budget, capital investment, loans, grants, donations

Source: WB-BL national reports; Note: *registering the unemployed, counselling, job-mediation ** including delegates from state, employer, and employee organisations

Social partners often play an active role in planning and implementing employment policies. In Serbia and The Former Yugoslav Republic of Macedonia, the PES is governed by a tripartite board, representing the line ministry, employers and employees. In the latter economy, PES also collaborates with the municipality economic council aiming to connect all other stakeholders.[9] In Kosovo*, there is a similar tripartite board, but it only has an advisory function.[10] In Bosnia and Herzegovina, social partners are represented in the Advisory Board of the Labour and Employment Agency (LEA) and the Governing Board in Brčko District (BD). In Brčko District, the Board also has a member representing the unemployed. Some Bosnian regions have a Local Partnership for Employment (LPE), which is a formal cooperation between labour market actors, schools and key employers who share a common vision of local labour market development.

According to Oruč and Barlett (2018), expenditure on ALMPs was 0.12% of GDP on average in 2014, which is rather low compared to post-socialist EU member states (around 0.3 %) and especially compared to the OECD average (around 0.5 %). Moreover, the average is skewed by relatively high spending (of 0.4 %) in Montenegro, with much lower levels observed in the other economies (between 0.03 % in Albania and 0.09% in The Former Yugoslav Republic of Macedonia). The data collected by WB-BL reports shows a similar picture for the year 2016 except that Montenegrin spending is closer to the regional average (Table 2). Accordingly, the share of ALMP participants in the pool of registered unemployed is only around 5% for most economies that provide this information, except for Serbia where it is around 20% (See Table A3 in the Annex).

Table 2 Allocation of the PES budget in the Western Balkans in 2016 (% of GDP)

	PES staff	**Unemployment benefits**	**ALMPs**
AL	n.a.	n.a.	0.03***
BA	n.a.	n.a.	0.07***
Kosovo*	0.02*	-**	0.03
MK	0.03	0.02	0.08
ME	0.08	0.21	0.14*
RS	0.04	0.29	0.06

Notes: *Data for 2015. **Kosovo* does not have an unemployment benefit scheme. *** Data for 2014
Source: As provided by WB-BL external assessment reports, except Albania and Bosnia and Herzegovina (RCC 2018).

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[9] Such as Regional Economic Chamber, UNDP and the municipalities.

[10] The Advisory Board includes one representative each from 5 ministries, the National Qualifications Authority, Employers' Organisations, Employees Organisations and Association of Kosovo Municipalities. The Social Economic Council, a tri-partite national level body, includes representatives from Employees' Organisations, Employers' Organisations and Government.

PESs in the WB are also understaffed. The number of staff working with clients, counsellors, is low which is manifested in high caseloads. On average, the caseload is between 300 and 600 in Albania, The Former Yugoslav Republic of Macedonia and Serbia, and around 800 and 1100 in Montenegro and Kosovo* respectively. This is high compared to the EU levels: for example, the caseload is below 100 in the Czech Republic and Hungary and around 100-300 in Croatia and Slovenia (WAPES 2015 and WB-BL external assessment reports).

High caseloads may also be a result of incentives to stay on the unemployment register. The maximum duration of insured unemployment benefits is 12 months in Albania, The Former Yugoslav Republic of Macedonia, Montenegro and Serbia, and 24 months in Bosnia and Herzegovina.[11] Although Kosovo* does not have an unemployment benefit scheme, unemployed jobseekers are obliged to register with and regularly visit the PES. Students who have no contributory periods and who are no longer insured by their parent's insurance are eligible to services provided by the public employment service, but no to the cash benefit. Moreover, in most economies of the region, people registering at the PES have access to free health care or social benefits.

4 Main strengths and weaknesses of PES

4.1. Overview of strengths and weaknesses

This section describes the PES in terms of the scoring system used in the external assessment process implemented in October-December 2017. The detailed description of the dimensions (the so-called enablers) of this system is included in the Appendix.

According to the external assessment of enablers, the average score of PES in the Western Balkans is around 3.4 on a scale of 6, with some variation across the economies and enablers (Figure 6). This is similar to the scores achieved by most post-socialist EU Member States participating in the EU PES Benchlearning initiative.[12]

The strongest areas (scoring slightly above 3.4) include sustainable activation and managing transitions between unemployment and employment (Section C), the design of operational procedures (Section B), employer relations (Section D) and partnerships (Section F). The weakest area is evidence-based design and implementation (Section E), while strategic performance management (Section A) and resource allocation (Section G) scored around the average, though with much variation across the economies.

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[11] Means-tested social assistance schemes are also available in all Western Balkan economies and aim at alleviating poverty, but the PES is typically not involved in administering these benefits (WBIF, 2012).

[12] It should be noted however that the PES of post-socialist EU Member States were assessed in comparison to other, often more developed Member States, while the Western Balkan economies were scored by and compared to peer WB economies , which may have induced an upward bias in the scores.

Figure 6 Average scores in the external assessment by section and economy
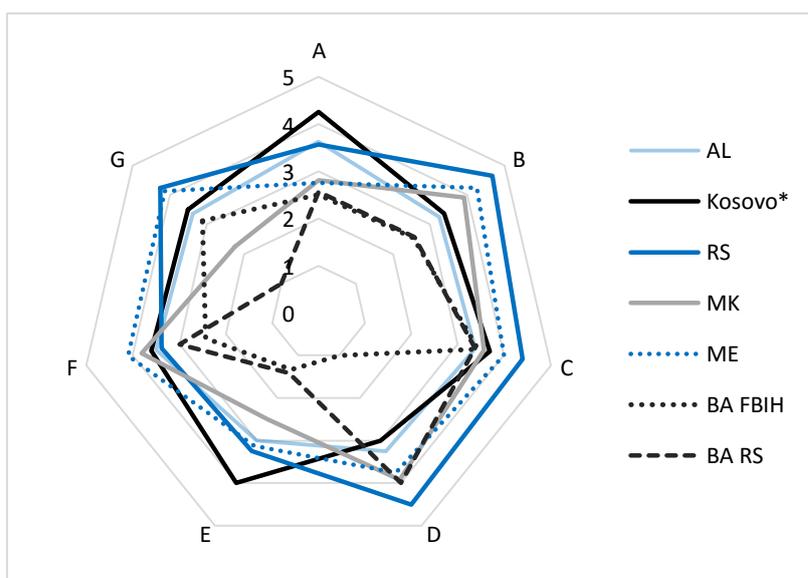
Source: WB-BL external assessment reports. For a detailed description of the enablers, see the Appendix. Note that Bosnia and Herzegovina scores are from the internal assessment and the scores for LEA and BD are not included in the figure.

Based on the verbal account of national reports, the main strengths of the PES are in process standardization and ICT, and in most countries profiling and automated matching is also fairly well developed. Most PES are weak in performance management (PM), quality management, ALMP, evaluations, engaging employers, and resource management (see further detail in the table below).

Table 3 Strengths and weaknesses in the typical PES of the region

Enabler section	Strengths	Weaknesses
(A) Strategy, Performance Management	The foundations of performance management are present: annual goals are derived from a national strategy, and there is a target setting system. Performance is monitored regularly.	Targets are typically set in a top-down procedure and not translated into key performance indicators (KPI), or KPIs are not sufficiently focused on key areas. Performance indicators are not systematically used to adjust procedures in order to improve the effectiveness. PES staff are not informed about the performance monitoring outcomes.
(B) Processes and ICT	Service processes and standards are clearly defined and most PESs have the detailed written protocols. There is an ICT system that collects data on jobseekers and jobs and supports most aspects of counsellors' work. Some services are available online.	Quality management systems are typically missing, or weak. Though some services are available online, the choice of various channels of interaction between the PES and the clients are not systematically managed. Client segmentation is usually not automated.
(C) Services and ALMP	Most PESs use some form of profiling, segmentation of jobseekers and individual action plans (IAPs).	Profiling typically focuses on formal skills (and ignores soft skills). Employer segmentation is rare. IAPs are not systematically tracked. The resources for ALMP are limited.
(D) Employers and matching	All PESs have fairly elaborated online job matching tools and many have an automated matching tool.	PES typically do not have an employer strategy, nor a specialised unit for employer services.
(E) Evaluation	Some PES conduct the evaluations on an ad-hoc	PES typically do not have the regular

Enabler section	Strengths	Weaknesses
	basis.	evaluations, impact assessments or pilots.
(F) Quality of Partnerships	Regional PES offices have some autonomy to establish partnerships with local actors.	
(G1) HR management	PES have motivated staff and established systems for regular staff training.	Counsellor caseload is high. Staff performance incentives are weak.
(G2) Funding	Budgeting is typically centralised but there is some flexibility in the use of resources.	Budgets are restricted especially for financing ALMPs. Budgets do not depend on past performance.

