

International Peer Review of Labour Policy Service Structures

Publications of the Ministry of Employment
and the Economy
Employment and entrepreneurship
56/2014



TYÖ- JA ELINKEINOMINISTERIÖ
ARBETS- OCH NÄRINGSMINISTERIET
MINISTRY OF EMPLOYMENT AND THE ECONOMY

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Tekijät Författare Authors Olli Oosi Owal Group Oy	Julkaisu-aika Publiceringstid Date December 2014 Toimeksiantaja(t) Uppdragsgivare Commissioned by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy Toimielimen asettamispäivä Organets tillsättningsdatum Date of appointment
Julkaisun nimi Titel Title International Peer Review of Labour Policy Service Structures	
Tiivistelmä Referat Abstract <p>The international peer review is a part of the Labour Policy Service Structure Evaluation coordinated by the Ministry of Employment and the Economy. The review is based on benchmarking, and its primary objective has been to produce ideas with regard to the countries and evaluation methods selected for the Labour Policy Service Structure Evaluation. The countries included in the review have been Sweden, Norway, Denmark, Great Britain, Australia, Germany, Austria, Switzerland and the Netherlands.</p> <p>Each of the reviewed countries has an individual approach to labour policy due to their own historical starting points for building a national service system. Political decision-making has often played a very significant role in the creation of service systems. Different types of choices have been made based on issues related to employment protection and unemployment security, as well as the local labour market structure, administrative structure and regional and community structures.</p> <p>The key recommendations listed in the review are strategic by nature, and they are based on experiences by different countries on developing and the resulting development of the review's themes. The recommendations were drawn up on the basis of dialogue between the experts involved in the service structure evaluation project, officials from the selected countries and actors carrying out the peer review.</p> <p>The review first recommends that cooperation between public employment services, private recruitment agents and service providers be reinforced: 1) A common desire to act and cooperation between public employment services, private recruitment agents and services providers must be reinforced; 2) Finland must test and develop performance-based acquisitions and different options for performance-based acquisitions that comply with current legislation; 3) Systematic market dialogue should be carried out with private sector actors in order to develop the system and to find shared objectives.</p> <p>The review's second recommendation entity lists a reform to practices for managing and measuring the labour policy service system's performance: 1) Finland should make a stronger commitment to conducting employment performance measurements and service unit performance comparisons; 2) The importance of research and assessment activities and a culture of testing should be reinforced.</p> <p>The review also highlights individual good practices that Finland could learn from. These include development of online services into tools that guide services for jobseekers and the work of officials more effectively, development of a national employer-client action model, an improvement to the effective utilisation of social media nationally and verification of development structures for services intended for persons, who are difficult to employ.</p> <p>MEE contact person: Employment and Entrepreneurship Department/Jarkko Tonttila, tel. +358 29 506 0069</p>	
Asiasanat Nyckelord Key words labour policy, employment policy, service structures, international comparison, public employment services	
Painettu julkaisu Inbunden publikation Printed publication ISSN	Verkkojulkaisu Nätpublikation Web publication ISSN 1797-3562
ISBN	ISBN 978-952-227-925-5
Kokonaissivumäärä Sidoantal Pages 98	Kieli Språk Language englanti, engelska, English
Julkaisija Utgivare Published by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy	Vain sähköinen julkaisu Endast som elektronisk publikation Published in electronic format only

Preface

The report "International Peer Review of Labour Policy Service Structures" by Olli Oosi (Owal Group Oy) is published in the series Publications of the Ministry of Employment and the Economy / Employment and entrepreneurship.

The goal of the review has been to produce observations and recommendations based on peer learning for the Evaluation of the Service Structure of Labour Policy project coordinated by the Ministry of Employment and the Economy. The materials, analyses and recommendations are based on an examination of nine OECD countries focusing on selected, country-specific themes. The aspects of process and dialogue were emphasised in the implementation of peer review: information was collected, analysed and refined during the process in an active dialogue between peer reviewers, authorities in the target countries and key persons in the evaluation of the service structure of labour policy.

Despite the process nature of the review, the report also constitutes an independent product and provides an informative overview of the operating environments and special characteristics of the countries targeted and addresses important issues and opportunities for learning when comparing the themes of the review to the Finnish service system and operating environment.

The international peer review has achieved its goals in an excellent manner. The dialogue, materials and analyses have supported the work to develop the Finnish service system by asking the right questions and by pointing out interesting themes for learning: questions and themes, the identification of which from within the Finnish system would have been difficult, if not impossible. The fact that some of the themes that emerged in the process have been taken into implementation stage in pilot form even before the completion of the review process says something about the success of the review.

The project team supervising the peer review has included the following members: Heikki Räisänen, Research Director, Jussi Toppila, Labour Market Counsellor, Leena Pentikäinen, Ministerial Adviser, and Jarkko Tonttila, Development Manager, from the Ministry of Employment and the Economy.

Helsinki, September 2014

JARKKO TONTTILA

Development Manager

Contents

Preface	5
Additional remarks on the English version	9
Abstract	10
1 Introduction and objectives	12
2 Synthesis of the peer review	13
2.1 Overview of the countries analysed.....	13
2.2 Thematic analysis.....	25
3 Recommendations	38
3.1 Overall recommendation 1: Cooperation between public employment services and private employment services and service providers should be strengthened.....	38
3.2 Overall recommendation 2: Reforms should be introduced in the practices of managing and measuring the performance of the labour policy service system.....	40
3.3 Other good practices.....	42
3.4 Reflection on experiences gained in the service structures of other countries.....	43
4 Country-specific sections	46
4.1 Norway (Integration of labour, social and health policies, and cooperation between the state and municipalities).....	46
4.1.1 Institutional context.....	46
4.1.2 Special theme: Integration of social, health and labour policies	47
4.1.3 Experiences.....	49
4.2 Switzerland (Performance management practices).....	50
4.2.1 Institutional context.....	50
4.2.2 Special theme: Performance management practices.....	51
4.2.3 Experiences.....	53
4.3 United Kingdom (Role of the private sector in the production of services).....	55
4.3.1 Institutional context.....	55
4.3.2 Special theme: The role of the private sector in the production of services.....	55
4.3.3 Experiences.....	57

4.4	Australia	
	(Role of the private sector and the quality management of services).....	59
4.4.1	Institutional context.....	59
4.4.2	The role of private service production and quality management	61
4.4.3	Experiences.....	64
4.5	Germany	
	(Use of research data and evidence in the Hartz reforms).....	66
4.5.1	Institutional context.....	66
4.5.2	Special theme: Use of research data and evidence in the Hartz reforms.....	68
4.5.3	Experiences.....	69
4.6	Netherlands	
	(Role of the private sector and electronic services).....	70
4.6.1	Institutional context.....	70
4.6.2	Special theme: Private service providers and electronic services.....	71
4.6.3	Experiences.....	74
4.7	Sweden	
	(Special groups and use of research data in designing the service structure).....	75
4.7.1	Institutional context.....	75
4.7.2	Special theme: Special groups and the use of evidence in designing the service structure.....	77
4.7.3	Experiences.....	79
4.8	Austria	
	(Role of social partnership in public employment services).....	80
4.8.1	Institutional context.....	80
4.8.2	Special theme: The role of social partners and tripartite cooperation	82
4.9	Denmark	
	(Transfer of employment services to municipalities).....	83
4.9.1	Institutional context.....	83
4.9.2	Special theme: Municipal reforms.....	85
5	Review design and methods	87
	References	89

Additional remarks on the English version

This peer review is conducted during 2013 to 2014. The report is a result of benchmarking exercise and not an academic report. It is based on multiple countries with different themes that were directly linked to benchmarking exercise. It may not include all relevant details from different country systems and contain notions, which are based on non-objective reflections during the study trips.

Abstract

This international peer review is part of an overall evaluation of the service structure of labour policy. Its main purpose has been to support the implementation of the ongoing evaluation of the Finnish service structure. The review is based on a benchmarking exercise, and its primary objective has been to examine certain countries and certain themes to generate new ideas for evaluating the labour policy service structure. The countries studied were grouped into primary and secondary countries: primary countries had designated expert reviewers, and secondary countries were analysed through literature and/or study trips. The review focuses on Sweden, Norway, Denmark, the United Kingdom, Australia, Germany, Austria, Switzerland and the Netherlands.

All of the countries studied have adopted different orientations towards labour policy because of the different historical backgrounds of their labour policy service systems. Moreover, policy making has often had a great impact on the design of these systems. There are also several factors that explain the choices different countries have made in their service systems. These include the security of employment, the funding of unemployment benefits, the structure of labour markets and the geographical and administrative structures of the countries.

The key recommendations made in this review are strategic. They are based on experiences of how certain themes have developed and evolved in different countries. Many of the recommendations build on dialogue between service structure evaluation experts, authorities in the benchmark countries and reviewers.

The review recommends **strengthening cooperation between public employment services and private employment service operators and providers**. This recommendation includes the following three subparts:

Recommendation 1.1. Shared vision and cooperation among public employment services and private employment service operators and providers should be strengthened.

Recommendation 1.2. Performance-based procurement and its different versions should be tested and developed in Finland within the framework of current legislation. The planning and monitoring of performance-based procurement should be centrally managed. The recommendation focuses on testing different target groups and different performance payment methods and engaging in active dialogue with service providers. Moreover, it is emphasised that these experiments should last several years.

Recommendation 1.3. Private operators should be included in a systematic market dialogue to develop the system and to find common objectives.

The second set of recommendations made in the review recommends **reforming the practices of managing and measuring the performance of the labour policy service system**. This recommendation includes two subparts:

Recommendation 2.1. The measurement of results in Finland should put more emphasis on measuring employment outcomes and comparing various operators. The main focus should be on employment outcomes. Indicators that describe contextual factors should no longer be used in measuring performance.

Recommendation 2.2. The importance of research and evaluation activities and a culture that encourages experimentation should be enhanced by giving more weight to research and evaluation, paying attention to proving the effectiveness of existing experiments and ensuring that research and development activities directly serve the management and development of employment and economic development services.

The review highlights various **good practices from which Finland could learn**. These include developing electronic services into a tool that guides jobseekers and caseworkers alike, developing a management model for nationwide employer customers, improving the way social media are used at the national level and ensuring a framework for developing the services aimed at those with reduced employment capacity.

1 Introduction and objectives

This international peer review is part of an overall evaluation of the service structure of labour policy. Its main purpose has been to support the implementation of the ongoing evaluation of the Finnish service structure. The task assigned by the Ministry of Employment and the Economy was to analyse and compare certain countries and certain themes within those countries. The review is not a research-based review in which the systems of different countries would be compared on the basis of uniform criteria and statistics. Instead, it is based on a benchmarking exercise, and its primary objective has been to generate new ideas for evaluating the labour policy service structure.

The review had the following objectives: to provide the service structure evaluation project with descriptions and comparisons of the service/management structures used in the benchmark countries in terms of the pre-determined review themes, to evaluate those service/management structures in relation to the Finnish context and to give recommendations for the development of the Finnish service structure. The countries studied were grouped into primary and secondary benchmark countries: primary countries were appointed country-specific expert reviewers, and secondary countries were analysed through literature and/or study trips.

The review and the themes assigned for different countries have focused on the service structures of labour policy. Therefore, labour law, education systems or other similar aspects have not been described unless it has been necessary in the case of a given country.

The review report is divided into two independent parts: a synthesis and country-specific sections.

Chapters 2 and 3 present a synthesis of the report. Busy readers may want to focus on this part of the report. Chapter 2 gives a short overview of the countries analysed and their labour policy service systems. It also highlights the main aspects of the special themes of each country. Chapter 3 includes strategic recommendations for the development of the Finnish labour policy service system. The recommendations are based on comments made by the coordinator and the peer reviewers.

The second part of the report consists of country-specific sections and a description of the design and methods used in the review. Chapter 4 includes short country-specific evaluations. They are based on the experiences of the peer reviewers and study trip participants. The purpose of the country-specific sections is to give an overview of the special theme of each country and discuss the related experiences. The chapter is based on detailed country profiles that were prepared in English during the peer review. Finally, a few key questions concerning the review are discussed at the end of the report in a chapter that describes the methodology used.

2 Synthesis of the peer review

2.1 Overview of the countries analysed

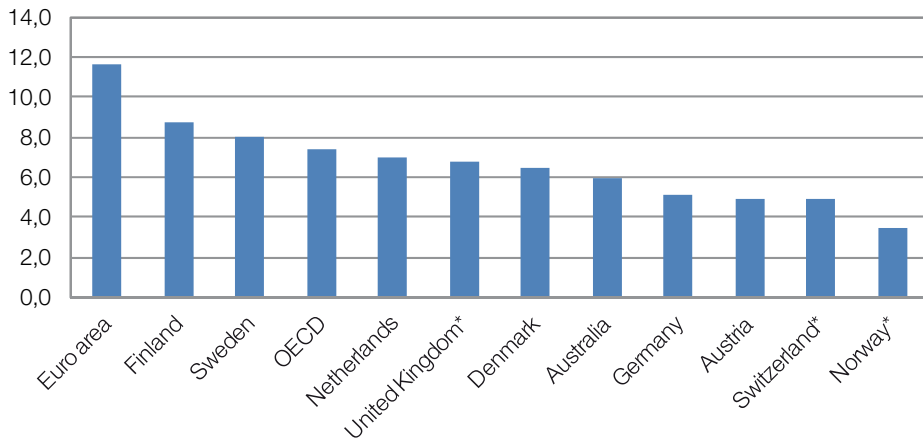
Organisation of labour policy in different countries

The countries analysed have very different orientations towards labour policy because they have designed and implemented their labour policy service structures coming from different historical backgrounds. Moreover, policy formulation has often had a great impact on the design of these systems. This is hardly surprising since work, employment opportunities, the availability of labour and other related issues often spark strong views and emotions. The choices different countries have made in their service systems can be explained by several factors. These include the security of employment, the funding of unemployment benefits, the structure of labour markets and the geographical and administrative structures of the countries. In this review, the countries have been examined through different themes. Our aim has not been to give a full historical account of labour policy in a given country but to provide an update on certain aspects of its present situation.

Figure 1 presents the current unemployment rates of the countries examined, the OECD countries and the euro area. In the figure, the countries analysed in this review are organised on the basis of their average harmonised unemployment rates in the second quarter (Q2) of 2014. The figure shows that although Finland's unemployment rate is below the euro area average, it is the highest among the countries included in the benchmark analysis (8.7%). Sweden has the second highest unemployment rate, approximately 8%. A year before, Finland and Sweden had almost identical unemployment rates at just over 8%.

Based on the latest figures, Norway has the lowest unemployment rate: only about 3.4%. In addition to Norway, the unemployment rate is below 5% only in Switzerland and Austria. Compared to the same time in the previous year, the unemployment rate has increased not only in Finland but also in Australia, Austria, the Netherlands and Switzerland. However, all four countries have much lower unemployment rates than Finland. In other benchmark countries, the unemployment rate has decreased. The average unemployment rates for the euro area and the OECD countries have also dropped (current average in the euro area is 11.6% and in the OECD countries 7.4%).

Figure 1. Harmonised unemployment rate in the countries analysed in the second quarter of 2014. *=Unemployment rate of Q1 of 2014 used as benchmark (OECD: Employment statistics).



The unemployment rate partly explains the choices made by the countries. Of the countries analysed, Finland, the United Kingdom (UK) and Sweden have traditionally been countries of high unemployment and have had fairly similar unemployment rates. On the other hand, Norway, Switzerland and, to some extent, Austria have had low unemployment.

The pattern of Finnish unemployment is exceptional, especially in terms of structural unemployment. The long-term development of unemployment rates is illustrated in Figure 2.

Figure 2. Development of the rate of unemployment expressed as a percentage of the labour force (OECD).

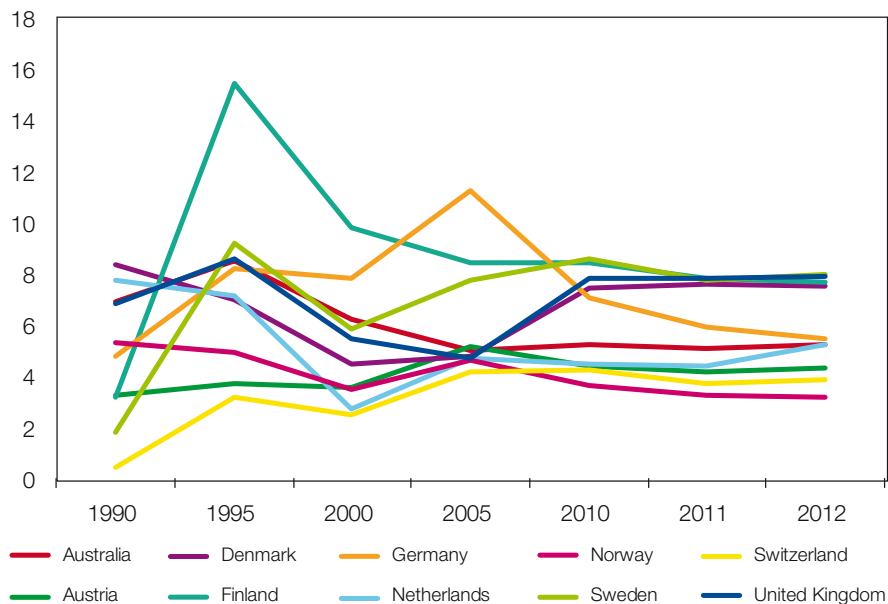


Table 1 includes data on the average duration of unemployment in the years 2011–2013 in some of the countries analysed in this review. The reporting of average periods of unemployment varies from one country to the next. Therefore, the table only includes the countries for which data are available in the OECD statistics. In the table, the average durations are expressed in months. The table shows that in 2013, an average period of unemployment in Finland lasted for almost 10 months. That was more than a month longer than in the OECD countries on average and almost four months longer than in Finland’s neighbouring country, Norway. Of the countries included in the table, Switzerland has the longest average periods of unemployment: in Switzerland, the average duration of unemployment is one year and three months. That means that most of the unemployed in Switzerland remain unemployed for a long time.