Source: WB Benchlearning external assessment reports.

4.2. IT systems in the WB PES

The previous section described the typical practices in the WB PESs. However, it should be noted that, despite many similarities, actual PES practices differ in several details. To illustrate this cross-economy variation, this section briefly reviews the national-specific solutions in a particular area, the IT systems supporting PES services and management (enabler B2 „Implementation of support structure"). This example was chosen first as this area was elaborated in more detail in most national reports[13] and second, as it emerged as a potential basis for further development in a number of other areas (to be discussed in Chapter 6).

As already noted in the previous section, all PESs in the WB region have the well-functioning IT systems that support the main business processes. However, there are notable differences in the adaptability of the IT systems, in the level of automation of various functions, the scope of services available online, and in the richness and quality of the data handled by the PES.

The *Serbian* PES has a well developed IT system. It is centralised and integrates data on jobseekers for the whole economy and is linked to other administrative data sources on jobseekers and employers. Depending on their role, all staff members have access to these data. The intranet enables an internal communication and the management of all business processes. There are over 15 subsystem elements such as keeping records, databases with information on employers, or the management of ALMPs. The PES portal enables an automated matching of vacancies (that employers can post independently) with job seekers.

In *Montenegro*, the IT system is developed in-house, which facilitates fast adaptation to the changing needs of the organisation. The system is centralised and ensures a real-time access to data at all levels of the organisation, which facilitates information sharing across units. The system supports all aspects of counsellors' work: interactions with employers, jobseekers (profiling, segmentation, development of Individual Employment Plans) and job-matching.

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[13] Note that the external assessment reports do not describe all PES processes, but focus on the main strengths and weaknesses.

In *Albania*, the intranet includes the registers of employers, vacancies, jobseekers, automated matching of jobs and jobseekers and reminders for counsellors. The segmentation and profiling of the unemployed is not automated. In 2016, the system was integrated within the national database allowing the exchange of information with the Civil Status Information System, the Tax System, the Compulsory Health Care System, and the Economic Assistance System. The online system enables the employers to register online, publish vacancies, search for profiles, and invite the jobseekers to apply. It also allows the jobseekers to register, fill in CV templates, and search for vacancies. The PES has also recently implemented new online application procedures for ALMPs.

The PES of *Kosovo** has a well-developed IT system that supports several on-line services to clients, and also includes the automated client segmentation and job matching. The system also supports performance management. The IT system of The Former Yugoslav Republic of Macedonia is also a relatively well-developed and the unemployment register is linked to administrative data from the health insurance fund and the tax authority as well, which allows the PES to track the employment of job-seekers after leaving the unemployment register. The IT systems of the PESs operating in *Bosnia and Hercegovina* are relatively less developed, and information on vacancies and jobseekers are not shared across the regions, which reduces the potential for effective matching and constrains the labour market analysis.

4.3. National specific strengths, weaknesses and good practices in WB PES

Though the main strengths and weaknesses are common, there are considerable differences across the PESs in particular aspects of their performance and practically each PES has some good practice that may be inspiring for other PES in the region. The most relevant strengths are highlighted in green in Table 4, while Table 5 provides an overview on the distribution of good practices described in the national reports. The latter shows that most good practices are in the area of the service process and ICT (section B), while the fewest are in evaluation (section E). For a more detailed description of good practices please see Annex 9.2.

Table 4. Strong (+) and weak (-) points of PES by economy

Enabler section	AL	BA	Kosovo*	MK	ME	RS
(A) Strategy, Performance Management	+clear strategy -no PM incentives	-political influence	+PM system - no benchmarking of local units	-weak PM system, no quantitative indicators	+clear strategy, annual work plan -top-down dominates -too many targets, no PES development strategy	+clear objectives +bottom-up element in performance agreements -no benchmarking of local units (but planned, with support from the WB)
(B) Processes and ICT	+good ICT +online access to ALMP and job posting	+standardised counselling process -weak links bw operational processes	+clear standards +strong ICT system -weak quality assurance, weak multi-channelling	+strong ICT system, linked to SSC records -too much admin on ALMP	+well defined processes +strong ICT system -high case-load, no blended services	+standard procedures +strong ICT, link to SSC records +self-service desks -weak evidence base for targeting services -weak multi-channelling
(C) Services and ALMP	+ICT supported profiling and referral to ALMP +scoring of employers in allocating ALMP -subjective client segmentation, no rules on timing of IAP		+holistic profiling, automated segmentation +early intervention for risk-groups -timing JC visits not regulated (only legal min), no rules to schedule IAP -allocation of ALMP not aligned to local needs		+holistic profiling, client segmentation and referral to ALMP	+specialised services for disabled jobseekers -profiling not based on estimated risk of LTU - no automated segmentation of clients
(D) Employers and matching	-no employer strategy +automated matching		-no employer strategy -no customer satisfaction survey +automated matching	+regular employer survey - no employer unit	-no employer strategy	+automated matching +regular employer survey
(E) Evaluation	-no regular monitoring or eval. +pilot on monitoring school to work transition		+pilots -only ad-hoc evaluations	+frequent (ad-hoc) external evaluations of ALMP -	-no systematic evaluation	-LM analysis esp regional level
(F) Quality of Partnerships	+autonomy of regional offices		-centralised partnerships, no partnership strategy	+cooperation with municipal council		
(G1) HR management	-no HR strategy, ad-hoc sharing of good practices	- no individual-level incentives	-no individual-level incentives	+training plans based on regular feedback, flexible moves bw posts -no individual-level incentives	+internal training	-no individual-level performance incentives for PES staff
(G2) Funding	+autonomy of regional offices -limited funds for ALMP		-centralised budget	-centralised budget, no local autonomy	-lack of funds for ALMP -centralised budget	+local action plans, some extra funding +ALMP fund based on insurance

Notes: IAP= individual action plan; JC= job centre; LM= labour market; LTU= long term unemployed; SSC=social security contribution; Enablers are described in Annex 9.5.

Table 5 Good practices by economy and enabler section

Economy	A strategy, performance management	B processes and ICT	C services and ALMP	D employers and matching	E evaluation	F quality of partnerships	G HR and funding
AL	A1	B2		D1		F2	
BA		B2	C6		E2	F2	
MK	A3	B2	C3	D3		F2	G1
Kosovo*	A1	B2,B4	C3				G1,G3
ME	A4	B1,B2	C1	D3		F4	
RS	A1	B2,B3	C3,C6		E1,E3	F2	G1

Source: External assessment reports.

Note: Good practices are described in Annex 9.2 while enablers are described in Annex 9.5.

5 Drivers of PES performance

Detailed outcome indicators describing PES performance are not available for all WB6 and the limited number of observations makes it difficult to calculate the comparable indicators (i.e. to control for the economic cycle and the institutional context). For those economies that did report it, the transition rate from registered unemployment to employment ranged between 6.6 % and 47.7 % in 2016. The transition rate has been improving in most economies, with the exception of Montenegro (Table 6). The transition rate to employment tends to be higher among women (except in Montenegro, see Tables A1-3 in the Appendix) and among youth (except in Kosovo*).

Table 6 Indicators of PES performance

	AL	BA	Kosovo*	MK**	ME	RS
Transition from U to E in 2017, %	25.8	28.6	6.5	47.7	38.6	41.3
Change in transition rate from 2013 to 2017	2.8	1.7	3.6	1.7	0.8	1.5
% of unemployed leaving PES register in 2017 (off-flow)	93.0	44.6	13.7	88.4	92.9	114.7
Change in off-flow rate from 2013 to 2017	1.6***	1.5	0.0	0.5	0.8	1.4
Long term unemployed as % of active population	9.2	17.4	21.3	17.6	12.7	8.5
Change in LTU rate from 2012 to 2017	0.9	0.7	1.2	0.7	0.8	0.4

** data for 2016; *** data for 2015 to 2017. U=unemployment, E=employment, LTU long term unemployed. As the self-assessment was prepared separately for these three districts, indicators are provided for them separately, where available. Source: WB-BL national reports, except transition rates in BA, Albania and Kosovo* which are taken from Bozanic (2018), see Appendix 10.1 for more detail.

We also considered change in long-term unemployment as a performance indicator as it arguably reflects PES efforts more than short-term unemployment. On that measure, Bosnia and Herzegovina, Kosovo* and Montenegro do relatively well.

These performance indicators do not show a uniform pattern. Apparently, there are several external factors that influence them apart from PES performance, however, given the small number of observations, we cannot control for these.[14] This implies that we cannot investigate the relationship between outcomes and enabler scores specifically within the WB6. Instead, we turn to the results of the EU PES Benchlearning initiative and assume that those apply to the Western Balkans as well.

The earlier analysis of EU PES has shown that some enablers are especially likely to have a strong positive impact on PES performance.[15] The link between these key enablers and PES performance can be summarised as follows.

A high-performing PES is able to channel its resources to supporting those in need by accurate profiling (C1) and by finding the most appropriate channel for managing contacts with clients (B4). The services and measures of the PES are effective as they are embedded in an elaborate activation strategy and a strategic choice between in-house and external delivery (C6), based on evidence (E1) and supported by effective matching tools (D3). Performance is systematically monitored and adjustments are made regularly, as needed (A4). Lastly, a high performing PES works closely with a well-defined group of stakeholders and has close contact especially with social partners: this helps them keep their focus on the needs of employers and the labour market in general (F1, F2, F4).

In the EU PES Benchlearning exercise, the most "impactful" six enablers (E1, C1, C6, B2, B4, A4) were found to be closely correlated with good performance in terms of reducing the unemployment of youth as well as of the low-skilled. The second strongest enablers (D3, F1, F2 and F4) were correlated only with reducing the unemployment of the low skilled.

Considering these "impactful" enablers, we find a mixed pattern in the Western Balkans. Almost all PES score below their own average in the most impactful six enablers (that is, comparing the impactful enablers to the average score of the particular PES), i.e. those that are likely to contribute to reducing both youth and low-skilled unemployment (Bosnia and Herzegovina FBIH is the only exception). Some PES score below their own average also on the second-strongest enablers (Kosovo*, Serbia, Federation of Bosnia and Herzegovina), while others perform somewhat above average in these (Albania, Montenegro, and especially The Former Yugoslav Republic of Macedonia and Republika Srpska in Bosnia and Herzegovina , see Appendix for more detail).

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[14] In a next round of assessments, the number of observations may be increased by adding some other economies of South-East Europe, perhaps in cooperation with the Center of Public Employment Services of Southeast Countries.

[15] This is based on the analysis of M.Fertig, where he examined the correlations between PES performance indicators and scores on particular enablers recorded in the EU Benchearning exercise (Fertig 2017). The codes A1 to G2 refer to the enablers used in the EU PES Benchlearning exercise (for a full list and description, see the Appendix).

The weakest of the impactful enablers are 'making use of the results of performance management' (A4) and ex-ante and ex-post evaluation (E1), which requires that the PES combines the information delivered by a sound performance management system with a transparent and comprehensible ex-ante evaluation of specific service designs. Most PESs score well below average on these two areas, with the exception of Kosovo* (relatively strong on A4) and Serbia (relatively strong on E1).

The strongest impactful enabler concerns the 'implementation of a support structure' that enables and informs process implementation, which presupposed a well-functioning IT system (B2). Most PES score above their own average on this one (the exception is Albania). Most PES also score well above on matching vacancies and jobseekers (D3), or just below average (Kosovo*), except the Federation of Bosnia and Herzegovina, where this enabler is very weak.

6 Lessons for future development of PES

6.1 Areas for further development

Considering the strengths and weaknesses of WB PESs identified in the previous chapter, the relatively well-developed IT systems seem a good basis for further development in a number of areas. Namely, the PESs could make a significant progress in the short and medium run if additional efforts were devoted to:

(1) development of profiling systems,

(2) development of matching tools that support automatic matching on competencies,

(3) impact evaluations to support the design and implementation of services and ALMP.

A next step in the medium-term may be to develop a channel management[16] and elaborate online services. This can be usefully combined with the elaboration of an activation strategy (and profiling) that focuses PES staff time on activating and supporting those in need while directing independent jobseekers toward IT-supported job search.

Investment in the above areas is relatively inexpensive, especially compared to the resources required for ALMP. This implies that these can be implemented without a significant increase in PES budgets – which may be a constraint in most economies in the region.

A more difficult but necessary step seems to be the strengthening of performance management and especially the feedback mechanisms, i.e. that problems are not only detected but the adequate steps are taken to adjust service delivery processes and tools.

Working with local partners is also important for the long-term development of the PES, however, this tends to depend on the institutional context, and the quality and interest of the partners themselves, so is not entirely within the remit of the PES.

The labour market challenges that most PES are facing call for significant adjustments in PES practices beyond the above outlined areas, which may also require substantial investment

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[16] Job-seekers and employers may interact with the PES via various channels: in person, on the phone, via regular mail, email, or live chat at a website, etc. The systematic management of these channels and especially the development of on-line channels can greatly increase PES efficiency.

and political support. First and foremost, the PES may significantly contribute to increasing employment by providing (or incentivising) the training of low-skilled job seekers. This would necessitate:

- a significant increase in funding for training programmes (in both basic skills and vocational training);

- a strong quality assurance framework for publicly funded training programmes;

- building partnership with schools, training providers and employers to improve the contents and quality of public education and adult training programmes;

- developing incentives for employers to offer work-based training;

While employer relations and partnerships are relatively weak in the region, the strong IT systems ensure a good basis for monitoring the quality and effectiveness of training programmes, especially where the unemployment register can be linked to other administrative data on employment (i.e. taxation or insurance). Appendix 10.3 provides some further suggestions on how to design monitoring systems to ensure that training measures are effective.

Lastly, given the general lack of labour demand and the related problem of long-term unemployment, PES may also consider introducing or further developing incentives and counselling for non-agricultural self-employment (counselling, start-up incentives, or loans) and building partnerships with social work centres in order to tackle the multiple barriers of the long-term unemployed.

6.2 Topics for Benchlearning events and materials

The comparison of the strengths, weaknesses and good practices of the PES in the Western Balkan region has pointed to several areas with high potential for peer learning. Table 7 below lists these areas with reference to the enabler that they are related to. The table also indicates which economies may benefit most from the particular topic and which may be a source of inspiration within and outside the region. The topics that seem especially relevant in the short run are highlighted in green.

Table 7 Key areas of focus and potential resources

area of focus	relevant especially for	potential resources in WB*	potential resources in EU
E1 Evidence-based	all	Serbia	Estonia, Denmark, Germany
A4 Feedback on Performance Management	all	Kosovo*	Estonia, Austria, VDAB (Belgium)
B2 Data and IT	Albania	Kosovo*, Montenegro	Estonia
B4 Channel management	all		Latvia, Slovenia, Sweden, the Netherlands
C1 Profiling	all	Federation of BiH, Serbia	Croatia, Estonia, Latvia, Slovenia, Ireland, Germany

area of focus	relevant especially for	potential resources in WB*	potential resources in EU
C Individual action plan and ALMP-measures (esp. training)	all	Kosovo*	Austria, Germany, Estonia
C6 Activation strategy and outsourcing	all	Montenegro	Netherlands, UK, Ireland
D3 Job matching	Bosnia FBIH, Kosovo*	Montenegro, Serbia	Estonia, France
F1 identifying stakeholders	Bosnia FBIH	The Former Yugoslav Republic of Macedonia, Montenegro	Finland
F2 building partnerships	all	The Former Yugoslav Republic of Macedonia	Finland
F4 social partners	Bosnia FBIH	Montenegro	Austria, Germany, The Netherlands

*See a detailed list of good practices in the Appendix.