Table 1. Average duration of unemployment in some of the countries analysed in the review (OECD).

Country / Year	2011	2012	2013
Australia	2.11	2.14	2.08
Finland	9.77	9.62	9.90
Norway	6.39	6.28	6.03
Switzerland	18.71	16.00	15.18
OECD countries	8.72	8.88	8.39

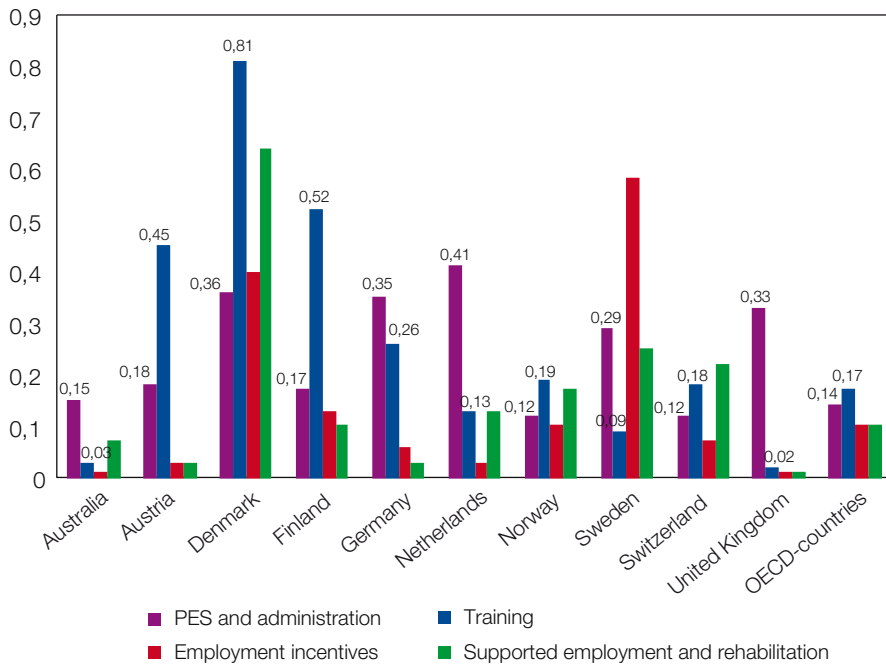
Table 2 gives a more comprehensive overview of the duration of unemployment in the countries included in this peer review. In the table, the shares of those who have been unemployed for 6–12 months or for more than 12 months are expressed as percentages of the total unemployed population. These statistics are reported more commonly than the average duration of unemployment. The table indicates that the share of those who have been unemployed for more than six months is, on average, smaller in the Nordic countries and Australia than in Central European countries. For example, in Germany the share of those who have been unemployed for more than six months is quite high: 60.2%. In Finland, the share of the long-term unemployed (36.0%) is higher than in the other Nordic countries, except for Denmark (41.9%).

Table 2. Duration of unemployment in the benchmark countries based on OECD statistics.

Country	Duration	2013
Australia	6–12 months	15.1%
	12+ months	19.2%
	Total	34.3%
Austria	6–12 months	19.0%
	12+ months	24.3%
	Total	43.3%
Denmark	6–12 months	16.4%
	12+ months	25.5%
	Total	41.9%
Finland	6–12 months	14.8%
	12+ months	21.2%
	Total	36.0%
Germany	6–12 months	15.5%
	12+ months	44.7%
	Total	60.2%
Netherlands	6–12 months	18.9%
	12+ months	35.9%
	Total	54.8%
Norway	6–12 months	19.6%
	12+ months	9.2%
	Total	28.8%
Sweden	6–12 months	16.0%
	12+ months	17.0%
	Total	33.0%
Switzerland	6–12 months	20.3%
	12+ months	33.2%
	Total	53.5%
United Kingdom	6–12 months	17.2%
	12+ months	36.3%
	Total	53.5%
OECD	6–12 months	14.4%
	12+ months	35.3%
	Total	49.7%

In addition to the aspects discussed above, the amount of government funds spent on employment services is also a good indication of the orientations different countries have taken towards labour policy. Figure 3 describes government expenditures in the countries analysed, expressed as a percentage of gross domestic product.

Figure 3. Government expenditure as percentage of gross domestic product in 2011 (OECD).



As the figure shows, in Finland, Austria and Denmark a large share of labour policy expenditure goes to training. Correspondingly, Finland spends a lot less on public employment services (PES) than many other countries. It should be noted that the United Kingdom’s figure in the category “PES and administration” also includes outsourced services. The categories used in the figure include the following measures:

- *PES and administration* includes employment and placement services and the administration of unemployment benefits (e.g. the Finnish Social Insurance Institution Kela).
- *Training* covers various active labour market policy (ALMP) trainings as well as subsidies given to employers for taking people on traineeships and work trials.
- *Employment incentives* include subsidies for recruitment and employment maintenance.
- *Supported employment and rehabilitation* only includes continuous support for rehabilitation and retaining employment.

In the long term, expenditure trends (Figure 4) have been similar in many countries because funding is often connected to the economic cycle.

Figure 4. Government expenditure on labour policy as percentage of GDP. *= Data incomplete (OECD).

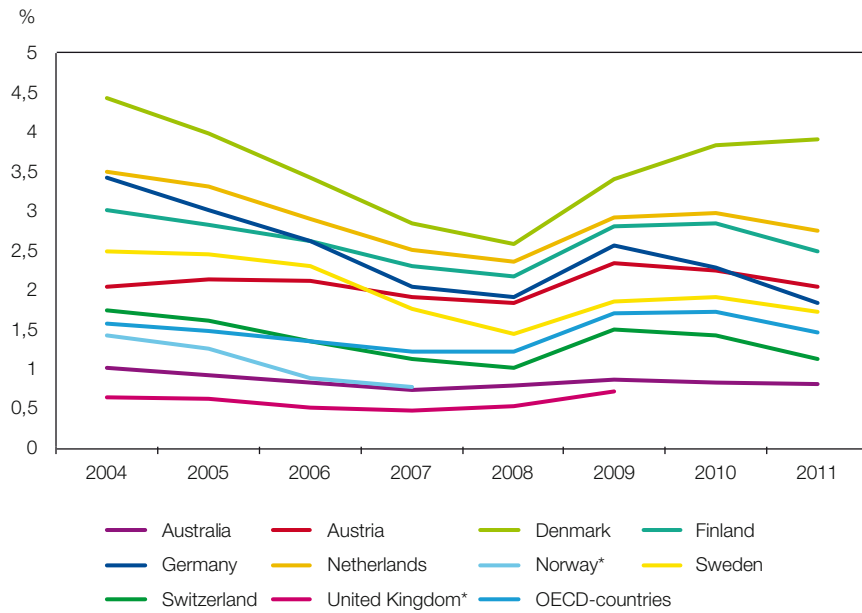


Table 3 includes short descriptions of the background against which service structures have been developed in each country. The background and history of each country is discussed in more detail in the brief country-specific analyses.

Table 3. Summary of the special features of service structures in the Nordic countries.

Nordic countries	Background, performance and special features of service structure
<p>Norway (Universal, tax-paid unemployment benefit system)</p>	<p>Unemployment has remained below the EU average, but the number of people receiving sickness and disability benefits and using multiple services has been high. This led to a service reform in the 2000s. Employment services were structured based on the needs of customers with the most reduced employment capacity. In the system, social and employment services were merged together (15% of customers determined the whole service structure).</p> <p>The Norwegian reform has been in place for six years, and positive results have been achieved, especially for those with the poorest employment prospects. One factor contributing to this has been the relatively stable labour market situation. One of the special characteristics of the Norwegian system is that municipal and state services have been combined under the joint “NAV services”.</p> <p>The Norwegian service structure is funded through taxation, and unemployment benefits through a universal unemployment insurance (which is financed through taxes and contributions).</p>
<p>Sweden</p>	<p>In Sweden, unemployment has been around the same level as in Finland. The equality of customers and the uniformity of services have traditionally been key arguments. The service structure has been developed based on a model that was drawn up rather quickly in 2008. Designed on a “clean slate”, the model is built around a centralised agency that functions as a single organisation without legislative restrictions.</p> <p>In Sweden, performance data is available mainly at programme and intervention levels, which have long traditions of evaluation studies. One of the special features of the national agency model is the management model used in service production: a production manager represents the whole country in the agency's management group and is responsible for service production across the country. Another special feature is the national key account management system offered to employers.</p> <p>Swedish unemployment benefits are funded through a basic insurance and a voluntary unemployment insurance.</p>
<p>Denmark</p>	<p>Denmark has reformed the structure of its labour policy services by devolving the responsibility for labour policy to municipalities. In practice, this transfer of labour policy responsibilities was used as an argument in the implementation of the Danish municipality reform. There are varying data about the effectiveness of the Danish reform. The reform was connected to a funding model for unemployment benefits that was drawn up during an economic upturn. In the service structure, the operating capacity of municipalities determines the level of performance. In evaluations, some excellent procedures have been identified concerning customers who need many different services.</p> <p>Unemployment benefits are funded mainly through voluntary insurance schemes and taxes. Services also receive funding from local taxes and state support.</p>

As the above descriptions show, marked differences exist even among the Nordic countries. The present review does not include a thorough analysis of the funding methods used for service structures or unemployment benefits, but it is evident that the funding mechanism of unemployment benefits also affects the service structure. In practice, it is estimated that a decrease in unemployment benefits is inevitable in most countries in the 2010s (see, e.g. Esser et al. 2013). Denmark is clearly different from the other Nordic countries because its system is a combination of the strong

Danish flexicurity and a highly local, municipal model of operation. In the interviews conducted during the study trip, it was also suggested that the reform was not necessarily based on a systematic analysis but rather on a political compromise.

The following table examines the backgrounds of the service structures used in the continental European countries included in the review.

Table 4. Summary of the special features of service structures in continental Europe.

Continental Europe	Background, performance and special features of service structure
Netherlands	<p>The Dutch system builds on two sources of funding. Unemployment benefits last for approximately 1–2 years, during which time services are provided by the national insurance authority. After that, the unemployed move on to services provided by municipalities. Performance data are very detailed and measure the savings obtained with respect to the costs of unemployment benefits.</p> <p>The development of the service structure has been based on political decisions, and the national agency’s wide-scale practice of outsourcing activation and rehabilitation services was ended in 2012. The Netherlands has made efforts to provide as many services as possible in electronic form. E-services have enabled the agency to meet its productivity goals. The special features of the Dutch system also include active cooperation with private employment services.</p> <p>The Netherlands has a two-pronged system that includes mandatory basic insurance, voluntary unemployment insurances and a range of other benefits. At the time of the review, the benefit system was under reform.</p>
Austria	<p>Austria has been able to keep its unemployment rate below the EU average. Since the 1990s, tripartite bodies involving social partners and the government have become key operators steering the labour administration. This is partly because the social partners contribute to the funding of unemployment benefits and the service system. The service structure is based on a government organisation in which tripartite cooperation has a decisive role at the federal, state and local level.</p> <p>The system has clearly been successful. A wide range of performance management tools are in use. One of the special features of the Austrian system is the established tradition of tripartite cooperation. Other special features include the systematic development of the service structure and the broad range of tools used in developing the organisation.</p> <p>Unemployment insurance and employment services are funded from a fund that is based on contributions paid by employee and employer organisations. The government also contributes to the funding.</p>
Germany	<p>In the 2000s, a comprehensive labour market reform was carried out in three systematic waves. Germany has one of the lowest unemployment rates in Europe, and unemployment has significantly decreased in the past few years. In the federal structure, states have great responsibility for planning and tailoring measures. The federal government and separate units are responsible for implementing services.</p> <p>The reform is generally considered a success, but meta-analyses indicate that the instruments developed did not have an impact per se. The effectiveness of the labour market is attributed to the decentralisation of wage bargaining carried out in the 1990s and regulation of the costs incurred by employers.</p> <p>The special features of the German service structure include an extensive research system created as a part of the reform and the great number and systematic use of organisational development and management tools.</p>

Switzerland	<p>In Switzerland, unemployment became a problem in the 1990s due to immigration. Before that, unemployment was low. The aim of the reform carried out in the 2000s was to harmonise the labour policies of different states. The Swiss cantons implement labour policies as they see best, based on broad common targets set at the federal level. The system is funded through unemployment insurance contributions or from the budgets of the cantons. Performance is monitored among cantons (relative performance), and the monitoring of long-term development is limited. Cantons have a high degree of autonomy (the federal government does not interfere in their measures).</p> <p>Unemployment benefits are funded by taxpayers through a public unemployment insurance. The country also has many private providers for the unemployment insurance schemes.</p>
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Both of the Anglo-Saxon countries examined in the review have supplemented their public services by outsourcing services. Both countries are characterised by a relatively low level of job security and a relatively low level of unemployment security. Their service systems are funded through taxation.

Table 5. Summary of the special features of service structures in Anglo-Saxon countries.

Anglo-Saxon countries	Background, performance and special features of service structure
United Kingdom	<p>The United Kingdom is characterised by fluctuations in unemployment and low job and unemployment security. Jobcentre Plus was created at the beginning of the 2000s as a centrally managed network of employment offices. Personal and individually tailored services play a key role in the system. As a result of long-term development, active measures have been contracted out.</p> <p>The effectiveness of employment services varies, depending largely on the situation of each area. The results of private active measures are also mixed: successful ones (i.e. ones that achieve sustained employment) are rewarded.</p> <p>The special features of the UK system include the performance-based procurement of active measures for those with the most reduced employment capacity, strong procurement expertise and an emphasis on personalised customer service in employment services.</p>
Australia	<p>In 1998, job placement services and active measures were contracted out through the Job Network. The step was preceded by a 10-year trial period, during which time a market was created for the sector. The contextual factors that affect measures include the size of the country, quite divergent labour market areas and the need for personalised services. In the service system, the authority responsible for the payment of benefits maintains a national profiling instrument, interviews the unemployed and recommends 3 to 5 service providers to them. Customers can choose their own service providers and change them if necessary.</p> <p>Several studies have concluded that Job Service Australia and its predecessor have reached the same employment outcomes at less cost. The basic problems associated with private services exist in Australia too, but they have been kept under control with the versatile measuring of performance and quality control.</p> <p>Australia's special features include performance-based procurement (payments are based on job placement or progress on the "employment pathway") and a "star rating" system that is based on a linear regression model and shows which service providers perform best. The non-profit sector also plays an important role in employment services.</p>

Grounds for organisational and governance structures

Different countries have organised their labour policy systems based on different historical backgrounds. In principle, comparing the Finnish system to those in other countries might not be very interesting, but certain details and themes are worth a closer look.

The organisation of labour policy services can also be examined through the basic arguments associated with different systems. These arguments – which have been gathered from literature, peer reviewers and study trip observations – may help us understand the choices made in governance and organisational structures. It should be noted that sometimes the arguments used are ambiguous and may have caused tension in different countries. When comparing these basic arguments with the Finnish debate, it is evident that in Finland several arguments are emphasised simultaneously.

In their service structure reforms, the Nordic countries and in part Austria and Germany, too, have emphasised the equality of customers and the uniformity of services as comprehensively as possible. In Denmark, this argument has been less evident than in many other countries. In the background of the reforms, these arguments manifest themselves as demands either for uniform services or for combining employment and other services in a single point of service (e.g. Norway and Denmark), even if the “one-stop shop” principle is realised through different administrative solutions.

Arguments in favour of customer-tailored services and customer-specific innovation have been emphasised in the United Kingdom, Australia and Switzerland. In these countries, services are not strictly defined by law. Service structures vary a great deal in terms of the services provided to unemployed customers in different parts of the country. In other words, the service production arguments emphasise local tailoring, innovation or “best value” (see DWP 2014).

Governance and organisation models

When examining models of governance and organisation, two aspects can be distinguished in international examples: governance practices and organisational structures, which are partly separate matters.

In the labour administration service reforms carried out over the past few decades, organisations have been developed into centralised units or larger local and regional units. Cost-benefit analyses seem to be rare, but such measures have led to certain cost savings. Not all countries are under similar cost pressures. For example, studies conducted in Switzerland and Australia have shown that in their cases, small offices are, in practice, a more efficient way to organise employment services (Eardley 2014; SECO 2014). In the literature, two types of views are expressed. Some say that labour policy service structures are becoming increasingly decentralised (e.g. Mosley 2011), while others say that service structures are being centralised to separate agencies (Christensen 2014).

Table 6 summarises some basic information about the organisations responsible for employment services in the different countries

Table 6. Labour policy service systems in the countries included in the review (information gathered from European Commission 2012, Ecorys 2012 and peer reviewers).

Country	Organisational structure	Governance and management structure	PES staff	Number of customers	Market share of public employment services
Norway	The central agency has 9 regional offices and 354 offices that provide state and municipal services. There are also several special units.	The Ministry sends the central agency a letter with detailed targets. The central agency directs regional offices and allocates resources to them. Regional offices, in turn, direct local offices. Regional offices have significant power over the allocation of resources for different functions.	Some 13,500 employees, of whom 350 work in the central agency and 8,500 in local offices. In 2010, only 43% of staff worked in customer service (figure is likely to be higher in 2014). Specialised units.	Approximately 130,000	Approximately 30%
Sweden	The government PES organisation has a head office in Stockholm, 11 market areas representing the head office and 320 local offices in the market areas.	The agency is led by a board, which consists of the director general and board members appointed by the government, and an internal operative management group. The production manager represents the 11 market areas on the board. Market areas discuss matters primarily with the production manager (previously directly with the director general). All operations are carried out under strict guidance by the board. The annual guidance letter is very detailed and includes both strategic and operational targets for the coming years.	Approximately 12,000 employees (2013), of whom 84% work in customer service (2011).	350,000	85% according to the agency's own calculations, a likely estimate is around 30%
Denmark	The PES organisation has one head office and four regional offices. However, the responsibility lies at the municipal level; there are 91 job centres in 98 municipalities.	The Ministry and regional offices are responsible for monitoring the activities. Active labour market policy measures are governed by the municipal administration and are directly subject to municipal decision making.	Approximately 5,500 employees at the municipal level and 200 in the Ministry.	Approximately 210,000 (2010)	Approximately 30%
Austria	The public enterprise owned by the social partners has 1 federal office, 9 regional offices and 100 local offices.	The social partners are represented in the national PES organisation's management group at the federal and provincial level. Local offices operate under the decision-making powers of the regional offices.	Total number of employees is 4,900. The majority of employees work in local offices and 164 in the central office. 90% of employees have contact with customers.	853,725 (2010) unemployed, a large proportion of whom have been unemployed for more than 180 days.	Estimated share 36%

Country	Organisational structure	Governance and management structure	PES staff	Number of customers	Market share of public employment services
Germany	The organisation includes a head office, 10 regional directorates and 176 local employment agencies. In addition, there are 7 special agencies, including a research institute.	The Federal Employment Agency (BA) is headed by a three-member Executive Board. The board members serve five years at a time. The regional directorates have a similar organisation, and they work in close cooperation with the federal administration.	More than 100,000 employees, most of whom work at the regional level. The head office has 662 employees. Approximately 81% work in customer service (2010).	Millions, according to both comprehensive and broad definitions.	Approximately 50% (based on a study conducted in 2009; not measured)
Netherlands	The UWV head office is in Amsterdam. The UWV Werkbedrijf division has 6 regional offices and 100 local offices.	The Executive Board has three members who are appointed by the Minister. The organisation also includes a tripartite advisory body.	Approximately 5,000 employees, of whom more than 80% work in customer service (2011).	Approximately 700,000 (2011).	Data unavailable
Switzerland	The Swiss operators include the State Secretariat for Economic Affairs (SECO), 26 cantonal offices and 136 regional employment offices	The federal level sets four general targets. The cantons are responsible for implementing unemployment insurance legislation and related measures.	In total, approximately 4,500 employees (2014).	Anyone can register. Approximately 200,000 people on benefits (2013).	Estimated share 30% (2014)
Australia	The Government Department of Employment is responsible for labour policy planning. Service providers operate 2,500 sites, which are divided into 20 "employment areas"	The Australian Ministry monitors the services produced within Job Services Australia. Centrelink (the authority that delivers benefit payments) refers customers to services.	Service providers have more than 10,000 employees.	Data unavailable.	0
United Kingdom	The Government Department for Work and Pensions (DWP) is a ministerial department. Offices in the Jobcentre Plus (JCP) network are managed as "groups" that cover vast geographical areas. JCP has 1,200 offices.	In the administrative structure, JCP operates directly under the DWP. Active measures are contracted out. The current Work Programme was introduced in 2011.	JCP has some 70,000 employees. No figures available from private service providers.	Approximately 5 million jobseekers (not all are unemployed).	Estimated share 35%

In addition to the models described above, we can also distinguish governance models in which the “governance culture” is quite detailed despite the organisational structure. Such a culture often becomes manifest particularly in the number of indicators used and in performance targets that are changed or added each year. Countries with a stricter governance culture include Sweden and, to a certain extent, also Norway and Austria. These countries use a broad range of indicators and assign a great deal of weight to various process indicators and to measuring activity levels.

Results-orientated systems represent the opposite type of governance culture. These systems use relatively few management indicators, and the indicators used measure results or impacts. Among the countries examined in the present review, such systems are used in the United Kingdom, Australia and the Netherlands, and partly also in Germany. Of all the countries examined, Denmark is challenging to categorise because its system is so decentralised that it is difficult to produce centralised information about the overall performance of the system.

In the next section, we proceed to examine the different countries through certain special themes.

2.2 Thematic analysis

Integration of labour, social and health policies

In terms of integrating labour, social and health policies, our main focus has been on Norway, where the labour administration was merged with the social administration in the 2000s. The new agency, called NAV, is responsible for and implements employment and social services. The merger is also reflected in the organisational structure of the ministries. At the municipal level, the practical integration of services means that municipal social services and certain health services are provided under one roof in local NAV offices. The integration process has been based on certain minimum-level services specified in joint framework agreements with the Norwegian Association of Local and Regional Authorities. Over time, the contents of the agreements have varied slightly. The latest agreement was drawn up in 2012.

In addition to the NAV organisation, Norwegians also speak of the NAV service. NAV service refers to the municipal and state services provided by NAV offices. In the present review, Norway was the only country where the service structure reform was based on the needs of the most disadvantaged customers (Christensen 2014). The whole service structure has been designed from their viewpoint. In the other countries analysed, the problem has been tackled either with separate policy measures or other administrative solutions. At the time of the review, separate reports were being prepared on active measures concerning special groups and the contents of such measures; therefore, they have not been thoroughly analysed in the evaluation of the service structure. The most interesting aspects of the service structure include multiprofessional service structures, which are often also managed by multiple operators.

In Norway, multiprofessional networks are realised directly at NAV offices and the NAV service, which bring together state job placement services and municipal social services. In terms of service structure, NAV offices bear a strong resemblance to the Finnish model of Labour Force Service Centres, even though the contents and processes of the services provided may be different. In Sweden, numerous different active measures are available to people with reduced employment capacity and other special groups. In addition, Sweden has local cooperation networks (e.g. FINSAM) that coordinate services targeted at those who are more difficult to place in employment.

In Norway, integration has enabled the national implementation of innovative measures and guidance processes targeted at those who are the most disadvantaged in the labour market. One example of this is the Qualification Programme, a two-year active social policy programme focusing on certain specific target groups.

At the local level, integration has also facilitated the referral of customers to services and the delivery of municipal social and employment services. Evaluation results have been very positive. Key challenges include the relatively limited weight given to the employers' viewpoint and the challenges posed by certain customer groups, for example, when municipalities provide drug rehabilitation services in the same office with employment services. The interviews conducted during the study trip also highlighted the ability to tailor services locally at NAV offices and establish cooperation between municipal social services and NAV services. Thanks to the system, local services can be developed locally, at the initiative of office managers.

In countries where the responsibility for labour policy lies with municipalities (Denmark) or is transferred to municipalities after a certain period of time (Switzerland and the Netherlands), the services offered to people with reduced employment capacity depend on the resources and operations of the municipality. There are plenty of examples of individual good practices and models that have led to very good results at the local level. However, it could be dangerous to make generalisations that these successes represent the performance of the whole service structure. A key observation concerning the service structure is that the operators coordinating customer processes and different services play an important role. These coordinators are often "neutral" in that they do not represent any service provider in the service process. In Finland, similar coordination arrangements have been used in the intermediate labour market, for example through ESF funding.

The problem of long-term unemployment has gradually been recognised also in countries where structural unemployment has not been reflected in the targets set for labour policy. The most concrete example of this is Switzerland. In addition to an ambitious goal of placing people in the labour market, Switzerland has begun to plan ways to use different social and rehabilitation services to support job placement efforts (SECO 2014).

In the United Kingdom and Australia, the service structure comprises vast and specialised networks of service providers. One of the key aspects of outsourcing

has been the coordination of different operators and the national coordination of the procurement and financing of services. However, it should be noted that service providers in the United Kingdom and Australia may also operate in other business sectors or have other sources of funding. Thus, it is impossible to conduct an overall analysis of the costs of the service system.

The role of the private sector in the production of services

Many of the countries analysed have used private service providers. The countries examined under this theme include the United Kingdom, Australia and the Netherlands. In the United Kingdom, only active services and other specialised employment services have been contracted out, but in Australia the entire job placement process has been outsourced. More information is available in the detailed country chapters.

Challenges concerning outsourced services

The outsourcing of services is a frequent topic of debate. Two important disadvantages have been associated with outsourcing: one is “creaming”, which means that services are provided to or targeted only at customers who are easier to help, and the other is called “parking”, which means that a service provider keeps customers in the service process for an optimal amount of time to maximise the profit it gains from the customers (OECD 2013; Finn 2011; Finn 2014). Despite all the debate, no data exist on the scope of these problems, and they do not seem to be central issues in the countries analysed. The countries compared here have made different efforts to avoid the problems. Key measures have included paying for outcomes instead of outputs or services delivered and implementing various auditing and verification regimes.

In performance-based procurement, payments are paid when specific employment outcomes are achieved: part of the payment is paid when a jobseeker is placed in a job, and the rest is due later after a certain period of employment. The United Kingdom and Australia have systematically developed their performance-based payment systems. In the British Work Programme, service providers get paid for customers based on job entry and sustained employment, and the amounts paid depend on the benefits the customer is entitled to. The basic fees paid at the beginning of the programme have secured operating opportunities especially for small and specialised service providers. In Australia, payments are made on the basis of job retention. Payments are also paid when social barriers have been reduced for those customers who are furthest from the labour market or when customers have made progress on their service pathways.

The United Kingdom and Australia have made significant efforts to monitor service contracts. In both countries, the procurement and monitoring of services have been centralised at the ministry level. In the United Kingdom, statistics are monitored at a specific department of the responsible ministry (commercial

department). Supervisors engage in regular dialogue with service providers and monitor their compliance with the terms of the contract. In Australia, service providers' performance data are public, and they are analysed using regression analysis, which gives a "star rating" for each service. Customers have a central role because they choose their own service providers based on the star ratings.

In both countries, the peer reviewers, and in the UK the study trip participants as well, highlighted the above-mentioned checks and monitoring as a challenge. The systems place a rather considerable administrative burden on the service providers and cause administrative costs. Therefore, Australia is making efforts to reduce the number of different monitoring deliverables in the next contract period.

In the Netherlands, the role of private service production has varied. At the beginning of the 21st century, the tendency to outsource different active services was quite strong. The most active period lasted from 2008 to 2012, but due to financial pressures, the outsourcing of activation measures was restricted to customers who receive disability benefits and the outsourcing of active measures targeted at the unemployed was ended in 2012 (the services have not been replaced with others). In the Dutch model, the subcontracting of re-integration services is also performance-based, and different unit services are purchased under a system of so-called IROs (see country chapter on the Netherlands). Unlike in the United Kingdom and Australia, in the Netherlands the contents of services are predefined.

In some countries, concerns have been raised about the loss of control over customer relationships. This means that customers are left at the responsibility of external service providers. In the United Kingdom, this issue has been resolved with dual customer relationships: the customers of external service providers also remain customers of the JCP. In Australia, Centrelink monitors the activity of its customers through an information system. However, service providers usually have an overall understanding of a customer's situation.

Preconditions for outsourcing

Based on research, the views of the peer reviewers and the study trips, certain preconditions for the development of cooperation between public and private services can be identified in the countries analysed in this review. These include the development of cooperation with service providers, performance-based procurement, broad service specifications ("black box" principle) and versatile quality and performance control.

In the countries that were compared, the role of private service production in employment services cannot be considered a purely ideological decision, even though the history of the systems could be analysed from that perspective (see Considine 2014; OECD 2013; Fowkes 2011). In our target countries, the choice has been based as much on the willingness to experiment (Netherlands) as a determined effort to improve services (United Kingdom and Australia). The motivations behind utilising private services vary from national policies (United Kingdom, Netherlands) and

geographical size (Australia) to the idea that external operators can provide the best services (United Kingdom, Australia).

One key point is that the market for employment services is not created overnight; instead, all countries examined here have gone through a development process of 10 to 15 years. During that time, they have learned from their own mistakes, modifying and fine-tuning the details of the system. Of the countries analysed, the United Kingdom has engaged in a more active market dialogue than Australia, which has also made efforts to enhance its dialogue with service providers and the research community about the direction in which employment services should be developed (Eardley 2014; Walsh 2014).

In all countries analysed, performance-based procurement is considered a precondition for the system. It is a way to ensure that service providers are actually paid for placing people in employment, not just for delivering services. Performance-based procurement in employment services has been developed for a long time, and its use is most advanced in the United Kingdom and Australia. A return to service fees is not foreseeable (Eardley 2014; Walsh 2014).

In the Finnish debate, performance-based procurement and the bonuses paid to services providers are sometimes confused. In performance-based systems, service providers are not paid bonuses; instead, payments are made only when results are achieved. In practice, performance-based payment means that the service provider does not receive any remuneration for the services it delivers (e.g. the number of training days organised or interviews conducted), but is only paid for the outcomes achieved (e.g. when a customer has been employed for three months; for more information, see country-specific chapters). The current procurement culture in Finland favours payments based on service delivery. In performance-based procurement, “bonuses” refer to arrangements in which the operators that perform better than others may be rewarded with additional payments. Such arrangements are rare – usually those who perform well get a bigger market share, while poor performers lose some of their share (United Kingdom) or lose their contracts altogether (Australia).

Sufficiently broad service specifications are a key precondition for successful performance-based procurement. The United Kingdom and Australia do not set service providers any content requirements for the services (i.e. required measures), except for the basic principles governing their delivery (e.g. customers’ rights). The aim is to ensure that services are sufficiently innovative (DWP) and that the service system has a level playing field (DWP 2014; Eardley 2014). During a study trip to Sweden, it was noted that services that were outsourced with a performance-based approach were as costly as services provided for by the institutions themselves when service specifications were too detailed. In Finland, this may be somewhat challenging as employment services have been defined relatively strictly by law. The Netherlands has also used a certain level of service specification.

The fourth precondition involves the above-mentioned monitoring and performance management mechanisms. In addition to legal protection, one of the key aspects of the Australian example (more information in the chapter on Australia) is that performance data are made public, the data are extensively analysed and customers are allowed to choose their service providers. Thus, customers can use the performance data when choosing service providers.

Performance and benefits of systems

The above-described systems, which are based on decentralised service production or outsourcing, are effective in the countries that use them – at least based on the fact that the systems have been continuously developed and not replaced with other systems. The basis has remained the same, but the procurement of services has continuously improved. Overall estimates have treated “efficiency gains” with some caution, but in practice subcontracted services have been equally effective but less costly than previous systems (see Finn 2011; Fowkes 2011; also OECD 2013). In countries that use detailed service specifications and outsource more specific individual services, the cost-effectiveness of private services has been more limited (e.g. Sweden).

The use of services provided by the private sector has required a comprehensive analysis of production methods and the development of markets. Outsourcing has also brought along more methods for measuring performance, for example in the United Kingdom and Australia (Eardley 2014; Walsh 2014).

Outsourcing has been one way of responding to different challenges. In the United Kingdom, outsourcing has meant buying additional resources for the comprehensive coordination of services targeted at those with reduced employment capacity (prime contractors), a task which the public employment services have been unable to carry out. The Government Department has argued that the method ensures better quality and enables the institutions to focus on their core task: providing job placement services during the first year (DWP 2014).

In the countries that were examined, mandatory job seeking measures are monitored more closely than in Finland. The United Kingdom has recently introduced stricter conditions, demanding that job seeking requires physical presence and must be done under the supervision of authorities. Australia, too, has stricter conditions than Finland because it requires that customers must have contact with the service provider within a certain period of time. Both countries generally require contact every two weeks and in some cases even more often (Walsh 2014). In Australia, the results of the overall performance evaluations have been cautiously positive. The system has also been considered necessary due to Australia’s vast geographical area and the diversity of the different parts of the country (Eardley 2014).

Tripartite cooperation

One of the aspects examined in the peer review was tripartite cooperation. The analysis has primarily focused on Austria, but some of the other countries have also been examined. No study trip was made to Austria, and the country did not really have its own peer reviewer. Therefore, the description of the Austrian system is mainly based on literature on the country.

In the Anglo-Saxon countries analysed in this review, tripartite cooperation has a very limited role in the implementation of labour policy. In most countries, it has an advisory function; representative tripartite forums of stakeholder cooperation are involved at almost all levels. This is the case, for example, in Norway, Sweden and Denmark.

Switzerland is one of the countries analysed where tripartite cooperation has had a prominent role in political target setting and performance management. The social partners are represented in forums that are central in dealing with federal employment matters and they steer the development of labour policy at the federal level. The most concrete example is the development of a performance and performance management model for regional employment offices and the steering of the process in the related management group. Tripartite cooperation is also important at the cantonal level because cantons have the autonomy to make decisions on all labour policy measures.

Tripartite cooperation is at the heart of Austrian society and the labour policy. The Austrian labour administration (AMS) was established as a publicly owned limited company with a board in which the social partners make up the majority. All three levels of the labour administration (central administration, federal level and regional level) have a tripartite management group, which decide on most matters that are central to labour policy. The tripartite groups have decision-making powers, while the labour administration is responsible for preparing and presenting matters. The Austrian approach is often explained by the fact that the system is financed by the social partners.