7 Lessons for fine-tuning the Benchlearning methodology

7.1. The quality of internal and external assessment

In most economies, the internal and external reports were informative and generally of good quality, suggesting that PES teams were committed to applying the Benchlearning methodology. There was some variation in the level of detail in both the internal and external reports.[17] Most PES followed the guidelines and completed their self-assessment for all the compulsory enablers and 3 or more of the optional enablers.[18] The variation in the choice of optional enablers suggests that PES used the flexibility of the guidelines and reflected on what is most relevant for them.[19]

The external scores were on average somewhat lower than the internal scores, but roughly two thirds of the enablers (and phases) were scored the same by both the internal and the external assessors. The score of the external assessment was below the internal one for about 30% of the enablers (this was most common in the A and C section, and the Action phase of the PDCA cycle), and above the internal one for 5% of the enablers (mainly in the B and F section). This suggests that the internal assessment was indeed driven by the aim of

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[17] Some internal reports, e.g. in Bosnia and Herzegovina, provided very brief explanations for scores.
[18] Minor deviations occured in Albania, where the Action phase was not evaluated, The Former Yugoslav Republic of Macedonia and Federation of Bosnia and Herzegovina, where only 2 optional enablers were selected, and Republika Srpska in Bosnia and Herzegovina, where only 18 of the compulsory enablers were assessed. Only Kosovo* chose to assess 4, rather than 3 optional enablers.
[19] Though most PES chose to assess B4, D2, F3 or F5 while the other optional enablers were less popular.

the process, which was self-reflection, rather than the ambition to present the PES in a favourable light.

According to two independent reviewers familiar with the EU PES Benchlearning methodology, most of the external reports were clear and contained the information prescribed by the reporting guidelines. One reviewer noted however that few reports provided detailed feedback on the particular enablers, which may have been due to the lack of focus and limited time in the site visit discussions, so that some enablers were not explored in detail. This was at least partly due to the large number and mixed agenda of peer PES experts involved: some PES experts interpreted the site visits as a peer-learning opportunity rather than an assessment exercise, so they were keen to have plenary meetings and in some cases diverted the discussion to areas of their interest, away from the questions related to the performance enablers.

Considering the above, the next cycle of assessments needs to be supported by somewhat more detailed guidelines explaining the aim of each part of the process and especially more detail on how to recruit and allocate the peer PES experts, and how to conduct the site visits. In the latter respect it seems that the deviation from the EU methodology regarding the parallel sessions, while enhancing the peer-learning aspect, did not contribute to better results regarding the depth and accuracy of the external assessment. This suggests that the updated guideline should revert to the EU approach. It may also be useful to ask PES for feedback on the translated versions of the guidelines and add further clarifications (especially of the technical terms) as needed.

7.2. PES engagement and impact of the assessment initiative

Some national experts reported that the Benchlearning process was initially perceived by PES as a burden (and to some extent overlapping with similar projects with other donors), but this improved considerably as the team engaged and recognised the main objective of the process. In the core phase of preparing the self-assessment report, PES experts were genuinely engaged, reflected on the enablers of PES performance, good practices, strengths and weaknesses.

PESs used the Benchlearning exercise as an opportunity to reflect on their operations and assess the existing strengths and weaknesses, which supported them in identifying their potential for further development. This is an important outcome and a highly valuable experience, especially for the PESs that normally rely on external evaluators (which is the standard practice in the WB6).

For many PES the site visits of the Benchlearning exercise was a first opportunity to discuss their practices and exchange ideas. Many PES experts used the site visits as a peer-learning opportunity and inspiration for developing their own PES. While this is a valuable outcome, it should be noted that ideally this aspect of the site visits should be contained (and channelled into separate mutual learning activities) as it may divert attention from the main focus of the site visits, that is, the accurate and in-depth external assessment of PES performance.

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9 Annex

9.1 Selected performance indicators

Source: RCC database, based on data from Western Balkan PES offices

Table A1 Transition from unemployment into employment by gender

	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
AL	9.5	9.1	12.8	16.4	9.5	18.1	19.3	22.7	25.8	25.7
BA	18.8	14.1	24.4	16.3	24.3	17.0	27.7	21.1	34.8	23.3
Kosovo*	2.2	1.3	2.3	1.1	7.9	2.5	7.5	5.5	7.4	5.5
MK	25.4	31.9	36.3	48.4	39.6	50.8	42.3	54.8	n/a	n/a
ME	43	58.6	43.9	58	49.3	60.8	42.7	48.6	39.1	38.3
RS	26.8	28.6	29.2	31.3	33.1	33.3	36.9	37.4	41.8	40.7

Table A2 Transition into employment within 12 months of unemployment by gender, 2013-2016

	2013		2014		2015		2016			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
AL	74.3	75.1	69.9	63.0	68.8	63.8	62.1	67.4	73.2	71.3
BA	57.0		54.2		52.7		53.5		n/a	
Kosovo*	24.1	31.8	26.9	33.4	41.8	46.3	39.2	41.8	n/a	n/a
MK	70.2	69.5	80.1	79.9	79.4	79.9	79.9	80.5	n/a	n/a
ME	82.7	83.2	79.4	78.7	78.4	78.3	78.1	78.3	74.7	76.6
RS	62.7	59.2	58.9	56.4	59.8	57.9	60.9	58.7	58.9	57.9

Table A3 Share of participants in active labour market programmes (% of registered unemployed)

	2013	2014	2015	2016	2017
AL	0.7	3.0	3.9	4.3	4.1
BA	0.1	0.3	0.4	0.3	2.5
Kosovo*	n/a	n/a	n/a	n/a	3.0
MK	3.9	6.1	4.9	6.3	n/a
ME	5.1	9.1	11.0	5.2	4.5
RS	14.5	14.4	20.3	20.6	23.1

9.2 Good practices

Economy/good practice	Description	Enabler
Albania		
Action Plan	ensures that responsibilities of respective institutions are well-coordinated	A1
Integration of PES register with other databases	covers the Civil Status Information System, Tax System, Compulsory Health Care System, Economic Assistance System; the integration increases the data accuracy	B2
Employer scoring system	General Directorate scores employers in ALMP and then decides whom to collaborate with	D1
Good collaboration with other institutions	cooperation in implementing ALMPs with institutions of a higher rank that PES depends on	F2
Autonomy (also financial) of regional PES offices	enables establishing partnerships and agreements with local level actors	F
Bosnia and Herzegovina		
Local Partnership for Employment (LPE)	active cooperation within local labour market actors (schools, employers)	F2
IT infrastructure	IT application where front-line staff is directly involved in upgrading it	B2
Pilot project	a pilot office through which counselling and job mediation were designed and established	E2
Mobile office	in the area with no local offices	C6
The Former Yugoslav Republic of Macedonia		
Human resources	sufficient number of staff dealing with counselling	
Skills and skills-needs assessment	unemployed and employers are surveyed to identify skills and skills-needs	D3
HR department at a central level	responsible for staff trainings, change of work place (also within organisation), motivation schemes, etc.	G1
IT system	enables keeping good records of unemployed and the employees	B2
Cooperation with employers	in the form of trainings and fairs	F2
Good internal communication	everyday communication of senior with middle management and across all staff levels	A3
Staff surveys	twice a year, enables regular feedback	A3, G1
Entrepreneurship trainings	offered to unemployed	C3
Kosovo*		
EMIS	a system of electronic PM which ensures KPIs to be tailored to each employment counsellor	A1
Annual Work Plan	facilitates achievement of PES objectives	A1
Cooperation between PES and Vocational Training Centres	ensures exchange of data and participation in trainings	C3
Development of Vocational Training Centres	accreditation, development of occupational standards and training material, certification of trainees	C3
Well-developed infrastructure	well-equipped offices with open space for self-service	B4
Good cooperation with donors	well-utilised (towards needs) support from donors	G2
Internal training system	for newly hired and existing staff, ensures quality service provision	G1
Keeping personal files of unemployed	collection of diplomas/certificates, etc.	B2
Montenegro		
Internal PES document for work procedures - Book of	defines all processes, tasks, duties, responsibilities, etc.	B1