The rare studies conducted on the issue have found that the differences encountered in the dialogue between the social partners are more often reflections of different emphases placed on the system rather than conflicts (Lechner 1993, 2014). All social partners say that the inclusive governance model has been a key factor in ensuring the legitimacy and operational success of AMS. One of the fundamental elements of all decisions is to reach a compromise which is acceptable to all parties and in which they can clearly perceive their own responsibilities. This culture of social partnership not only internalises conflicts but also reduces the likelihood that only the interests of a certain sector or other interest group are pursued (Weishaupt 2011; Lechner 2014). Due to the nature of social dialogue, Austrians generally consider the system suitable, good and useful for the country. Some studies have also found that the majority of labour market experts consider the system to be useful overall (AMS 2013).

There is no substantial evidence of the benefits of tripartite cooperation in the countries analysed. In Austria, involvement in decision-making also means financial responsibility for the social partners. These things most likely go hand in hand (e.g. Weishaupt 2011).

Performance management practices

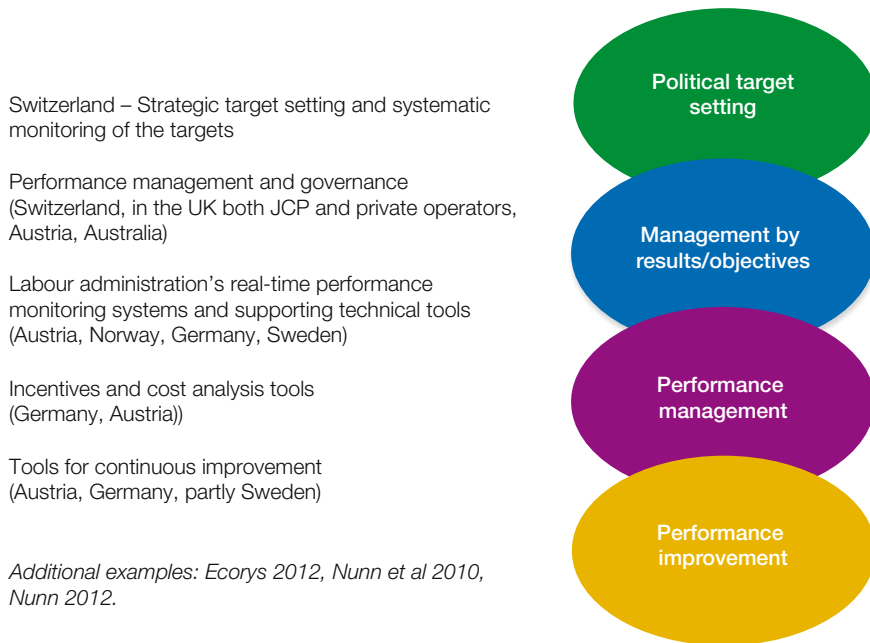
Very few comparisons have been made between the performance management systems of different countries. The publications of the OECD are often based on studies that may not have focused on these systems. On the other hand, the importance of performance management in relation to the previous system may be impossible to perceive because there is no baseline or reference point and because changes in the operating environment have a great impact on the performance of employment services (Kaltenborn et al. 2011).

The introduction of new frameworks often has positive effects in the short term, but the effects tend to be reduced over time (Nunn and Devins 2012). The introduction of frameworks is greatly influenced by factors other than actual performance management practices, and at present it is impossible to compare different performance management frameworks and say which of them contribute to labour market performance (e.g. Nunn 2012; Ecorys 2012).

In many of the countries examined, performance management practices have been discussed indirectly as part of the “governance model”. The topic has been an actual analysis theme primarily in Switzerland and Australia. In both countries, performance management practices are based on the analysis of data from benefit use registers using a linear regression model. The model takes into account the weights given to different sub-factors and most importantly the impacts of external factors. At present, it would seem that intermediate outcome and impact indicators are the most effective guiding factors, but there also risks associated with them (Nunn 2012; Ecorys 2012).

Good examples of performance management methods include incentives that support the employment of customers, and they are used, for example, in systems based on outsourcing. When using such incentives, it has to be ensured that they do not lead to “perverse” behaviour that affects customers. Inappropriate guidance or guidance that does not meet the needs of customers can also be occasional problems in countries that aim for a fast transition into employment. However, ensuring a fast transition to employment is often the political objective in these countries (Nunn 2012). In addition to what has been said above, research in the field has not reached a consensus on what kinds of management targets or tools should be used. Figure 5 includes examples of good practices used in different countries.

Figure 5. Examples of good performance management practices used in different countries.



Experiences from the countries under comparison

In Switzerland, the performance management system includes development tools maintained by the federal government. A commitment to using the tools is a key part of the agreements between cantons and the federal government. Australia does not have a similar role for promoting improved performance.

What both of the countries have in common is that the political system does not set new objectives for the system at the beginning of each term of government and that target setting is very strategic in other respects, too. In Switzerland, labour policy targets are based on four strategic objectives that the whole system is built upon. Earlier, when the offices were established, federal guidance was for a short time more detailed.

In Australia, target setting in labour policy is based on a similar approach: service providers are compared based on how well they manage to place customers in jobs or help them move forward on their employment pathways. In the system, services providers are compared to the average performance in the whole country. Based on the comparison, service providers are given different star ratings. Performance is measured using a three-year, continuous performance rating, which means that the performance of a given month reflects the service provider’s performance over the past two years.

In Australia, performance management is considered to have the following benefits (Eardley 2014):

- Comparisons between service providers and the publishing of the comparison data enable customers to compare service providers and choose the one they want. Customers can also change service providers.
- Performance analysis is important when the ministry evaluates which service providers will be awarded contracts for the next contract period. Those that have performed well in the previous period have an advantage in the procurement process.

Reporting costs are the biggest challenge in the system: service providers have to report a great deal of data in different systems. The time spend on reporting is time away from serving customers.

In Switzerland, performance comparisons among the 26 cantonal offices and simplified, performance-based target setting have been a way to give labour policy a uniform direction in the otherwise very decentralised administration of the country. The tools developed to accompany performance agreements have been important, and the ministry has been in charge of developing the system. The Swiss system is based on two laws. There are relatively few labour policy measures, and activities are focused on job placement with customers and the delivery of highly tailored services. How appropriations are used is decided at the cantonal level by a tripartite body. The performance indicators used in Switzerland are described in Table 7. Performance comparisons are conducted each month based on real-time data; each office and canton is compared to national average figures. The operating environment of offices, like the unemployment rate, is taken into account in the emphases given to different factors. The purpose of the comparison is to initiate learning processes between the offices.

Table 7. The objectives of the Swiss labour policy and the indicators and weights used in the performance model.

Goal	Indicator	Weight
Rapid reintegration	Average number of benefit days drawn by former beneficiaries	50%
Prevent or reduce long-term unemployment	The number of entrants to long-term unemployment divided by the number of persons whose entitlement to unemployment benefits began 13 months earlier	20%
Prevent or reduce the exhaustion of unemployment benefits	The number of new cases in which unemployment benefits have been exhausted during the reference month divided by the number of persons who began receiving unemployment benefits two years earlier	20%
Prevent re-unemployment or reduce the number of persons who re-register as unemployed	The number of persons who have re-registered during the reference month within four months of moving off the unemployment register divided by the number of persons who have moved off the benefit register.	10%

In Switzerland, performance management is considered to have the following strengths (SECO 2014):

- The collection of performance data allows for the relative comparison of the performance of offices and regions based on reliable data.
- The target setting and models that form the basis for the comparisons are considered to have guided the cantons in a more uniform direction and quicker employment outcomes.
- The benchmarking system has made offices more interested in exchanging good practices, and the peer learning has been made possible by the information management and support provided at the federal level.

The key challenges of the system include the fact that the system is difficult to communicate and communication efforts are inefficient and that connections between measures and performance cannot be directly analysed.

Better use of evaluation and research data

The utilisation of evaluations has been a special theme in the analysis concerning Germany. The theme has also been touched upon in the analysis of the Swedish system. Both countries have a long tradition of evaluations and have in recent years considered it particularly important to connect evaluations to the development of services.

In Germany, the Hartz reforms included the production of a wide range of research and consultation data. All in all, some 100 researchers from 20 research institutions participated in the service structure reform and in the evaluation of individual services. That was a significant investment in evaluation. The evaluations have been regularly discussed by the parliament, and they are widely summarised in the official project reports. The comprehensive evaluation planning in Germany was enabled by a coordination project. One institution was tasked with coordinating all labour market research associated with the reform. This was financed from the federal budget. Partly due to these development efforts, a requirement that all new measures must be evaluated was included in the German legislation.

According to meta analyses, the results of the evaluations are not particularly significant and do not provide information about the successfulness of the Hartz reforms (Neugart 2014). For example, the use of an efficient instrument was discontinued in 2008. On the other hand, the effectiveness of the labour market has been explained by the decentralised wage bargaining introduced in the 1990s, the freezing of labour costs and the overall development of services. However, current labour market research serves the needs of decision-making better than before, and evaluation planning is considered to be a major contributing factor (Neugart 2014).

In Sweden, the 2008 service reform did not include any institutional evaluations, but almost all active labour market policy measures were evaluated. Major efforts have been put into evaluations in Sweden, too. The labour market agency has its own evaluation unit, and evaluation activities are actively coordinated between different academic institutions. The labour market agency allocates significant resources to evaluation activities, and some evaluations are conducted by external operators. Evaluation activities are an inherent part of the management of the agency. Thus, efforts are made to systematically develop and reform evaluation and research activities, mainly so that they will also serve the daily management of the organisation. This is supported by the organisation's electronic information systems and by continuously communicating the results.

However, from time to time there is a certain level of internal scepticism about the utilisation of the evaluations within the agency. In the Swedish model, annual guidance from the political level is significant, and compared to the evaluations it may have more influence, for instance, on the planning and implementation of measures and the regulation of labour market training (AMS 2014).

In addition to the countries presented above, the use of research results has also become important in the Netherlands. The UWV unit Business Control & Effectiveness Measurement is responsible for performance management and the evaluation of effectiveness. The country has created a "net-effectiveness team" to measure the net effectiveness of the programme (UWV). The work of the team has covered the following elements:

- pilot project to reduce the costs of unemployment benefits
- net-effectiveness experiment
- international benchmarking exercise
- more experiments
- ex post data analysis.

Performance management is based on a group of key performance indicators, which are continuously monitored in a personal portal. In addition, the development unit constantly designs different pilot indicators, such as the reduction of employment benefit costs. For example, the pilot project involved the benchmarking of offices, which led to the most efficient offices being able to reduce the costs of unemployment benefits by 2% more than others. The pilot offices were able to place people into jobs approximately 20% faster than other offices. In the pilot project, offices had more liberty in organising their operations, and clusters were formed in different parts of the country. The model involves cost-savings benchmarking in which offices are compared to areas with similar offices (the model is based on the German system). The comparison tells which offices are most efficient in reducing the duration of unemployment and, thus, in reducing unemployment benefit costs.

Evaluation data are constantly used and connected to the significant experiments carried out in the country. In this context, an experiment means an experimental setting in which a certain population group is provided a certain service and another group is not. Based on the experiments, the agency presents to ministries and political decision-makers the business cases for developing certain services. The evaluations are supported with various comprehensive collections of research data (so-called evidence lists), which are used when selecting the services provided by the agency and services that are contracted out.

3 Recommendations

This chapter presents the recommendations made in the peer review. The recommendations are targeted at the operators developing the service structure evaluation and Finnish labour policy service system. The recommendations are strategic and are based on experiences with how certain themes have developed and evolved in different countries. Many of the recommendations build on a dialogue between the service structure evaluation and the peer reviewers. The presentation of each recommendation is followed by related experiences from different countries.

3.1 Overall recommendation 1: Cooperation between public employment services and private employment services and service providers should be strengthened.

Recommendation 1.1. Shared vision and cooperation among public employment services and private employment services and service providers should be strengthened.

In Finland, cooperation between public and private employment services has been variable and occasional. In several of the countries compared in this review, the opportunities for and the benefits and principles of cooperation have been considered strategically as part of the overall development of the service system. In Finland, the attitude towards cooperation has often been critical right from the start. Experiences from other countries have shown that cooperation with private employment service operators is mutually beneficial (e.g. DWP 2014; UWV 2014).

In the United Kingdom, the roots of cooperation can be dated back to the so-called manpower commission and Big Society theme of the 1990s. The theme has later been reflected in the commissioning strategy for services that complement public services and in the White Paper on public services. Jobcentre Plus actively cooperates with private employment offices and refers customers to their services during the first year of unemployment.

In the Netherlands, where temporary agency work and part-time work are common, cooperation between public and private employment services is close. The Dutch system uses a jointly drafted memorandum of understanding and an agency that includes employees from both sectors, and therefore it acts as an information provider and a bridge between the sectors. The close cooperation is partly explained by the fact that a large share of vacancies advertised by public employment services is temporary agency work. That has also contributed to the development of

cooperation. A concrete example of cooperation is that public employment services have organised and hosted speed-dating events for jobseekers and temporary work agencies.

Cooperation with private employment service operators is also quite active in Switzerland, where employment offices actively refer their customers to private service providers (e.g. according to areas of specialisation).

Recommendation 1.2. Performance-based procurement and its different versions should be tested and developed in Finland within the framework of current legislation. The planning and monitoring of performance-based procurement should be centrally managed.

At present, Finland uses a large number of private companies and third-sector service providers to implement various active labour market policy measures. As a rule, the operators are paid based on different services delivered, not on the basis of results. This recommendation covers the following detailed recommendations:

- Experiences from different countries demonstrate that the pilot projects for performance-based procurement should involve various target groups and various performance payment methods. These should also be actively discussed with the service providers.
- The development of performance-based procurement should also involve active dialogue with service providers regarding possible pricing models.
- The experiences gained in different countries have also shown that contracts should last for more than one year. The United Kingdom has focused on three-year contracts (customers can use the service for a maximum of two years while usually working during the time of service). Australia, in turn, will reform its system and start using five-year contracts.

In the countries being compared, payments for services are often paid only on the basis of employment outcomes and other results achieved. During the peer review, experiments with performance-based procurement had already begun in Finland. Based on the experiences gained in other countries, performance-based procurement is difficult and is unlikely to succeed on the first attempt. Both the United Kingdom and Australia have been developing their procurement criteria, payment criteria and performance monitoring indicators for a long time.

Australia contracted out all of its employment services in 1998. One of the problems brought up has been that there were no proper pilot projects. This has been reflected in the constant need to modify the procurement process, control systems and star rating used for performance management. The United Kingdom, on the other hand, put much more effort into testing different kinds of procurement

models and uses public consultations to constantly discuss the models with service providers.

If possible, procurement processes should allow service providers to decide how to implement the measures. The procurement of services has led to productivity gains in countries that apply the “black box” principle. In contrast, results achieved in countries that specify the prices and contents of services have not been as positive.

Recommendation 1.3. Private operators should be included in a systematic market dialogue to develop the system and to find common objectives.

One of the challenges identified in the countries being compared has been the periodic lack of systematic dialogue. In this respect, one of the best performers has been the United Kingdom, which has actively involved market operators in the planning of pilot schemes. Service providers also actively participate in discussions about, for example, the payment criteria used in the Work Programme and share their own experiences and suggestions about how well the criteria work from the customers’ point of view. In Australia, dialogue has been limited from time to time, and operations have largely been based on tender rounds organised for the services.

In Australia, service providers have gradually organised themselves under more systematic umbrella organisations. There is an ongoing consultation on the post-2015 system of employment services, and this time service providers are being heard more actively than in the previous rounds. Similarly, the key operating principles for the upcoming five-year period were published in 2014 for open debate.

3.2 Overall recommendation 2: Reforms should be introduced in the practices of managing and measuring the performance of the labour policy service system.

Recommendation 2.1. Finland should move more strongly towards a performance management and measurement system that measures employment outcomes and is based on the benchmarking of operators.

Based on the peer review, other countries use more sophisticated methods than Finland for measuring the performance of the labour policy system. In practice, this has meant focusing on the costs of unemployment benefits and using these costs as indicators or on reducing the number of days of unemployment. This approach is strongly evident in the United Kingdom, Switzerland, Australia and the Netherlands.

Similar developments can also be observed in Danish and Swedish effectiveness studies.

In practice, this means measuring employment outcomes or other results that describe a certain customer group (e.g. progress on the service pathway or reducing the number of social problems, as in Australia) at the office or unit level, identifying factors associated with the operating environment (e.g. unemployment rate) and using different kinds of benchmarking analyses.

Contextual factors that other countries have taken into account in their linear regression analyses are described in Annex 1.

Central to this development have been the investments made in research and development. Indicators have not been defined “on the side” or by adding to old indicators. The organisations responsible for labour policy in the countries have been able to rely on strong special units or coordination structures that have had sufficient resources for measuring results.

Recommendation 2.2. The importance of research and evaluation activities and a culture that encourages experimentation should be enhanced.

Research and evaluation activities in the countries being compared have had access to good resources and have been closely connected to the management of the service system. In Finland, research and development activities supporting labour policy have been fragmented. Units implementing or commissioning research and evaluation tasks may also have been closely involved in the development of the organisation or electronic services. The importance given to research and evaluation activities and their close connection to the units of such agencies has ensured that the activities directly serve the needs of the management and development of services.

In Sweden, Denmark, the Netherlands and Germany, research and evaluation has been the responsibility of a specialised commissioning unit, which has assumed the role of producing information that facilitates the management of the service system. In the Hartz reform examined in the context of Germany, the evaluation programme of the so-called Hartz Commission and the coordinating organisation that implemented the programme ensured that the production of information directly served the needs of federal decision-making.

Research and evaluation are of most use to decision-making when the service system enables different kinds of experiments. In such situations, experimental settings can be created. The best examples of this can be found in the Netherlands, Sweden and apparently also in Germany, where analyses are often based on experiments. The Netherlands can be used as a concrete example. In the country, the effectiveness of electronic services is being analysed in comparison to the effectiveness of personal expert assistance provided by the employment service provider. In the experiment, jobseekers are not allowed to visit employment offices

in person during the first three months. Jobseekers participating in the experiment (persons whose social security number ends with 1) are provided personal face-to-face guidance and advice. The purpose of the experiment is to gather detailed information on the effectiveness of electronic services.

3.3 Other good practices

This section highlights certain good practices that Finland could learn from. Examples of these practices are given in the country-specific chapters.

Recommendation 3.1. Electronic services should be developed into tools that guide jobseekers and service personnel alike.

The Netherlands has adopted the most determined approach to developing electronic services. The country is currently vigorously developing its electronic employment services, and the process should be finalised at the beginning of 2015. At present, those unemployed jobseekers who are entitled to unemployment benefits through unemployment insurance can use electronic services for the first three months.

The electronic system guides jobseekers in finding work (e.g. in writing a CV and using job alerts), and an electronic desktop helps caseworker teams monitor the situations of jobseekers assigned to them. The functionality of the system truly makes it a tool that guides and facilitates the process. The system provides information on where jobseekers stand in their job search process and whom caseworkers should contact. The electronic system has enabled the Dutch Ministry for Employment and the labour market authority to reach the substantial savings targets that the government has set for them. The national authority is also responsible for delivering unemployment benefit payments, which partly explains its strong focus on electronic systems.

The Dutch service concept is a combination of electronic services and physical service provision. This is referred to as a “blended service”, in which electronic service channels function not only as a means of providing services but also as a work platform for caseworkers.

Recommendation 3.2. An account management system should be developed for nationwide employer customers.

Sweden has used a model for the management of so-called National Accounts. This means that each employer customer has an account manager who is in charge of the account in the whole country. The service is not limited to providing a point of contact; instead, each national customer has its own service agreement defining its contact persons at the employment services, its labour force needs and the parties’ joint objectives. Thus, these customer agreements also have a dimension of social

responsibility determining the actions employers can take, for example, to employ those with a reduced employment capacity. In a 2014 evaluation, Denmark has also concluded that the municipal system must be complemented with a system for national employer accounts (Koch 2014).

Recommendation 3.3. Social media should be used at the national level as part of electronic services.

Sweden and the Netherlands have made determined efforts to create a strategy for using social media in job placement services. The aim is to ensure that a strategy is prepared, that staff are provided with training and that the instruments provided by Facebook and Twitter as well as other individual tools are exploited. In the Netherlands, this development process has been included in the strategy for electronic services and it has been given significant weight. An example of practical measures is the creation of LinkedIn profiles for jobseekers.

Recommendation 3.4. A framework should be created to support the services targeted at those with reduced employment capacity, and the further development of the framework should be ensured.

The countries compared in this review always have a clearly managed set of services targeted at customers who have poor employment prospects or need multiple services, and these services are systematically developed. This approach is evident in Norway, the United Kingdom, Sweden and Australia.

In Finland, this could mean ensuring that the future Labour Force Service Centres have a uniform management and development structure, that resources are allocated at the national level and that structures are created for actively developing and exchanging information between the service centres.

3.4 Reflection on experiences gained in the service structures of other countries

In some of the countries included in this peer review, the themes examined have primarily concerned the experiences gained from the service structure chosen. These countries have not been assigned a separate peer reviewer. The experiences of these countries are discussed in the country-specific sections, and the strengths and weaknesses of their management structures will be focused on in the report prepared by the working group on managing the evaluation of the labour policy service structure. The following section will briefly discuss certain experiences and compare them to the Finnish context.

In Denmark, the most significant reform of the labour policy service system involved the municipalisation of labour policy. Based on overall examinations of the performance of the Danish labour market, the model has been considered justified (AMS 2014; OECD 2009). However, the Danish service model is highly dependent on municipalities, and national cooperation is difficult. The key problem may be that in municipality-led service systems, only some municipalities have a genuine will, competence and the resources to carry out their labour policy tasks (UWV 2014; AMS 2014). During the study trip, it was also observed that the reform was not based on a detailed analysis; rather, it was a political compromise that enabled the municipality reform to be implemented in Denmark. The Danish funding model will not be discussed at this point. In terms of employment service matters, municipalities are also in very different situations in the Netherlands. According to the ministry responsible for the field and the reports covering several municipalities, municipalities have a very fragmented view of the unemployed, coordinating information systems are insufficient, and the employment aspect has insufficiently been taken into account. In these countries, the unemployed have exhausted their unemployment benefits and are on social security. The situation was also similar in Switzerland before unemployment benefit insurances were combined in the second half of the 1990s (UWV 2014; SECO 2014).

At the other extreme is Sweden, which implemented major reforms around 2008. Due to simultaneous reforms made to other labour market instruments, a uniform labour market agency was established in the country. The operations of the agency have not been evaluated. The single agency is based on a uniform, national service concept. Local offices have some autonomy, particularly in the targeting of services, but the development of service processes, concepts and instruments is in essence centralised. The single agency model has enabled the flexible development and transferring of staff and the organisation of operations at the national level (e.g. national management of the accounts of employers who are active in the whole country) (AMS 2014).

In describing the Finnish system, the peer reviewers have considered these experiences in connection with the need to strengthen and centralise the labour policy service structure. The comments taking the idea furthest suggested that Finland should adopt some kind of an agency model or, in other words, set up the operative management of labour policy in some executive agency. These comments did not suggest which or what kind of an agency this should be (e.g. Christensen 2014). Other peer reviewers have observed that the uniform development of the service system is difficult in a highly decentralised system (Neugart 2014; Eardley 2014; Walsh 2014). This view is strongly reflected in the above-mentioned recommendation to increase research and development activities concerning the services.

The second aspect brought up concerns the differences between the countries in the breakdown of the groups of unemployed customers. While customers who have been unemployed for a long time or who have multiple service needs can be

better served with highly localised services (provided either by the municipality or private providers in systems that use outsourcing), other customer groups (including employers) benefit more from national services.

The third aspect is connected to the Finnish decision to integrate labour and industrial policy. The peer reviewers found the approach interesting. The reviewers had no access to material that would explain the grounds for or the benefits of the integration or describe how objectives for creating jobs or developing businesses are manifested in labour policy services. Switzerland is the only benchmark country in which employment services are most often located in the cantonal authorities responsible for trade and industrial affairs, but in practice the connection is almost absent at the level of local offices. This viewpoint was found interesting in the review. In the future, it could be useful to evaluate and analyse the benefits of the system.

The fourth comment made by the peer reviewers was that in the present review, it was impossible to thoroughly analyse the contractual practices regulating the labour market in each country being compared or the role of labour law in improving the performance of the service systems in the countries. However, the background analysis suggests that the countries have made very different decisions in this respect and that the development of services has often been at least partly connected to other labour law reforms. In Finland, this could mean that in the future, the labour law and contractual practices regulating the labour market should be analysed in relation to the targets set for services.

4 Country-specific sections

4.1 Norway

(Integration of labour, social and health policies, and cooperation between the state and municipalities)

4.1.1 Institutional context

During the past ten years, the labour market situation in Norway has been better than in most OECD countries. However, the global economic crisis has had an impact on Norway, too. Despite that, the key labour market challenge in Norway has been the activation of the labour force because nearly a fifth of the working-age population has been receiving different sickness benefits (see Duell et al. 2009).

The administrative environment in Norway is relatively similar to that of the other Nordic countries. Municipalities have great autonomy, and the relatively small population is spread across a large area. Decision-making in welfare policy is centralised, but in practice policies are applied according to local needs. Democratic and consensus-orientated decision-making is widespread and agreements between the social partners are quite common. Norway has one of the lowest unemployment rates in Europe, but the share of people receiving sickness benefits is among the highest. The 430 Norwegian municipalities are autonomous and have complete control over social services (Social Services Act).

In Norway, unemployment benefits, sickness benefits, rehabilitation benefits and disability and other pensions are part of the national insurance system, which is financed through employer and employee contributions. Out-of-work benefits are generally determined in relation to earnings and are adjusted several times a year. Unemployment insurance is compulsory, and there are no independent insurance funds.

At the ministry level, labour policy falls within the remit of the Ministry of Labour and Social Affairs. The Ministry was established in its current form in 2005. It is responsible for labour market policy, active labour policy, family benefits, pensions, social security and immigration. Its share of the total national budget is approximately 30%. Other ministries involved in labour policy issues include the Ministry of Education, which buys training services from different educational and training organisations, and the Ministry of Health and Care Services through its regional health services. They also share responsibility for the rehabilitation of customers on sick leave.

The 2005 reform in Norway merged the former employment service, pension services and municipal social services. As a result of the merger, the NAV agency

was set up (or the NAV service, if municipal social services are included). The reform was preceded by a very long and thorough study and development phase, and it has been comprehensively evaluated. As the national executive agency, NAV operates at the national, regional (county units/managers) and local level. NAV is responsible for channelling funds to 19 regional labour and welfare offices, and the regional level decides how the funds are used locally, in compliance with the letter on performance guidance. The letter is very detailed.

At the municipal level, individual NAV offices are managed either by the state (clear majority) or by municipalities. In line with the basic principles of the NAV Act, all municipalities have at least one NAV office. The municipal social services have been organised under a different budget line, but NAV is responsible for coordinating these services, too.

The Ministry determines the key targets and performance indicators for the agency. In practice, NAV can influence the performance indicators in many ways. At the time of the review, NAV used 79 different performance indicators that covered different aspects of the balanced scorecard. Some of the indicators monitor the policy-level indicators and some the use and development of service channels. The indicators are aggregated at the NAV level at least once a month. The system uses an information system that is based on the balanced scorecard; however, information from municipal systems is separately retrieved in each office and manually entered into the information system (NAV 2014).

4.1.2 Special theme: Integration of social, health and labour policies

History of the reform

The NAV reform has occasionally been examined from the standpoint of reforming the contents of policies. In principle, the reform was purely administrative and did not include any significant policy changes. The process has mainly involved making changes to the employment service and the national insurance authority. The reform was implemented in two stages in 2001 and 2003 when the government appointed an external expert commission to plan the reform. During the planning phase, four different options were analysed (Christensen & Laegreid 2010).

There were two main arguments for the reform (adapted from Christensen & Laegreid 2010, p. 12-22):

1. too many people of working age were long-term benefit recipients, and
2. too many users were encountering a “divided administration” that failed to meet their service needs.

As the implementation of the reform began, the one-stop shop principle became a key argument. As Duell et al. point out (2009, p.41-50), the employment services and municipalities did not work well together before.

The system has been based on a partnership agreement between the Norwegian Association of Local and Regional Authorities and NAV. The agreement forms a broad framework for cooperation. In practice, local NAV offices have to deal with two chains of command: the local management of municipalities and the guidance of NAV. This dual leadership has been reflected, for example, in the use of different salary scales and incompatible information systems (for more information, see OECD 2013).

Evaluations of the reform have shown that central civil servants wish for more standardisation with respect to municipal functions and that the partnership model is partly hindering the uniform implementation of the reform. Evaluations have revealed a constant tension between local cooperation and top-down steering (Christensen & Laegreid 2010; NAV 2014).

Cooperation among policy fields

In practice, municipalities have had the autonomy to include different services in the repertoire of the services provided by the NAV offices. Several regions have also developed local service concepts to help residents in the area. The above-mentioned contradiction between local innovation and top-down steering was clearly reflected in the interviews conducted during the study trip.

The framework agreement only defines certain minimum services that municipalities must offer at NAV offices. Municipalities can also choose to provide other services at the offices. Approximately a fifth of municipalities have decided to include in the service repertoire of offices, for example, different services aimed at drug and intoxicant abusers. The integrated service provision has been efficient for customers who need multiple services, but it has been a challenge for national steering. At the moment, security issues are a hot topic in Norway, and NAV is developing uniform recommendations about the repertoire of services (NAV 2014).

Regional managers also play a key role in allocating resources to municipal functions and operations and in monitoring performance, which is done through weekly videoconferences. Even though targets are set at the NAV level, regional operators often have a great influence on how efficient performance management is and how well different operators in a given area work together.

In addition to local innovations and local service concepts designed to help in particular those who are in the most difficult situations, the reform has made it possible to actively develop national labour and social policy innovations. One example of this is the so-called Qualification Programme, which is a comprehensive two-year rehabilitation and service programme for customers who need the widest range of services. The programme also includes more generous, activating social security benefits.

4.1.3 Experiences

The NAV reform faced public criticism especially when unemployment increased in 2009 and 2010 (the unemployment rate is still under 4%). One of the most contentious issues during the reform has been NAV's inability to pay benefits to new unemployed beneficiaries quickly enough (OECD 2013). In 2013, there was also an incident in which a NAV official died at work because of an act of violence. The incident sparked a new debate questioning the sense of integrating social services and the agency's ability to develop safe service concepts in a centralised manner (NAV 2014). After the reform, NAV has also been one of the least trusted organisations in Norway (see OECD 2013).

According to an evaluation study, the integration of different services has taken approximately five years. Nonetheless, the system still faces criticism. The principle that the reform will enable the administration to be developed across policy fields and that the so-called wicked issues will be handled is still partly unrealised (Christensen et al. 2013). The local level has been more satisfied with the reform, but criticism is still voiced against the dominance of the central administration (Alm Andreassen and Reichborn-Kjennerud 2009). The best examples of success include individual service innovations and cases that have been made possible by the reform and the operating models based on partnerships (NAV 2014).

Overall, the reform has been considered successful in relation to the following aspects:

The quite comprehensive and complicated NAV reform was implemented relatively successfully, and it has for several years promoted the development of new services. According to evaluations, the different parties involved are now, in practice, moving towards greater flexibility and mutual trust so that the nature of the "NAV service" is becoming increasingly clear (Christensen et al. 2013, 2014; NAV 2014). This means that both parties are better able to offer each other's services. The performance management system is quite detailed and to some extent also supports cooperation between the state and municipalities and the joint measuring of labour and social policy targets, despite the persisting technical problems.

At present, the statutory requirement that each municipality must have at least one NAV office is considered a particular challenge in the reform. This is no longer considered a sustainable solution for the future, and it prohibits the cost-effective organisation of services (NAV 2014).

The integration of municipal services – particularly the more demanding social and substance abuse services – into the repertoire of NAV offices has increased the debate about safety at NAV offices and highlighted the need to enhance the standardisation and central guidance of services and work processes (NAV 2014).

It can also be stated that the system of two chains of command causes individual challenges in day-to-day management. These include the use of different salary scales,

the need to enter data about municipal services into the information systems that support the performance management of NAV and the double resource negotiation load of NAV office managers. However, these challenges could characterise any system with a two-tier management structure.

4.2 Switzerland (Performance management practices)

4.2.1 Institutional context

Of the benchmark countries, Switzerland has, like Norway, constantly had a low rate of unemployment. The country uses an average amount of resources for its active labour policy, with a focus on job searches and placing unemployed jobseekers in jobs without using aid instruments.

Switzerland has a particularly high labour force participation rate, over 83%. This is largely explained by the labour market situation and the active participation of women, in which part-time employment plays an important role. The unemployment rate exceeds 4% in only a few states (cantons) (OECD 2013; SECO 2014).

The present form of the Swiss employment service was developed 15 years ago as immigration increased. At first, employment services were quite fragmented and varied a great deal from one canton to another. Unemployment is considerably higher among foreigners (three times as high as in the local population) and low-skilled workers (twice as high). In addition, the share of the long-term unemployed in the total labour force in Switzerland has always been relatively high considering the fact that Switzerland has a low overall unemployment rate and a flexible labour market (see Duell et al. 2009).

Switzerland is a confederation characterised by strong political consensus. The constitutions of the cantons (26 in total) supersede federal legislation, and the cantons have considerable autonomy in local matters. Although labour policy, active measures and the public unemployment security system are regulated by federal legislation, their practical implementation is decentralised (Duell et al. 2010).

The Unemployment Insurance Act was enacted in 1996 in response to the challenges created by increased immigration. The aim of the reform was to transfer the responsibility from municipalities to cantons and to give labour policy a uniform direction. The insurance also entailed that the payment of unemployment benefits be limited to 150 days of unemployment and that the use of active measures be increased. In addition to the public unemployment insurance, there are numerous private unemployment insurance schemes.

The Swiss State Secretariat for Economic Affairs (SECO) is responsible for the unemployment insurance system and for the development of employment services. The cantonal employment services are responsible for employment service legislation and the unemployment insurance fund. The system also includes regional

employment centres (abbreviated RAV in German), which operate under the cantonal level. Each canton also has a logistics office for labour market measures (LAM).

The cantonal offices usually operate within the cantonal departments responsible for financial administration, but there is some variation in the organisation. They are responsible for implementing federal unemployment insurance legislation and the obligations assigned to them in cantonal legislation. Cantons also have the autonomy to determine the number of employment offices.