Economy/good practice	Description	Enabler
Procedures		
EURES department	supports legal labour migration and assists citizens in finding jobs abroad	D3, F4
Mediation and matching process	pre-selection, selection and well-targeted placement of candidates	D3
Cooperation with other institutions	with Tax Administration, Health Fund, Pension Fund, Centres of Social Work, etc. regarding data exchange	F4
ICT System	a system of interoperable and connected applications which allows easier mediation	B2, D3
Holistic profiling	well-established holistic profiling which also engages psychologists	C1
System of staff's performance evaluation	involves financial initiatives	A4
Serbia		
ISO-9001 quality management system	enables high level of uniformity and standardization of processes (internal and external evaluations)	B3
Performance-based management	defines the objectives that shall be realized by PES during the year	A1
ICT system	realisation of everyday activities, data collection and digital connection with other institutions	B2
Local employment action plans	adopted together with local governments	F2
Services to disabled persons	system of services to disabled persons which involves 'special' advisors	C3
System of internal licensing of employees	knowledge and skills assessment of employment counsellors	G1
Evaluation of effects of career guidance and advising	trained staff evaluates effects on employment and cost-effectiveness	E1
Transparency	good communication with media and public on visibility of measures/results	E3
Employment caravans	mobile teams that visit rural areas (outreach activity)	C6

9.3 Techniques to increase the effectiveness of training courses[20]

The effectiveness of PES-financed training measures has been widely studied in the empirical literature.[21] Compared to other PES services, training is increasingly delivered by external providers and not by the PES itself. The reasons for this are manifold: training provision requires specialist expertise, costs are high compared to other ALMPs, and the demand for different types of training may change rapidly over time or across regions. Unlike private providers, the PES may not be able to diversify its training portfolio and adjust its supply in times of low demand. External contracting can also facilitate greater employer involvement and partnership with PES in training provision and increased in-company training.

The subcontracting of training services is an especially delicate task. Based on the available impact evaluation literature (for a thorough review, see for example Kluve 2010) the positive impact of training can be measured only in the medium-run and long-run, which, together with the high costs may make training a less attractive tool compared to other services. The effective monitoring of service provision in the case of training is particularly difficult, due to the large degree of information asymmetry present between the purchaser and the training provider.

A general finding is that training programs that focus mainly on workplace specific skills-development or at least combine these with general skills development, tend to be more successful than purely general skills training (European Commission 2013c). Therefore it is important that the PES builds close links with employers and promotes on-the-job training and apprenticeships. Focusing on work-related skills is particularly important in the case of demotivated youth and the low-skilled who may have less patience or capacity for lengthy courses of general skills development.

According to Adamecz et al. (2014) the most important preconditions for establishing an effective training provider market are transparency and independent supervision. Information on the courses and providers should be available to all the actors concerned (the state, employers and potential participants). An easily accessible and searchable central information system containing all the relevant information about training providers should be set up and training providers should be given financial incentives to fulfil their reporting obligation to keep the database up-to-date (e.g.: the reimbursement of state-funded training costs should be tied to the fulfilment of this obligation). Training quality has to be closely monitored, not only relying on information supplied by the providers and training participants but also through the analysis of the subsequent employment record of participants (if possible, using administrative records). The successful completion of training courses should be awarded by nationally recognized certificates and it is of particular importance that examination procedures should be standardized to ensure that the examiners are impartial (e.g. committee members are delegated by institutions independent of the training provider).

Many PESs have established a system of reporting and on-the-spot checks to monitor the financial management and content of the training provision. This ensures that problems can be spotted early

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[20] This section is a slightly abridged excerpt from 'Review of current PES practices in selected OECD countries on activating vulnerable groups', an internal report prepared for the Inter-American Development Bank By Nicola Duell and Ágota Scharle, 1 December 2016.

[21] Kluve (2010) and Card, Kluve, and Weber (2010) identified a number of success factors related to the implementation of training programs, such as (i) participation of private sector providers; (ii) demand-oriented training; (iii) inclusion of a labor intermediation component; (iv) on-the-job training; (v) regular accreditation processes of training (vii) integration of training programs for vulnerable groups within a life-long learning system. Most of the training initiatives elaborated in chapter 3.3. possess one or more of these characteristics. For a more detailed overview of training programmes, see e.g. Urzúa and Puentes (2010), which provides an overview of impact evaluations.

and the necessary action can be taken. For example, the Latvian PES undertake random on-the-spot inspections of training providers to ensure that the subsidies for employers, supervisors and employees are managed correctly and that the placement is sufficient for the employee's needs. Partnerships can also improve the quality of work-based training and any type of dual training schemes.

Once a transparent monitoring system is established, the PES may generate healthy competition between providers by introducing a voucher system. Vouchers can be a fixed amount or vary according to income, or training needs or both. While potentially costly to administer, granting vouchers to vulnerable groups can increase participation in training measures, and may also lead to a better choice of training programs. A prerequisite is that jobseekers are well informed of training options, the options are easily accessible to all and the PES provides effective quality assurance. A good example is the German Educational Voucher (Bildungsgutschein).

A key question is how to motivate employers to invest in training. The table below summarises initiatives that successfully involved or incentivised employers to launch high quality training programs.

Table 1. Incentives for employer-provided training programs

Main incentive type	Measures / actions	Examples
Conditioning wage subsidies	Skill development strategy, retaining employment	Job Training Partnership Act, US
Conditioning training subsidies on	retaining employment hiring and retaining a jobseeker as replacement	Mexico Sweden
Combining training subsidies with other services	- wage subsidies - skills counselling and wage subsidies - skills brokers and CSR	WeGebAU, Germany SME program, Germany Skills Pledge, UK

In a less intrusive approach used in Australia and the US, PES may require employers to develop and maintain a skills-development strategy for their employees in return for accessing wage subsidies. In the most complex approach, used for example in Germany and the UK, the PES provides counselling to assess the skills needs of the firm and their employees and helps identify appropriate training programs. The UK example is also linked to the corporate social responsibility agenda as a further incentive. Importantly, the more complex approaches require a high level of confidence in the PES.

Lastly, the PES may tie training subsidies to the condition that the employer retains newly trained staff for a certain amount of time. For example, in the Mexican Probecat program, firms were obliged to hire at least 70 % of the training participants, which acts as an incentive to provide meaningful training. Sweden introduced a special version of this incentive, in which the a regular employee can participate in the subsidized training program, but the employer is obliged to hire an unemployed person as replacement staff for the duration of the course and retain them in another position afterwards. This allows more flexibility for employers to meet their skills needs (Carling and Richardson 2001).

Training programs can carry a large deadweight loss, which can be reduced by careful targeting and detailed eligibility rules. In order to avoid the financing of courses that would have been launched without support, the German system does not support employer- or task-specific training. For low-skilled workers, subsidies are only available for accredited courses leading to a certificate (though SMEs may be exempted of this rule) and courses must last at least four weeks. The last rule helps to exclude firm-specific practical training, as these typically require much shorter courses (European Commission 2012c). In the UK, the training subsidies are available only for employees who do not

have at least Level 2 qualifications (equivalent to at least GCSE 'C'). Sharing the costs with the employer and differentiating the share of public funding according to reemployment chances of the jobseeker can also help reduce deadweight. In the German scheme for example, costs are refunded up to 75% for older workers and up to 100% for low-skilled workers. These rules need to be carefully calibrated so that administrative costs remain manageable, firms are kept motivated and deadweight loss is minimized.

9.4 EU PES Performance Benchmarking Indicators
Source: European Commission (2017), p 12.

1) Contribution to reducing unemployment for all age groups and for vulnerable groups:

- Transition from unemployment into employment per age group, gender and qualification level, as a share of the stock of registered unemployed persons;
- Number of people leaving the PES unemployment records, as a share of registered unemployed persons.

2) Contribution to reducing the duration of unemployment and reducing inactivity, so as to address long-term and structural unemployment, as well as social exclusion:

- Transition into employment within, for example, 6 and 12 months of unemployment per age group, gender and qualification level, as a share of all PES register transitions into employment;
- Entries into a PES register of previously inactive persons, as a share of all entries into that PES register per age group and gender.

3) Filling of vacancies (including through voluntary labour mobility):

- Job vacancies filled;
- Answers to Eurostat's Labour Force Survey on the contribution of PES to the finding of the respondent's current job.