Regional employment centres focus on monitoring the labour market, providing job placement services and administering unemployment benefits. At present, Switzerland has 132 regional centres. They provide job placement services and place the unemployed in work trials and programmes. The cantonal logistics centres buy the necessary training services and other measures and ensure their quality. Private service providers play an important role in the production of services.

4.2.2 Special theme: Performance management practices

The Swiss performance management model is based on three-year performance agreements between the federation and the cantons. The three-year performance agreements used in Switzerland are based on the following principles:

1. Guidance focusses on reducing the number of unemployment days.
2. General targets are set at the federal level, but cantons are not steered in other ways.
3. The performance agreement is made for three years at a time.
4. Budget allocations to cantons are based on the rate of jobseekers and the number of jobseekers.

In the annexes to the performance agreement, cantons also commit themselves to the peer learning and development promoted by the federation. The performance agreement provides, for example, that cantonal offices that perform poorly in comparison to others must participate in performance reviews and inter-office peer learning exercises.

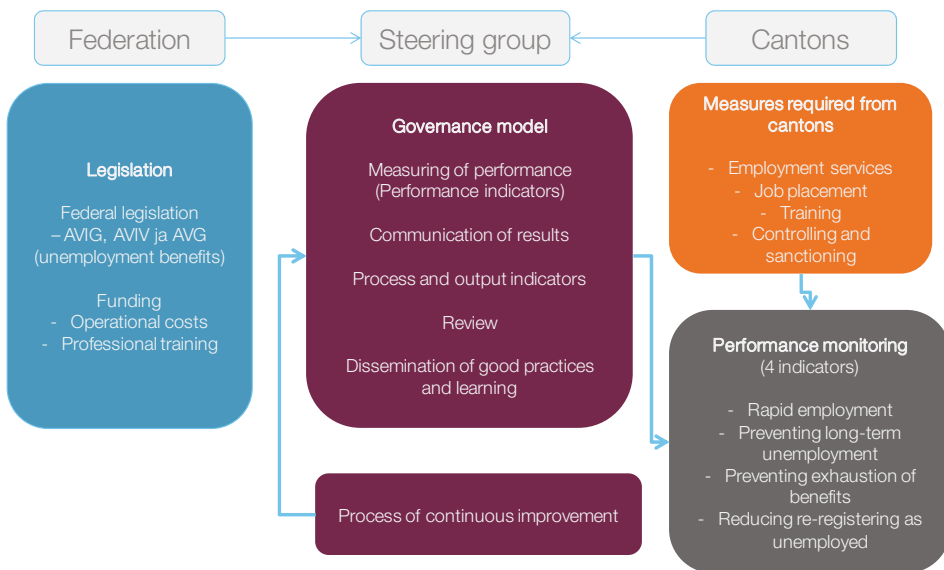
The development stage of local offices included a pilot project that was carried out in two cantons in 1995–1996. After evaluation, the parliament decided to implement the reform in 1996 using the same approach. Back then, it was decided that each canton should set up a network of offices emphasising input and output indicators. Management was based on the following variables:

1. jobseekers/expert
2. administrative employees /jobseeker
3. managers in relation to experts and
4. number of interviews with jobseekers.

The system was evaluated in 1999, and it was made significantly more performance orientated. The use of all service delivery and output indicators and other information management practices was ended, and the current performance-agreement system was introduced. Nowadays, some people also think that SECO should participate more actively in the negotiation of targets. Currently, targets are set mainly at the political level.

Performance management can be summarised using the four indicators presented above, all of which reflect the reduction in the number of days of unemployment (see Figure 6). The model illustrates the targets that offices should achieve. The organisation of operations and decisions concerning cantonal services are entrusted entirely to the offices. Cantons have no quantitative targets, but they strive to do their best. They are also compared with other offices and the average performance achieved (relative superiority). Therefore, the targets are not reviewed annually. Relative comparison means determining the relative performance using an index.

Figure 6. Contractual practices between cantonal administrations and the federation (SECO 2014).



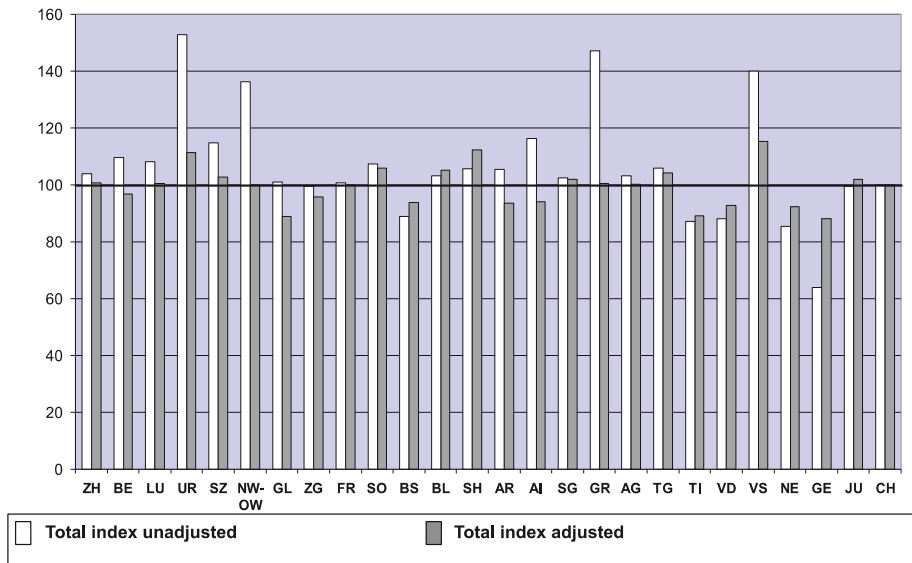
The four indicators mentioned in Figure 6 are directly based on data gathered by the payment authority, which means that possible differences in the ways offices record information does not affect the comparability of the data (OECD 2013; SECO 2014).

The indicators are calculated using a simple linear regression model, and the following contextual factors are excluded:

1. employees in seasonal industries
2. the share of the Swiss population in the inflow into unemployment
3. inflow into the unemployment-benefit system in relation to the regional workforce
4. size of the area covered by the local employment office.

SECO's example of the index results is presented in Figure 7.

Figure 7. An example of how SECO communicates the relative performance of cantons.



4.2.3 Experiences

From SECO's point of view, the benefits of these indicators include performance-orientation, their sufficiently small number and clarity, and the general awareness and recognition of the indicators. Another positive aspect is that the indicators are impossible to manipulate. On the other hand, challenges include the validity of the indicators and their relationship with other indicators. Questions have also arisen about the absence of certain indicators. SECO has begun to prepare indicators that cantonal managers can choose to monitor. These include indicators concerning the prevention of unemployment and persons who are not entitled to benefits at a given moment.

Data on the indicators are available to everyone via an electronic service. Cantons also use other indicators that are compiled and regularly updated by the federal administration. Office managers may also analyse the indicators at the level of individuals. However, the most important means of communication is a two-page,

office-specific analysis; but the operators consulted during the study trip thought that the communication of the results could be improved (SECO 2014).

SECO also monitors other indicators that are based on the different aspects covered in the balanced scorecard. Data on these indicators are published in the information system once a month and they are accessible to cantonal and office managers. In addition, performance estimates and the exchange of good practices also play an important role. SECO promotes such processes. Offices monitor the performance indicators and try to learn from each other.

From SECO's point of view, the performance-based system requires political commitment and patience and the avoidance of "over-managing". In terms of legislation, it requires that the contents of the measures are specified as broadly as possible, and in terms of technical aspects, strong econometric competence and the good availability and quality of data at the regional and local levels.

The key successes achieved include the following:

1. The performance management model has been tested very well, and it is an accepted and useful model for the relative comparison of performance.
2. Other processes that support performance management create a learning process between the cantons and the federal level. During the process, the federal organisation is successfully promoting the development of the service system.

The following challenges can currently be identified in the model:

1. There is plenty of room for improvement in communications concerning the model. A varying degree of success has been achieved in communicating results in a comprehensible manner and in using them in the day-to-day management.
2. The model includes no financial incentives (as was originally planned) but is, instead, purely a soft management method. It causes a "name and shame" effect and competition between cantons.
3. The model does not explain how performance develops over time or which factors contribute to it. In practice, all cantons and regions may still have a strong idea about such matters based on their own intuition and the analysis of their own results.

4.3 United Kingdom (Role of the private sector in the production of services)

4.3.1 Institutional context

The British labour market is one of the most flexible ones in Europe, and it offers the weakest security in the event of unemployment. Due to the economic crisis, unemployment has been around 8%, and the conditions for unemployment benefits have constantly been tightened. Some 60% of the unemployed in the United Kingdom receive unemployment benefits. The United Kingdom is a large and diverse country: the labour markets of Scotland, Wales and Northern Ireland are quite different from the rest of the country. The labour market also varies considerably within the country (see e.g. OECD).

The United Kingdom has a long tradition of using private service providers in the provision of public services and employment services. The tradition dates back to the 1980s, and it has culminated in the New Deal of the 1990s and the present Work Programme. The basic idea has been that the public administration buys services from private organisations and ensures the quality of the services.

The Department for Work and Pensions (DWP) is the national operator for public employment services. Local offices (Jobcentre Plus, JCP) operate under the DWP. The DWP has various departments that guide the JCP network in different matters. The department responsible for markets is in charge of coordinating the services provided by private operators. The DWP's budget is funded through taxation, and about a half of the £8 billion is allocated to the JCP network. Half of that, in turn, is used for benefits and the other half for active measures.

The JCP provides job placement and matching services and refers jobseekers who have been unemployed for a year to active services or, in other words, to the Work Programme. The JCP is also responsible for the recently reformed Universal Credit. The JCP employs some 700,000 experts in 750 offices. Each expert is responsible for monitoring approximately 50 to 60 customers. The use of active measures has been relatively limited in the United Kingdom, and the measures focus on the Work Programme and the Youth Guarantee.

4.3.2 Special theme: The role of the private sector in the production of services

The role of the private sector has evolved over time. Nowadays, the main active measure programme is the Work Programme (WP). It is estimated that during the entire programme, active services will be provided to 20% of JCP customers. This means that there is an approximately billion-pound market for private service providers.

It is generally estimated that some 60% of all employment services are provided by the public sector, with the other 40% being divided between the private sector and the non-profit sector (Finn 2011). These statistics also include the services JCP buys directly to help individual customers. The driver for procurement has been the Commissioning Strategy developed by the UK Government in 2008. It defines an overall strategy for all procurement of services.

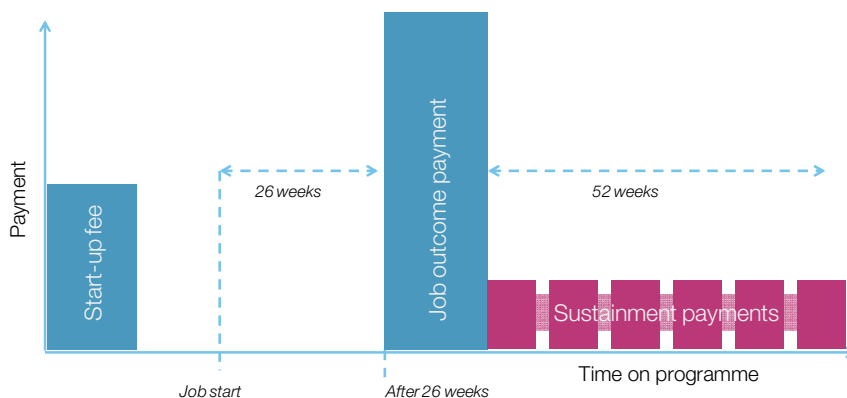
The principles adopted in the 2008 Commissioning Strategy include reducing the number of contracts and making them longer, increasing DWP control, developing standards for prime contractors and subcontractors, and emphasising the “black box” approach of allowing service providers to decide on the measures they implement (see Finn 2011; DWP 2014). This also meant that the non-profit providers could only act as subcontractors. Only companies can be prime contractors.

The Work Programme

The Work Programme (WP) was introduced in 2011 to replace previous programmes designed for different target groups. In other words, the WP is a universal active programme for which the DWP chooses service providers through competitive tendering. The JCP refers customers to the programme after they have been unemployed for 6 to 12 months (depending on the benefits received by the customer). In practice, this means that the programme is focused especially on those who are at risk of becoming long-term unemployed.

Paying for job placements and sustained employment is a key element of the procurement model. Most of the programme funding is paid to service providers on the basis of sustained job outcomes. The payments are increased after a programme participant has been in a job for six months. At the beginning of the programme, service providers have also received a start-up fee, which has supported the financial situation of smaller subcontractors. The DWP has noted that these fees would not have to be paid for as long as they currently are; payments phased over a shorter period of time would suffice. The payment phases are described in Figure 8.

Figure 8. Work Programme payments to service providers.

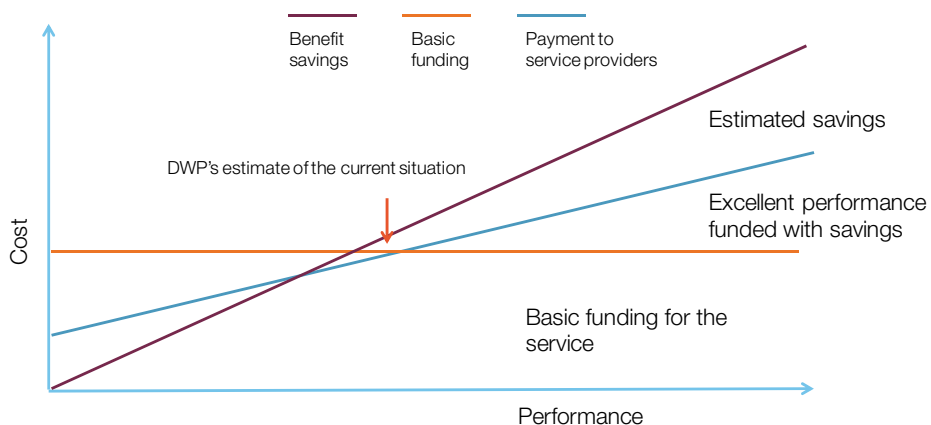


The **black box** approach means that service providers have complete freedom in how they organise the services they deliver. In terms of quality, the contract tendering process emphasises quality assurance, supply chain management and other similar aspects, not the actual measures.

In 2010, the DWP organised a registration process and selected 18 organisations that were expected to bid for each contract. Based on competitive tendering, a total of approximately 40 contracts were awarded. The contracts were awarded so that each employment area has at least two service providers. The majority of the 40 contracts were awarded to private-sector organisations, but two were awarded to public organisations. Each year, 5% of the market share is transferred to the best performing operator in each employment area. The plan is to increase this share in the future. Each service provider must meet strict minimum requirements (DWP 2014; see Finn 2013 for a more detailed analysis).

According to the DWP, the **AME/DEL switch** is one of the special features of the programme. It is an agreement between the DWP and the state that allows part of the savings generated by the programme to be invested back in the programme and excellent performance to be rewarded towards the end of the programme. The logic behind the agreement is illustrated in Figure 9. This arrangement means that the unemployment benefits saved by the system can be re-invested in the system as payments to the providers and be used for developing the system or rewarding providers who perform well. The arrow in the figure below indicates the DWP's own estimate of the situation at the end of 2013.

Figure 9. The AME/DEL switch.



4.3.3 Experiences

In general, it can be noted that there is a great deal of debate about the Work Programme (WP) and the private sector. The WP is constantly audited by DWP auditors, the Work and Pensions Committee, and Government auditors. The academic

world also provides a great deal of theoretical criticism. The study trip included a presentation on an ongoing evaluation study.

Over the past ten years, the DWP has been developing programmes and related payment schemes. All programmes have involved certain challenges and problems, and according to the DWP, it takes at least five years to develop a successful payment-for-results model. In general, the DWP has had to face a great deal of criticism and has been subject to multiple systematic analyses, which have shown that the economic situation also influences the effectiveness of the programme (e.g. CWPC 2013a).

The following key successes have been achieved through the programme:

1. Private service providers can provide efficient, good-quality services to those who have been unemployed for a year (DWP 2014; Finn 2013). The providers have offered services that could not have been provided by the JCP alone or through other means.
2. Performance-based procurement is functioning quite well for all operators and ensures that in the procurement of services, providers are paid only for job placements and sustained employment. Due to the tight control and professional monitoring of contracts, the problems typically associated with outsourcing have been relatively rare (DWP 2014).
3. In addition, the performance-based procurement of private services has enhanced the performance orientation of employment services overall. This is reflected, for example, in the targets set for the JCP; the key objective of guidance is to place people in jobs and put a stop to them receiving unemployment benefits. On the other hand, the objective has led to considerably tighter job seeking conditions: some conditions require the jobseeker to be physically present at the employment office after a certain period of time.

Key challenges include the following (DWP 2014):

1. The development of a performance-based procurement system takes time and requires long-term testing and experiments with different alternatives that are suited for the labour market situation. Developing the WP has been a long process and occasional misconduct and other problems have been identified in the payment system.
2. The administrative costs are rather high. This means, for example, the costs incurred by employers when they have to verify to different operators that a person has been working for them, the management of contracts by the DWP and all other government auditing and monitoring efforts.
3. The key challenges also include the problems faced by specialised and small subcontractors in the service delivery chain. Problems arise particularly when the JCP refers fewer customers than estimated to given services. Such

cases have caused difficulties and financial hardship to small operators in the subcontracting chain.

The OECD published an evaluation of the system in 2014. Its key recommendations concerned challenges caused by the universal unemployment benefit, the quality of job placements (matches) and the development of the Work Programme. For the Work Programme, it was recommended that the payment levels should be increased to ensure that jobseekers who are furthest from the labour market receive the services they need, that the market system should be reviewed to increase competition (more providers), that the incentives should be developed to improve profiling (has already been done) and that the means of measuring performance should be developed (cf. the Australian model; Grubb et. al. 2014).

4.4 Australia (Role of the private sector and the quality management of services)

4.4.1 Institutional context

Australia is a federation with a very large territory. Over the past two decades, its population has grown by 30%, half of which is attributed to immigration. The Australian migration policy is based on a skills-based points system that also includes sponsorship by employers and the government. This sets certain conditions on the labour policy.

The rise of the unemployment rate has been relatively steady. One of the key problems in Australia is involuntary part-time employment and the share of part-time workers in the labour force (approximately 8%). Unemployment in Australia is also characterised by 60% unemployment among those aged 15 to 24. This shows that the number of those staying in education is relatively low and that many students work at least part-time (e.g. OECD 2013, 2014).

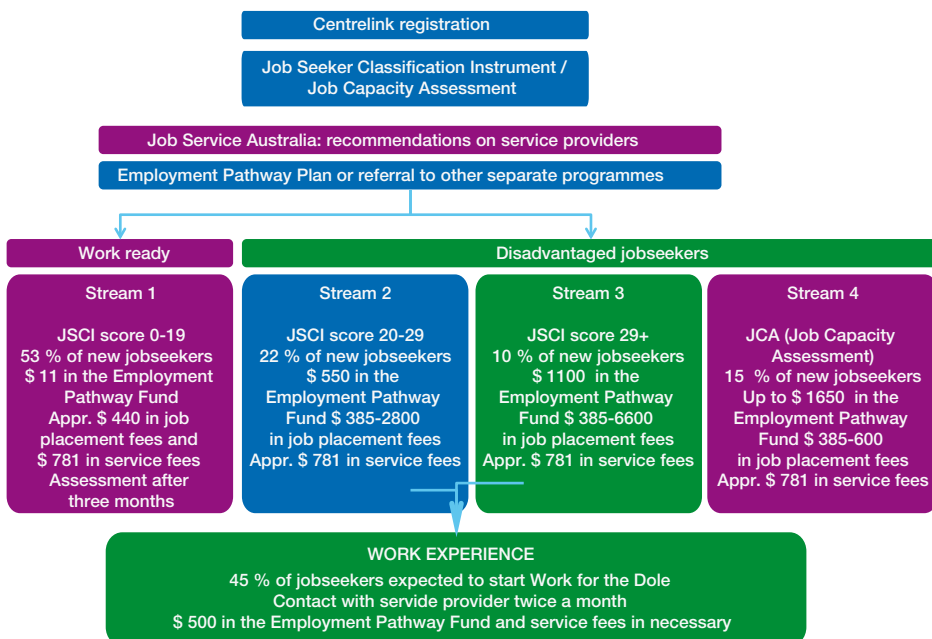
Even though Australia is a federation, decisions about employment and social security matters are made at the national level. The political environment is prone to changes: as Ministers change, labour policy programmes and the service system also tend to change. Government departments conduct numerous evaluations, and various stakeholders are active in different discussions. Therefore, results describing the Australian system are often contradictory.

At the federal level, the Department of Employment (until 2013 the Department of Education, Employment and Workplace Relations) is responsible for the employment policy of the Australian Government. The Department is also responsible for developing services in peripheral regions, disability services and matters concerning the Aboriginals and the Torres Strait Islanders.

Australia's current labour policy service system comprises two sets of operators. The most important one is Job Services Australia (JSA), which is the Australian Government's employment services "programme". The JSA dates back to 1998 when the Job Network was created to replace the former public employment service. In 1996-1997, the Australian Parliament passed legislation to combine the payment delivery functions of the employment service with the Department of Social Security. The process resulted in the creation of Centrelink, a national authority responsible for delivering social security benefits and all monetary support throughout Australia. The delivery of employment services was contracted out to Job Network service providers.

Centrelink is a large agency operating under the authority of the Government's Department of Human Services. It is responsible for all payments relating to social and unemployment benefits. Centrelink manages the Job Seeker Classification Instrument (JSCI) questionnaire and interviews all those who become unemployed. Centrelink has regional offices across Australia, and these offices have the practical responsibility of interviewing each unemployed person. Based on the JSCI interview, jobseekers are given points and classified in one of the JSA's four service streams. After that, customers can choose the service providers they will use during their employment pathways; however, the recommendations made by Centrelink often carry considerable weight in the decision (e.g. Finn 2013; Eardley 2014). The service process and service streams are illustrated in the following figure.

Figure 10. The service streams of Australia's current system and the related payments.



4.4.2 The role of private service production and quality management

History

Private service production plays a key role in Australia. Its importance increased in the mid-1990s mainly due to political pressure. The shift was preceded by a long period of left-wing governments. The Job Network evolved through three contracting rounds. In 1998–2000, a quality control system comparing service providers and a star rating system were developed. In the 2000–2003 round, more attention was given to the standards of service required during the tendering phase, and the trend of issuing stricter requirements has continued ever since (for more information, see Fowkes 2011; Finn 2013).

The performance of the Job Network improved over time. According to monitoring data, it was able to deliver the same employment outcomes for half the cost of the previous system. The first marked improvement in performance took place in 2000 when the contracts of poorly performing service providers were discontinued. The performance of the Job Network was best in the mid-2000s, but it had difficulties during the recession. One of the key aspects of the system was that service providers were given the freedom to develop new service models and that they were able to tailor new ways of motivating and continuously supporting jobseekers (for more information, see e.g. OECD 2013, 2014).

Following a public audit, the Government announced a comprehensive reform in which the Job Network, the previously separate Work for the Dole programme and two programmes targeted at highly disadvantaged people would be merged to form a single entity, Job Services Australia (for more information on the history of the system, see e.g. Fowkes 2011). However, the JSA is based on the same key principles as its predecessors.

JSA, the procurement of services and payment practices

The Department of Employment is responsible for the procurement and supervision of outsourced employment services. The first JSA tender process was launched in 2009. The competitive tendering process is based on 116 pre-defined employment service areas. The first tendering process resulted in 141 lead providers with 48 subcontractors operating more than 2,000 employment service sites (or offices). At present, service providers operate some 2,500 service points. According to a rough estimate, the service providers employ some 10,000 people in their job placement services. The number of jobseekers per employee is estimated at 100–160 (DoE 2014).

The majority of service contracts have been awarded to non-profit organisations and a clear minority to companies. In terms of market share, the proportions have remained approximately the same (Finn 2011).

The key features of the Australian system are virtually the same as those of the British system. The performance-based payment system is an important element.

Service providers are only paid for achieving certain outcomes. The Australian system is more detailed than its UK counterpart: in addition to payments for results, it consists of quarterly participation and service fees that are designed to cover certain minimum services (e.g. the completion of an employment plan and a certain number of interviews). These payments ensure that service providers invest in job searches. However, the majority of payments are paid when jobseekers have been working for a certain period of time. For those employees who receive the weakest score in the JSCI and are the furthest from the labour market, the payments depend on, for instance, the removal of social or health barriers (defined in a further test conducted by Centrelink).

In practice, there are two kinds of payments: pathway outcome payments and job placement payments. All payments are audited by contract managers. The payment system is highly complex, and it has been modified several times during the JSA's history, oftentimes going back and forth. For example, at one point the payment system differentiated between job placements brokered by JSA service providers and those that have been achieved in some other manner, but this criterion is no longer used due to the complexity of the system (Eardley 2014).

Quality management

JSA's performance management framework consists of the constant monitoring and measurement of provider performance. The framework has been designed to ensure the good quality of services and particularly to safeguard the position of those with the most reduced employment capacity (for more information, see e.g. Finn 2011).

Performance is measured using the following indicators (DoE 2014):

1. KPI 1 Efficiency - the average time it takes a service provider to assist a person into employment in comparison to other jobseekers
2. KPI 2 Effectiveness - the proportion of participants for whom placements and outcomes are achieved (including social outcomes for Stream 4 customers).

The quality management tool used is a so-called star ratings model that measures each site's relative performance in assisting its customers into employment. The method has been consistently developed over ten years. The ratings are calculated mainly on the basis of job placement and sustained employment outcomes (e.g. 13 weeks at work and 26 weeks at work). The same variables are used in the payment model. In the calculation of the star ratings, less weight is assigned to ensuring that those who are easier to place into employment and those who achieve the 14-week employment outcome stop receiving benefits. The payment percentages presented in Table 8 correspond fairly well to the weightings used in the star ratings (OECD 2013; Finn 2011; DoE 2014). The analysis is based on a linear regression model. Each JSA situation is calculated using a rating above or below the average. When calculating site-specific figures, the operating environment of the site in question

is taken into account and several contextual factors and conditions are considered (see Annex 1).

Table 8. The weightings and payment shares of different outcomes in the Australian service system.

Performance measure	Weightings in JSA star ratings model (and in payments)			
	Stream 4 (40%)	Stream 3 (30%)	Stream 2 (20%)	Stream 1 (10%)
13-week full outcomes	20	02	20	10
13-week pathway outcomes	10	10	10	5
13-week bonus outcomes		15	15	10
Speed to 13-week full outcomes		5	5	
13-week outcomes total	45%	50%	50%	25%
26-week full outcomes	20	30	30	10
26-week pathway outcomes	10	10	10	5
26-week outcomes total	30%	40%	40%	15%
Social outcomes total (barriers serviced)	15%			
Placements	10	10	10	30
Speed to job placements				10
Job placements total	10%	10%	10%	40%
Off benefits				15
Speed to going off benefits				5
Off benefits total				10%

A service provider's overall JSA star rating is calculated by aggregating the individual stream ratings. These scores are used to calculate the national average performance score. Sites that are 40% above the average are allocated five stars. Those that are 50% below the average only receive one star. This means that 5-star service providers are able to place their customers into employment three times more efficiently than 1-star service providers. Star ratings can also be calculated separately for each stream.

The star ratings are published monthly, and customers use them when choosing their service providers. Service providers are given weekly statistics for each of their sites. The star ratings also play a key role in obtaining three-year contracts. In practice, the poorest performers are not awarded new contracts. The extensive amount of data also gives a good picture of the overall performance of the employment services (Finn 2011, 2013).

The current star ratings model is being applied from 2012 to 2015. It should be noted that the model analyses performance over a three-year period (the data used in the calculations do not describe a specific moment but have been gathered over the course of three years). Thus, for example, data from December 2013 is based on performance from January 2011 to December 2013.

In addition to the indicators described above, the Department of Employment uses a general quality indicator that has not been directly defined. It is monitored by the contract managers at the Department of Employment, and it is based on meeting the quality requirements specified in the service contracts.

4.4.3 Experiences

Overall role of private service production

The tradition of using of private services is longstanding, and the performance of the system has been debated for a long time. Evidence shows that the system has developed (OECD 2013), but critical comments have also been expressed (Considine 2011, 2013). In the mandatory universal system, it has not been possible to use a randomised control group; therefore, performance has not been properly analysed. The performance of the system is, to some extent, dependent on the general economic situation, but the development has been positive compared to previous systems (Considine 2013; Eardley 2014). It should also be noted that the Australian Government has kept most of the raw data to itself, and in practice researchers do not have access to Government statistics (Davidson 2010; Eardley 2014).

The system was created as a response to the challenges posed by the Australian geography and as a way to enable highly localised activities in the face of highly varying labour market conditions. For service providers, the JSA is a high volume, low margin business. Its rules are complex and the contracts one-sided. Understanding these dynamics is important also because the JSA sets certain restrictions to how much service providers are truly able to tailor services according to individual needs (see Fowkes 2011; Considine 2014).

Some of the problems that occurred early on in the system included the low quality of services provided to customers who were the hardest to place and individual cases of using the flexibility of the system for manipulation and profit-making purposes. The greater control requirements introduced in the second round of the Job Network eliminated some of these problems, but it also increased transaction costs (OECD 2013).

Criticism has also concerned the position of staff. The outsourcing of employment services led to an immediate reduction in the wages and conditions of frontline specialists (Finn 2011; Fowkes 2011).

The benefits of the system are perceived to include the fact that a performance-based system offers great potential for innovation, flexibility and efficiency-related savings. Through continuous reforms and development efforts, the authorities have tried to create a payment system that emphasises competition and employment outcomes and reduces the sustained use of services by customers. This has been realised by increasing reporting obligations and monitoring. It has been said that supervision and inspections have become a key part of the service providers' duties, which is occasionally reflected in how much time service specialists are able to

spend with jobseekers (Finn 2011; Nous 2014; OECD 2013). In Australia, employees' and employers' views of the system are regularly collected via quantitative surveys.

An individual challenge has been the way in which certain non-profit providers downplay employee sanctions or place customers on the open labour market to meet their contractual obligations. This phenomenon is called "mission-drift"; it refers to a decrease in the importance of employment outcomes.

All in all, the key successes achieved in the Australian model have included the following (Eardley 2014):

1. Job Network and Job Services Australia have delivered the same employment outcomes as the previous system but at less cost. As no comparisons can be made, there is no evidence regarding their performances in the same target groups and economic situation. By and large, the system is accepted in Australia and functions well, and there has been no talk of replacing it with a different system.
2. The performance management system has been systematically developed for more than ten years, and the data produced by the system are detailed and easy to use. Overall, customers have been satisfied, and their ability to choose their service providers has been considered important.

The key challenges include the following (Eardley 2014):

1. In the system, resources have to be regulated especially at the frontline customer interface. This has, to some extent, resulted in partial optimisation within the total jobseeker cohort, and service providers may still at times focus on "easier" customers, despite special arrangements to increase efforts in the services targeted at disadvantaged jobseekers.
2. The administrative burden caused by the system remains a problem. The system requires the administration (Centrelink and the Department of Employment) and service providers to gather a great deal of information and verify employment outcomes. It is estimated that the administrative burden caused to service providers costs approximately \$1.5 billion a year. The costs incurred by the public administration have not been estimated.
3. Outsourcing has led to a reduction in the wages and conditions of specialists. This, in turn, has resulted in high staff turnover with some service providers. In practice, these developments have not been directly reflected in the service providers' performance as measured with the star ratings system.

Future of the system after 2015

At the time of the review, Australia is organising a public consultation on the further development of the labour policy service system after 2015. The consultation has led

to the designing of certain reforms and policies. Some \$5 billion will be invested in employment services in 2015–2016, and a new tendering round to replace the current JSA contracts will be launched in July 2015. The names of service providers may also change. After 2015, the new model will operate alongside disability employment services and certain other programmes.

Centrelink will continue to operate as the payment authority and carry out customer referrals, and the Work for the Dole scheme will be continued. The service stream model will change as one of the streams will be merged into another, stricter job search conditions and plans will be introduced, and new electronic services will be developed. For service providers, the new model will entail three things:

- Employment Providers are still responsible for providing services and brokering jobs.
- A coordinator system will be created for the Work for the Dole programme. The coordinator network is funded by the federal government, and the coordinators will source so-called intermediate labour market places for which separate support is available.
- The reform also involves a new tool: a funding instrument for new businesses. The aim of the tool is to support the creation of new companies.

The special features of the system include a stronger focus on sustained employment outcomes, a basic administration fee for each employee and the requirement that all Employment Providers have the capacity to provide all services in their regions. Employment Providers also have access to new support instruments to aid employment. The contract periods will be extended from three to five years, and administrative costs will be reduced. Payments will be subject to a mid-contract review (DoE 2014).

The new national Work for the Dole coordinators will search for jobs that other employment providers may not find and offer placements that resemble jobs in the intermediate labour market.

4.5 Germany (Use of research data and evidence in the Hartz reforms)

4.5.1 Institutional context

Germany is one of the few European countries with a positive employment performance despite the 2008 financial crisis and its economic repercussions. For example, in the summer of 2013 the unemployment rate in Germany was 5.2%, which is significantly below the pre-crisis level. In 2007, Germany still had an unemployment rate of 8.7%,

and a year before it was 10.3%. At the beginning of 2014, the rate had remained around 5.2% (Eurostat 2014).

Germany's highly positive employment performance is often attributed to the massive labour market reforms that the federal government has boldly implemented. Particularly the timing of the so-called Hartz reforms, which were implemented just before the financial crisis, may have helped the country to overcome the crisis and improve its competitiveness so quickly (Schmöller 2013). The improved competitiveness of German companies has benefitted the German economy considerably throughout the 21st century. One of the key factors enabling such a development has been wage moderation. Germany's success has also been considered a consequence of the decentralisation of wage bargaining and the regulation of employer costs (Akyol et al. 2013; Fitzenberger et al. 2014). For example, Akyol et al. have compiled a synthesis of all evaluations of the Hartz reforms and concluded that, in reality, only one of the reforms was successful.

The largest employment service provider in Germany is the German Federal Employment Agency, Bundesagentur für Arbeit (BA). In addition to its head office, the BA has ten regional directorates, 176 employment agencies and approximately 610 branch offices. The BA is a self-governing body that operates under the Federal Ministry of Labour and Social Affairs. Its independent administration is headed by the Executive Board. The key tasks of the board include managing the operations of the BA and creating and developing its strategic guidelines. The board has three members who are appointed for five-year terms.