4) Customer satisfaction with PES services:

- Overall satisfaction of jobseekers;
- Overall satisfaction of employers

9.5 Complete list of the 29 Benchlearning Enablers

Source: shortened version of description of enablers in European Commission (2017), pp 29-61.

Please note that 19 of these were compulsory to evaluate during the self-evaluation and the external evaluation, and up to 10 were optional. The optional ones are marked in ==yellow.==

A

Performance enabler A1

Establishing the fundamentals of performance management by target-setting

Ideally a PES maximises the scope for action allowed by the broader institutional context in order to set ambitious targets in a process that is (i) not too complicated and time consuming, (ii) informed by systematic analyses of the labour market and (iii) involves regional/local units in a way that allows them to mutually agree the extent to which they can contribute to achieving national targets, given local economic and labour market circumstances. Additional targets can also be determined at local level to address local issues. However, there are mechanisms that avoid setting too many additional targets at the local level that can lead to confusion and a lack of focus. Targets are well communicated to all relevant levels of the organisation. Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler A2

Translation of targets into (key) performance indicators and measurement

Ideally a PES translates targets into (key) performance indicators that are specific, measurable in a generally accepted manner, clearly weighted, realistic and time bound. They include measures of efficiency and sustainability of achievements and to prevent creaming. Furthermore, they are well communicated and broken down to all relevant levels (regional/local offices, teams/employees). The (key) performance indicators are measured on all relevant levels of the organization and systematically compared with predefined target values. In doing so, (key) performance indicators are adjusted for regional and/or local external factors. Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler A3

Following up performance measurement

Ideally a PES shares information on the results of performance measurement in a fixed and easily understood format and in accordance with an agreed time interval. The format combines different channels, including reports and face-to-face information given at individual or team level. The time interval is short enough to give useful current feedback but also long enough to be sure that data quality is high. Management follows a transparent and forward-looking management-by-objectives strategy with clearly described responsibilities. Furthermore, achievement is followed up by a cascaded system of top-down and bottom-up dialogues throughout the organisation, strictly based on performance indicators. In doing so, all relevant members of staff are involved and the main characteristics of these performance dialogues are: respect and fairness, open dialogue, empowerment, reward and recognition. Decisions taken in the dialogue are directly and fully implemented, monitored, assessed and (if necessary) revised. Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler A4

Making use of the results of performance management

Ideally a PES implements a system of financial and/or non-financial incentives based on performance results to promote continuous improvement. The system is designed to avoid de-motivation or perverse incentives. Furthermore, the system is embedded into the Human Resource Management strategy. Internal Benchmarking between organisational units further supports continuous improvement. The benchmarking format ensures that comparisons between units are fair. Performance results are presented in a clearly defined and easily comprehensible format and also used to inform governance stakeholders as well as the public. Responsibilities for all these activities are clearly defined to ensure accountability.

B

Performance enabler B1
Process definition and standardisation
Ideally a PES builds the design of operational processes on its business model and service strategies, with the aim of enhancing the effectiveness, efficiency and transparency of all workflows. All business processes are clearly defined, standardised and differentiate between (i) management processes, (ii) core operational processes and (iii) supporting processes. A concept for the management of process interfaces also exists. Furthermore, regional/local levels of the PES are able to adapt process standards to local peculiarities (e.g. in relation to the size of a local office or the geographical distribution of its branches) without undermining the standardization process. Standardized processes are visualized by flowcharts, process matrices and/or maps and documented in a handbook or operational guidelines available to all staff. Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler B2
Implementation of support structure
Ideally a PES has implemented a support structure that enables and informs process implementation. This structure includes the collection and storage of comprehensive and high-quality individual-level data about customers. In accordance with data protection regulation authorisations, the data is made available to all relevant levels of the organisation, including placement officers in contact with jobseekers. An ICT infrastructure is in place to actively support the implementation of standardised processes. The design and the architecture of the ICT infrastructure follow the service strategy and process definitions, work well and can be amended without prohibitively high effort. Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler B3
Quality management
Ideally a PES has implemented a quality management system that combines quality management tools (allowing the on-going actively progressive monitoring of predefined quality standards) with the enablement of a culture of informed risk taking. The quality management system supports a systematic (rather than just a purely instrumental) approach to quality which builds on an informed setting of priorities and modalities of quality assurance. The quality management system focuses on the quality of processes and provides guidance for regular inspection of quality. All staff are informed about their contribution to overall quality and are involved in adjustments to the quality systems, as

required. The quality management system is used for continuous improvement and learning. As a result quality is not perceived as a goal but as a process which continues as long as the expected gains from implementing amendments exceed their expected cost (i.e. a positive net gain). Responsibilities for all these activities are clearly defined to ensure accountability.

Performance enabler B4

Channel management and blended services

Ideally a PES combines different channels of service provision (i.e. blended services) and uses an integrated multi-channel management to supply proper services via the proper channels to customers according to their needs and background. For this, a channel management concept exists which (i) includes a channel-specific marketing strategy, (ii) is based on a well-functioning technology and suitable back-up systems, (iii) takes into account the accessibility of online channels and the digital literacy levels of customers and staff, (iv) contains a strategy for monitoring and evaluating user friendliness, effectiveness as well as efficiency of different channels and (v) offers support/help for users. All members of staff are trained to put blended services it into practice. Responsibilities for all these activities are clearly defined to ensure accountability.

C

Performance enabler C1

Holistic profiling

Ideally the PES bases the assessment of an individual's employment potential (profiling) on a holistic approach. (Profiling covers a range of approaches from individual to group to econometric). The profiling is not only based on information about an individual jobseeker's employment record, work experience and formal qualifications ("hard facts") but includes an assessment of the full spectrum of competences/skills of a jobseeker (skills-based profiling). To support this employment counsellors have the possibility to refer clients to specialized service units or expert teams that help them to assess cases which do not appear to be straightforward or need more time to assess. The profiling is repeated in clearly specified time intervals. Depending on the results, on-the-job support post-placement is provided to ensure the sustainability of transitions into the labour market.

Performance enabler C2

Segmentation

Ideally a PES groups jobseekers according to their likely level of need based on the results of a holistic profiling. Segmentation is used for a target-oriented distribution of workloads among employment counsellors. In this, the grouping of jobseekers is combined with a clear regulation of minimum contacts, the durations associated with each contact and the number of cases to be handled by each employment counsellor. This approach determines the number of times a jobseeker is met by his/her employment counsellor during a given period, which implies a natural time period for the reporting and monitoring of work availability and job-search actions as well as for the referral of a jobseeker to vacant jobs. Furthermore, it implies a clear framework for the monitoring and (if necessary) revision of individual action plans.

Performance enabler C3

Individual action plan and ALMP-measures

Ideally a PES builds the formulation of individual action plans (if legally possible, based on mutual obligations/conditionality) on the results of holistic profiling and takes into account

the segmentation of the jobseeker. A clear bundle of support services and tools is used to develop a sustainable transition into the primary labour market. A "work first" or "train first" approach will influence the type of services provided. In general, active labour market policy measures can be an important element of the individual action plan. However, jobseekers should be allocated only to such ALMP-measures for which evidence exists that they are effective. Targeting of ALMPs linked to jobseeker needs is crucial. Measures of active labour market policy can (but not necessarily have to) constitute an important element of the individual action plan. Thus, the definition of service and product bundles from which employment counsellors can chose includes a regulation for the use of ALMP-measures subject to jobseeker segments. With regard to all medium- and long-term ALMP-measures, especially training/qualification measures; pro-active and tailor-made support services for participants are available to support as much as possible a seamless transition of participants into the primary labour market. These services start before participants leave the measure and continue for a fixed time period thereafter.

Performance enabler C4

Early intervention to avoid unemployment

Ideally a PES follows the principle of early intervention to avoid unemployment before it occurs. For this, a pro-active approach is formulated which provides services for employed individuals at the risk of losing their job. These services aim at supporting these individuals by early, intensive and active job search including the use of PES self-information systems.

Performance enabler C5

Early engagement to reduce the duration of unemployment and implementation of Youth Guarantee

Ideally a PES follows the principle of early intervention to minimize the duration of unemployment and to avoid long-term unemployment. To achieve this, service provision to jobseekers starts as early as possible after registration at a PES. It is essential to have a clear definition of the maximum number of days between registration and the first contact/interview with the employment counsellor and the agreement of an individual action plan. Specifically, a clear concept for the implementation of the Youth Guarantee is available, i.e. a transparent strategy to provide a good-quality, time-bound concrete offer to youth in cooperation with service providers and other stakeholders. This implies to have a clear concept for identifying and addressing the target group for the Youth Guarantee and organizational solutions for an efficient service provision to this group.

Performance enabler C6

Implementation of service and activation strategy

Ideally a PES supports the concrete implementation of the services and products provided to jobseekers by a transparent system that includes options to deliver the service in-house or to contract it out. There are clear guidelines under which circumstances and for which product/service external service providers and/or other public institutions (e.g. service agencies of municipalities) are engaged. Furthermore, to ensure an effective implementation of the activation and service provision strategy, regional/local offices have an appropriate degree of programmatic flexibility. This implies that regional/local offices have some scope to combine instruments and/or define specific targets groups according to regional/local characteristics within the boundaries set by the overall activation and service provision strategy.

D

> **Performance enabler DI**
>
> *Employer strategy and management*
>
> In order to provide a target-oriented service provision to employers, a PES has ideally developed and implemented a transparent strategy for employers who are identified and managed as important strategic partners. This strategy is informed by thorough and regionally disaggregated labour market analyses. The strategy clearly distinguishes between (i) the core activity of acquiring vacancies and matching them with jobseekers including advisory services directly related to this activity and the use of ALMP-measures in this context and (ii) complementary further services for employers (e.g. use of different recruitment channels, continuing vocational training supports). Furthermore, the strategy explicitly addresses the segmentation of employer services and offers a clear concept whether employer services should be provided universally or in a segmented way. This also includes a clear strategy towards SMEs which can be an important customer group but which are difficult and costly to reach. Moreover, the strategy also contains clearly defined targets for employer services which are an integral part of the performance management system. Finally, the strategy is communicated to all relevant levels of the organisation.

> **Performance enabler D2**
>
> *Specialised unit for employer services*
>
> Ideally a PES runs a separate unit (department or team), responsible for pooling all contacts with employer customers. Members of staff display a clear customer service approach. The employers' service unit embodies the principle 'one face to the customer' and serves as a one-stop-shop for employers, with individual contact persons for each employer. Staff in the employer unit have a profound knowledge of the regional/local labour market and a deep understanding of the companies' needs. Services provision includes different channels including e-channels for vacancy submission

> **Performance enabler D3**
>
> *Matching vacancies and jobseekers*
>
> Ideally a PES attaches particular importance to a well-functioning interface between the employer service unit and jobseeker services in order to match vacancies and jobseekers. Co-operation between the employer service unit and jobseeker services is continuously reviewed and integrated into the quality management system. Mutual meetings take place on a regular basis. To achieve the best possible matches a two-step process combines ICT-driven automated matching with a further refined selection by the employment counsellors. The quality of the matching process should be reviewed regularly taking employer feedback into account (e.g. via employer satisfaction surveys)

E

> **Performance enabler E1**
>
> *Ex-ante and ex-post evaluation*
>
> Ideally a PES combines the information delivered by a sound performance management system with a transparent and comprehensible ex-ante evaluation of specific service designs. For the latter a standardised format (e.g. SWOT-analysis) is used which combines the results of high-quality ex-post evaluations (e.g. for comparable services) with rigorous theoretical reasoning on the likely effects of the specific service design. High-quality ex-post

evaluations take into account the integration of service provision into the organisational practice (e.g. by defining responsibilities, communicating the goals of specific services, providing guidelines/handbooks, defining performance indicators etc.) and the practical provision of the services in every-day contact with customers, which is typically done at the local labour offices. Thus, high-quality ex-post evaluations comprise an appropriate combination of implementation and impact analyses. Ideally, implementation and impact analyses are combined in a way that allows the identification of differences in causal impacts conditional on differences on specific implementation "types".

Performance enabler E2
Pilot projects
Ideally a PES conducts pilot projects in cases in which ex-ante evaluations do not provide evidence on positive results of a specific service. Pilot projects are used in a limited number of offices or for a limited number of customers to gain experience/insights on the effects of such services while minimizing possible negative side effects. The effects of such pilot projects are evaluated rigorously using the above-mentioned combination of implementation and impact analyses. Furthermore, it is taken into account that results from pilot projects can suffer from (positive as well as negative) biases and that the extrapolation of the results from pilot projects to the organisation as a whole has to be done very carefully.

Performance enabler E3
Communication of evaluation results
Ideally evaluation results are communicated to all organisational levels of the PES and all relevant employees in a transparent and comprehensible format. Furthermore, those employees providing the services to customers are equipped with guidelines/tools to optimally utilize evaluation results for every-day work (e.g. guidelines for the allocation of jobseekers to effective training measures according their background characteristics). Moreover, to contribute to "making the business case" evaluation results are published in a comprehensible format and on a regular basis".

Performance enabler E4
Management of change and innovation
Ideally a PES integrates evidence-based service design and implementation into a transparent system of management of change and innovation. This implies that changes are not perceived as threats but as potentials for improving performance and that changes are driven by evidence-based strategic decisions. In this decision-process all organisational levels of the PES as well as employees are involved. Thus, different approaches are used to actively manage change, taking into account the expertise at all organisational and personnel levels. This includes for example thematic dialogues, best-practice exchange and other formats to which representatives of all levels are called to contribute.

F

Performance enabler F1
Identification and structuring of relevant stakeholders
Ideally a PES has identified the relevant stakeholders and has structured/classified them in functional groups. For each relevant stakeholder the type or the nature of the relationship

(e.g. governing authority, service provider, social partner etc.) is defined, the relationship with the stakeholder on the different levels (national, regional, local) is analysed and the relevance for PES services (given objectives and targets of the PES) at these levels is assessed. All employees are aware of the functions and relevance of all important stakeholders.

Performance enabler F2

Partnership building

Ideally a PES builds partnerships. This is a clearly defined objective of the organisation and is carried out at all levels of the organisation with the aim of setting up partnership programmes and actions that ensure innovative collaborative policy implementation regarding the targets of the PES. In doing so, it is recognised that a prerequisite for partnerships is mutual willingness for co-operation.

Performance enabler F3

Management of partnerships with supervising authorities

Ideally a PES manages the partnerships with supervising authorities by (i) a thorough and balanced involvement of them in all relevant phases of the strategic management and service provision process, (ii) by developing transparent agreements for each partner's responsibilities, (iii) by systematically monitoring and evaluating the implementation and the results of partnerships and (iv) by sharing the monitoring/evaluation results with all partners.

Performance enabler F4

Management of partnerships with social partners

Ideally a PES manages the partnerships with social partners by (i) a thorough and balanced involvement of them in all relevant phases of the strategic management and service provision process, (ii) by developing transparent agreements for each partner's responsibilities, (iii) by systematically monitoring and evaluating the implementation and the results of partnerships and (iv) by sharing the monitoring/evaluation results with all partners.

Performance enabler F5

Management of partnerships with service providers

Ideally a PES manages the partnerships with service providers by (i) a thorough and balanced involvement of them in all relevant phases of the strategic management and service provision process, (ii) by developing transparent agreements for each partner's responsibilities, (iii) by systematically monitoring and evaluating the implementation and the results of partnerships and (iv) by sharing the monitoring/evaluation results with all partners. Furthermore, precise selection criteria have been developed which are applied in a formal procurement process and which build on performance measures. In the operation of service contracts, transparent quality standards are necessary and are systematically monitored.

Performance enabler F6

Management of partnerships with institutions involved in the implementation of the Youth Guarantee

Ideally a PES manages the partnerships with institutions (other than service providers) involved in the implementation of the Youth Guarantee by (i) a thorough and balanced involvement of them in all relevant phases of the strategic management and service provision process, (ii) by developing transparent agreements defining each partner's responsibilities, (iii) by systematically monitoring and evaluating the implementation and the results of

partnerships and (iv) by sharing the monitoring/evaluation results with all partners.

G

Performance enabler G1

Human Resource Management

Ideally a PES develops and implements a clear Human Resource Management strategy which consists of the following central elements: (i) definition and description of qualifications and competences profiles for all functions at all organisational levels; these profiles are made accessible to all employees; (ii) on-going analyses of the organisation's human resource capacity and forecasts of future requirements; (iii) flexible recruitment methods which enable the filling of all vacancies on all organisational levels in strict accordance with these profiles; regional/local offices take part in the recruitment decision in case of their own staff; (iv) an initial training plan for new employees upon entry which takes into account that specific qualifications are typically accompanied with varying competences and includes the use of mentoring and coaching programs as informal training procedures; and (v) a further training and career development plan which is strictly competency based and incorporates a life-cycle approach which takes into account work-life balance, ageing of the workforce and an active management of diversity. Its implementation within the organisation is monitored systematically which includes the request of feedback from employees (e.g. by employee satisfaction surveys)

Performance enabler G2

Budget allocation and use.

Ideally a PES bases the allocation of financial resources on a strict target-oriented procedure, i.e. the distribution of financial resources from the central to the regional/local level follows an analysis of the regional/local labour market situation and the targets to be achieved given this situation in bilateral negotiations. After the budget is distributed regional/local offices are fully flexible to use it according to their needs. Ideally, regional/local offices have the possibility to shift budgets between personnel/equipment and ALMP-measures as well as (at least partly) across fiscal years. Simultaneously, regional/local offices are also fully accountable for the results achieved by its use. To ensure this, the performance management system is able to inform about target achievement of each regional/local office in due time.

9.6 Resources for selected Benchlearning topics

Profiling systems

Caliendo, Mahlstedt, and Mitnik (2014) find that jobseekers' beliefs about their job finding success (and wages), as well as their job search behaviour during the initial stage of unemployment have an important influence on the amount of time they spend in unemployment. Further, a number of studies have shown that certain personality characteristics influence labour market outcomes, especially for those with low formal skills (Lindqvist and Vestman 2011).[22] Denmark and the Netherlands have already incorporated self-assessment questions in terms of future job finding prospects, skills and limitations into their (self)-profiling tools.

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Automated matching on competencies

In *Denmark*, online *automated matching tools* have recently been developed. The Jobbing tool is a voluntary matching tool that has been designed to assist jobseekers in finding better jobs. It matches jobseekers with relevant jobs based on their skills, job requirements, work experience, and education. This is supported by an online questionnaire (My Jobkompas) on soft skills, which allows jobseekers (a) to assess their strengths, and get suggestions for job opportunities that match their profile; and (b) assessing further education needs by proposing jobs that could be accessed by the jobseeker (EC 2014).

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[22] In particular, those who feel that they have little influence over their lives are more likely to have less belief in the likelihood of job search success, and accordingly search for jobs with a lower intensity and also set lower reservation wages (Caliendo, Cobb-Clark, and Uhlendorff 2014). Certain personality characteristics, such as having high levels of neuroticism and an external locus of control have negative consequences for job finding success (and not only through job search behaviour) (Caliendo, Mahlstedt, and Mitnik 2014).

EC. 2014. Skills-Based Profiling and Matching in PES. PES to PES Dialogue Analytical Paper. Author: Maite Blázquez

Channel management

Job-seekers and employers may interact with the PES via various channels: in person, on the phone, via regular mail, email, or live chat at a website, etc. The systematic management of these channels and especially the development of on-line channels can greatly increase PES efficiency. PES are increasingly using multi-channel management to meet increased demands, tighter budgets and deliver services to jobseekers in a more effective and efficient way.

In the EU Benchlearning, several peer-review events focused on channel management, blended services as digitalisation in 2011 and 2014, and a survey was conducted in 2016. The lessons were first summarised in a toolkit that reviewed (1) current practice in the use of online channels (2) innovative developments in digitalisation and blended service delivery, (3) measuring the performance of different channels and blended service and (4) adjustments of staff and resources (EC 2014). The toolkit also describes six good practices in detail. The most recent analytical paper provides an update on current practice and recent innovations in channel management (EC 2017).

References

EC 2014. Blended service delivery for jobseekers, Toolkit, authors: Ágota Scharle, Tina Weber and Isabelle Puchwein Roberts

EC 2017. Multi-channel management in PES: From blending to omni-channeling, Analytical paper, author: Willem Pieterson

Performance management

The EU Benchlearning initiative has produced several studies on performance management in PES.

The first analytical paper on the topic reviewed the research evidence on performance management in the European Union (EU) PES and discussed practical implications for policy makers and PES managers (European Commission [EC], 2012). The second analytical paper focused on Management by Objectives (MbO) techniques and provided a detailed portrayal of such methods in three highly developed PES (EC, 2016a). The comparative papers and thematic reviews summarise current PES practices and highlight good practices based on surveys and network events (EC, 2013a, c, d). Two recent toolkits provide step-by-step guidance for PES on how to develop and maintain effective strategic performance management. The EC (2013b) covers four main elements of performance management from developing objectives to placing incentive systems in operation. The most recent toolkit provides guidance and tools for PES to refine or establish key components of performance management systems (EC, 2016b). The latest Analytical Paper explores recent trends in performance management reforms and describes 5 recent reform initiatives in the EU (Ireland, France, Lithuania, Portugal, Sweden) (EC 2017a). Finally, there is an Analytical Paper (EC 2016c) and a toolkit (EC 2017b) that explores recent trends in data-management and IT development and discusses how these may support performance management.

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European Commission, (2016a). Establishing and Operating Performance Management in PES. Brussels, author: Weishaupt, T.

European Commission, (2016b). Practicioner's toolkit: Performance Management in PES. Authors: Karsten. Bjerre and Peter Sidelmann.

European Commission, (2016c). Modernising PES through supportive data and IT strategies, Analytical Paper, author: Willem Pieterson

European Commission, (2017a). Performance, accountability and links with benchlearning, Analytical Paper, author: Ágota Scharle, Anna Adamecz, Alex Nunn

European Commission, (2017b) Practitioner's toolkit: Being smart with data, using innovative solutions, author: Willem Pieterson

Training: Quality assurance, partnerships, employer's incentives

The EU PES Network discussed work-first versus train first strategies and the outcomes of these discussions have been published in three papers. The comparative paper reviews which strategies are used in selected economies (11 EU Member states, Norway and The Former Yugoslav Republic of Macedonia) and the evidence on what seems effective. The paper has separate chapters on partnership with education and training providers and on monitoring and evaluation (EC 2013b). The toolkit summarises the main findings and discussions from the Peer Review (EC 2013a). There is a recent book on youth unemployment by the ILO that has a chapter on training and wage subsidies and some detail on effective design (ILO 2017: Chapter 4). There are also some related papers on employer services (EC 2012a), subcontracting (EC 2012b) and vouchers (EC 2013c). A recent book by the OECD provides some guidance on how to involve employers in subsidised training programmes (OECD 2017). A recent paper describes several examples of linking the business sector with vocational training programmes (EC 2017).

References

EC 2012a PES to PES Dialogue: How to Best Structure Services for Employers? authors: Jaap de Koning and José Gravesteijn, European Commission DG EMP.

EC 2012b Subcontracting in Public Employment Services: The Design and Delivery of 'outcome Based' and 'black Box' Contracts, PES to PES Dialogue Analytical Paper, Author: Dan Finn.

EC 2013a PES approaches to low-skilled adults and young people: Work-first or train-first? Toolkit for PES, September 2013, authors: Ellen Murray and Helen Tubb

EC 2013b PES Approaches to Low-Skilled Adults and Young People: Work First or Train First? Peer Review Comparative Paper. Brussels. author: Sue Leigh-Doyle

EC 2013c Learning Exchange between Belgium, Latvia and Greece on 'Voucher Systems, Riga, Latvia: DG Employment, Social Affairs and Inclusion

EC 2017 Business cooperating with vocational education and training providers for quality skills and attractive futures, Authors: Vroonhof et al

ILO 2017 Rising to the youth employment challenge: New evidence on key policy issues, Niall O'Higgins (editor)

OECD 2017 Employment and Skills Strategies in Slovenia, OECD Reviews on Local Job Creation

Local employment action plans

The development of effective local employment strategies presupposes some degree of autonomy of local PES units. The LEED programme of the OECD has several publications on how to support PES autonomy and local development plans.

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Further resources:

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OECD LEED