Before the 2005 reforms, the BA was the only provider of public employment services in Germany. Nowadays, local governments work in close cooperation with the BA. The BA also collaborates with, for example, Germany's public health insurance funds in unemployment statistics matters, with the Ministry of Labour and Social Affairs, and with companies that provide work experience placements.

The mission and objectives of the BA are a mix of economic goals and labour and social policy targets. The BA has four operational objectives, the first of which is to continuously improve guidance and labour market integration activities. Other objectives include increasing customer satisfaction, making full use of the potential of employees and basing all activities on the cornerstones of economic and operational efficiency. The main duties of the BA include providing job placement services and guidance, supporting disadvantaged jobseekers, such as the mentally disabled, and delivering unemployment and social benefits. The BA also offers traditional occupational guidance, vocational orientation services and other personal guidance and advisory services, especially for young people. The BA also produces employment-related statistics.

The regional directorates are responsible for supervising the implementation of labour market policies at the regional level. They also control the lower hierarchical level of employment agencies. The employment agencies operate and carry out the BA's responsibilities at the local level.

The governance process of the organisation begins with a planning phase and usually ends in the summer with the application of operational political objectives in an advisory committee. The political objectives are translated into binding target indicators that are set at the beginning of each year. These indicators form the basis of target agreements made between all three levels of the management hierarchy (the head office, regional directorates and local employment agencies). The head office determines guideline values for all impact indicators, while taking into account medium-term operational objectives and economic trends. All regional directorates and local employment agencies are represented in discussions about structural, organisational and procedural matters. They can also suggest improvements.

There are two kinds of labour policy objectives. Operational objectives describe the operational orientation adopted and the BA's successfulness in the respective fields of policy. Employee-related objectives influence the productivity and skills of the BA staff, for example through the maintenance of a high skills level.

The effectiveness of the organisation is evaluated once a month by assessing the target levels. The results are disseminated through a reporting system. The governance model is supported by a performance-orientated incentive system, which increases the management's level of commitment and incentives for development. The operational objectives and monthly development reports form the basis of a regular dialogue at all levels of the organisation. Analyses focus especially on weaknesses and targets that may not be achieved. The approach is forward-looking because the focus is on how the targets could still be achieved, not on the causes of failure. The dialogue results are reviewed quarterly, and the relevant data and analyses are published monthly.

4.5.2 Special theme: Use of research data and evidence in the Hartz reforms

The Hartz reforms were motivated by persistent unemployment in Germany. No major reforms to the labour market system had been introduced since the German reunification, so there was a generally recognised need to make the systems more modern and efficient. The Hartz commission, chaired by Peter Hartz, was established in 2002 to plan the reform. The commission's recommendations led to four laws (Hartz I-IV), which came into force in three waves between 2003 and 2005.

Germany has a rather strong culture of systematic and institution-led impact evaluations. Academic research has traditionally played a central role in evaluation efforts. Yet, the Hartz reforms involved Germany's first large-scale evaluation, which was based on a direct evaluation mandate from the parliament. The reform was accompanied by a relatively large number of research investments (more than 20 institutions and a total staff of more than 100). An evaluation plan was made at the beginning of the reform, and the plan was modified later during the process.

The basic idea was to evaluate the reforms comprehensively. The evaluations focused on active indicators and individual parts of the reform as well as on the overall performance of the German labour market service system. Certain special instruments were excluded. Employment levels and labour market participation were often the ultimate subjects of evaluation. The composition of the evaluation groups has been criticised because only two “actual” researchers were involved: Günther Schmid and Werner Jann. Another curiosity concerning the participants is that no economists were included in the evaluations. The evaluative findings were used in official reports given to the parliament during the reforms (Neugart 2014).

The Hartz reforms are considered the key to Germany’s current success – especially among government officials. Reform indicators and mechanisms that have been considered efficient and effective include education, integration subsidies and the Ich AG self-employment subsidy (Räsänen et al. 2012). According to Neugart et al. (2013), research projects that achieved positive results were terminated in 2007–2008. This has led to the view that the actual impact of evaluations and research may have been rather limited, even though they have provided new perspectives on the actual implementation.

Overall, the combination of different methods, schools of thought (RWI + ISG + ZEW), workshops and shared planning has led to the conclusion that the cooperation structures created during the reforms are now a key part of German labour market research. The project was the first time that high-quality, multi-method research was used in the implementation of labour policy. The research programme also included micro and macro evaluations based on multiple methods. The evaluations were coordinated by an external operator (Dr Bruno Kaltenborn, ERPC) who supported the cooperation and was responsible for administering the evaluation programme (Neugart 2014).

4.5.3 Experiences

The systematic planning of evaluation efforts as a part of the reforms has proved to be a good practice in Germany. The first large-scale evaluations that accompanied the Hartz reforms were mandated by the parliament and had a positive effect on process learning during the reforms as well as on the development of the German labour market research community. Overall, the evaluations have influenced the German evaluation culture. The evaluations were also successful because their implementation was supported by the use of external administrative help in the coordination of research efforts, the formation of collaborative research networks and the uniform reporting of results.

One of the challenges in Germany and in the evaluations carried out there has been the availability of data, as the operators subject to the reforms have sometimes been reluctant to share information. However, the availability of data is a common problem in all kinds of large-scale evaluations. On the negative side, it could perhaps

also be stated that the positive effects of the reforms may have been over-emphasised when communicating the evaluation results. The results of these evaluations have been used in policy planning, at least to some extent. The reforms that were implemented before the Hartz reforms have not been taken duly into account to gain a full picture (Neugart 2014).

4.6 Netherlands (Role of the private sector and electronic services)

4.6.1 Institutional context

The institutional context of the Dutch labour market has traditionally had many characteristics in common with the Danish system. For example, “flexicurity”, the combination of labour market flexibility (e.g. the absence of minimum wages or periods of notice) and security (e.g. generous unemployment benefits) has had a foothold in the Netherlands, too. The social partners have also played a key role in drawing up legislation. However, unlike in Denmark, the role of the social partners has been deliberately reduced because tripartite cooperation has been considered inefficient and the parties were unable to compromise. These days, social partners play an advisory role through advisory bodies (Houwing 2011).

The main body responsible for public employment services in the Netherlands is the Uitvoeringsinstituut Werknemersverzekeringen (UWV). The name translates literally as an institute for implementing employee insurance. UWV is a national authority and responsible for delivering unemployment benefits, providing employment services, compiling unemployment statistics and implementing the overall labour market policy. The authority operates under the Ministry of Social Affairs and Employment. Alongside municipalities and the UWV, the private sector is also an important service provider in the Netherlands; for instance, jobseekers are required to engage in “speed dating” with private employment service providers. Like tripartite cooperation, the complete outsourcing of services to private operators has also been found inefficient, and the public sector has regained a more prominent role in the administration of the services (de Koning 2009). The largest private employment service providers in the Netherlands include Manpower, Adecco and Randstad (Houwing 2011).

In practice, the duties of the UWV are carried out by the UWV Werkbedrijf, the public employment services division of the UWV. The services provided by the division have been consolidated in 30 regional centres. The current UWV was established quite recently when the UWV was merged with the CWI, which was also responsible for public employment services. The organisation is expected to undergo further changes as it is developed over the next few years. The organisational changes

can also be illustrated with staff numbers: during the past ten years, the number of employees has been reduced by more than 8,000, and further reductions are expected. Currently, the organisation has 19,200 employees, with more than half of them working on a part-time basis.

Over the past few years, Werkbedrijf has made significant investments in the development of online services. In addition to job search services, registering as unemployed and applying for unemployment benefits are done electronically. Jobseekers also create an electronic work folder online. They use the folder to apply for work and to manage all of their activities and processes within public employment services (UWV 2014).

4.6.2 Special theme: Private service providers and electronic services

In recent years, the Netherlands has boldly experimented with various labour policy measures. One of its most important projects has been the privatisation of all employment services. However, privatisation often resulted in unexpected challenges, which is why the public sector has regained a more prominent role. Recently, major investments have been made in the development of electronic services, and various experiments have been carried out in that context.

Private service providers

One of the main ideas behind the privatisation of employment services was that the market would function properly in the absence of public-sector interference. This approach also highlights a general shift in views about the public sector's role. In a privatised system, the main task of the public sector would be to finance the operations. In addition to the market argument, decisions to privatise services were also influenced by dissatisfaction with the public sector's integration policy in the 1970s and 1980s (de Koning 2009). At the same time, the private sector entered the market, which emphasised the flexibility of private providers in comparison to the public sector and created pressure to reform the structure of public services (Finn 2008).

The new SUWI Act on privatisation required the UWV to buy its services from private providers and municipalities to contract out up to 70% of their reintegration services. The 70% requirement was removed in 2006. The Ministry of Social Affairs and Employment (SZW) has not been involved in the outsourcing process but has aimed to keep public intervention to a minimum. The services contracted out covered practically the whole chain of services from assessments to training and work experience placements.

During the first phase of the privatisation process, each municipality and the UWV were given a specific budget for purchasing services. This budget was meant only for the sourcing of services, and authorities were not allowed to retain any

surplus (Finn 2008). Bidders could determine their prices freely in the 16 tendering rounds organised between 2002 and 2008. The tendering criteria varied according to the special customer group for which services were bought. The contracts awarded were called “no cure, no pay” programmes because service providers were entitled to the full payment only if they met their targets.

The privatisation policy and tendering system were soon discovered to cause various challenges. The combination of free price setting in tenders and minimum regulation resulted in price competition and thereby reduced the importance of the quality of services (de Koning 2009). For example, in 2007 the average cost per contract was between €2,800 and €3,500, while in 1998 it was €3,500 and in 2003 €4,700. Because service providers were usually sought for services targeted at particular groups, the providers selected were usually very small: more than 60% of them employed less than ten people. In addition, the “no cure, no pay” system often led to private service providers concentrating their efforts on those jobseekers who were the easiest to place in a job, thereby making their activities seem efficient and ensuring full payment. From the public sector’s perspective, however, those with a reduced employment capacity should have been prioritised in the employment measures (de Koning 2009). Problems were also caused by the amount of asymmetrical information and the public bodies’ inability to monitor service providers. The mere organisation of tendering processes entailed significant costs for the public sector.

In 2012, the Government cut the budget for purchasing active services as part of an overall austerity programme. In connection with the change, the budget was limited to cover only those who receive disability benefits, and the purchasing of services for the unemployed was excluded almost completely. In 2014, the budget is still approximately €100 million, with the majority allocated to various reintegration courses (IRO or by UWV) and a smaller share to education and training or social activation measures. The contents of reintegration services are defined in a relatively detailed manner, and procurement criteria include technical specifications and experience requirements. In the Netherlands, performance-based procurement means that 60% of payments are based on outputs and services delivered (as services are pre-determined) and 40% on the outcomes achieved. The percentages are slightly different for other services. The monitoring of contracts and benchmarking exercises focus on price, the number of customers rejected by the service providers and the number of people that service providers were not able to integrate into the labour market in the previous year. The present system is considered to favour large service providers (UWV 2014).

Service providers and the UWV alike consider the current process quite successful. Due to complex comparison requirements and one-year contract terms, procurement is very time-consuming. The comparison criteria used in the system steer service providers to target their efforts especially at those who are the furthest from the open labour market because they entitle providers to the largest performance-based payments and unit prices (UWV 2014).

Electronic services (UWV 2014)

One of the key principles of the Dutch public employment service is to provide services electronically whenever possible and to provide personal face-to-face services first after three months of unemployment or when it is absolutely necessary. The aim is that 90% of all interaction takes place online. Usually, personal face-to-face services are only offered to specific groups and customers who lack the required IT skills. The Dutch system requires the unemployed to take a lot of responsibility for themselves by using electronic services. On the other hand, electronic systems meet modern service demands. The use of electronic services also reduces some of the pressure on the organisation's resources (UWV 2011).

In 2010, the Netherlands introduced the TOPWEB programme, which will supposedly be developed into a full service channel by the end of 2014. The development of the programme has been divided into three phases, during which time more and more services have been introduced in electronic format.

The UWV uses four main indicators to evaluate the performance of the electronic service channel. They include technology (performance and availability), customer behaviour (value to customers), organisation (efficiency and effectiveness) and multi-channelling (electronic channel compared to other service channels). Customer behaviour is measured using web analytics. The UWV collects anonymous data on how customers use the website and draws conclusions on, for example, which pages are the most important for the customers and how much time they spend on the website.

All vacancies and CVs are accessible on the UWV's Werk.nl website. During the first three months after registration, a workshop and short recruitment events are organised for customers, mainly with temporary work agencies.

The UWV's electronic services are based on four principles:

- Registration is possible only online (Werk.nl).
- Only electronic services are available during the first three months.
- 3-12 months: Face-to-face services are provided to 10% of those on unemployment benefits.
- 12 months: Suitable jobs must be accepted, otherwise e-coaching continues.

Intensive services for those who are the furthest from the labour market are outsourced, as described above.

The electronic services are constantly being developed, and the systems are always in use. The DigiD identification system ensures that jobseekers' data are protected. Employees and temporary work agencies have direct access to CVs with a specific security code. Employers are not required to register to use the portal.

Employment service specialists and jobseekers communicate in the system through the "werkmap" interface, which is the jobseekers' personal page in the system. The UWV facilitates the job search process by providing digital labour market

information, suggesting vacancies and offering, for example, online courses on job seeking. Various jobs are recommended for particular jobseekers, and jobseekers who lack digital skills are provided with relevant training at local offices.

Other electronic services include a video on the rights and obligations of customers, an interactive programme for creating a CV and a service that deletes the customer's online registration after he or she finds a job. The services also include webinars (introduction to services, a video for older jobseekers or videos for employers), a video tutorial on the website and information on education and training opportunities.

The electronic system also enables caseworkers to monitor how active jobseekers are. The jobseekers assigned to a specific team of caseworkers are displayed in a common view, and the system tells which jobseekers should be contacted (the level of activity needed is indicated with colour codes).

At the time of the review, the Werk.nl website was constantly attracting more and more visitors and users. The personal Werkmap page is considered to work well. The number of CVs published on the website was also increasing and their quality improving. Customer satisfaction has also gradually improved. Since 2012, the frequency of CV searches by employers has increased by 365%, which indicates that employers, in particular, have begun to use the services actively.

4.6.3 Experiences

The Netherlands has adopted a very experimental approach to labour policy. In the 2010s, the efforts taken to balance public finances have led to a paradigm shift, even though services may have functioned well before. Unemployment has been on the rise, and there has been a great deal of pressure to introduce electronic services.

Despite initial difficulties and user criticism of the electronic services, their introduction has clearly been a positive experience. The media have been critical towards the stability of the electronic system and the effectiveness of the matching functions.

One of the key lessons learned from the development of electronic services in the Netherlands is that the development of a dynamic electronic system enables the digitalisation of the job placement process. However, significant investments have to be made in developing the system and, in particular, in creating a dynamic website, implementing an identification system and ensuring continuity.

Other positive developments in the Netherlands include the development-orientated nature of the service system and the use of performance management and research data as an integral part of UWV's operation. The UWV is constantly making proposals to ministries on how to organise their services.

The Dutch municipal service structures were not analysed in this context for two reasons. First, new regulations concerning the different forms of unemployment benefits will be introduced in 2015, and these changes may affect the work of

municipalities. Second, after customers move from unemployment benefits to municipal social security or other benefits, the service structure at the municipal level is quite heterogeneous and depends on the resources of each municipality (UWV 2014).

4.7 Sweden (Special groups and use of research data in designing the service structure)

4.7.1 Institutional context

At the end of 2013, some 382,000 people were unemployed in Sweden, which amounts to 7.5% of the labour force (SCB 2013). Due to the financial crisis, the number of unemployed increased sharply. The crisis also resulted in the expansion of various labour market programmes. In 2008, the programmes only included 87,000 participants, but by 2010 the number of participants had risen to 185,000. Employment programmes and slight improvements in the global economic situation since 2010 have contributed to the moderate decline in unemployment figures that began at the end of 2010 (Räisänen et al. 2012). In practice, however, the decrease has been quite small: from 2012 to 2013, the unemployment figure declined by 0.1 percentage points.

The long-term unemployed constitute approximately one-third of all unemployed persons in Sweden. The effects of the financial crisis can be seen particularly in the number of long-term unemployed persons. Before the financial crisis, the long-term unemployed constituted some 1.4% of the total labour force, while at the end of 2010 their share was 3.0%. What makes the difference even more significant is that before the financial crisis the number of long-term unemployed (about a fourth of all unemployed) was one of the lowest ever, but at the end of 2010 it was one of the highest in history. Since 2010, the rate of long-term unemployment has decreased, although quite moderately. In Swedish statistics, the long-term unemployed are people who have been unemployed for more than six months. If long-term unemployment was defined as a period of at least 12 months (as is often the case in international statistics), the long-term unemployed would constitute less than 20% of all unemployed (SCB 2013).

In Sweden, the supply of labour has been increasing for a long time. The growth began at the end of the 1990s and was particularly strong in the late 2000s. The growth is a result of labour market measures and an increase in the number of young working-age people. As Sweden has a low birth rate, the population growth has been based on labour immigration.

The body responsible for the Swedish employment policy is the public employment service, Arbetsförmedlingen (AF). The institutional framework of the labour policy

has undergone major changes within a short span of time. The current authority was established in 2008 as a result of restructuring the former National Labour Market Administration, which was made up of the National Labour Market Board that governed County Labour Market Boards and of Local Employment Offices (Räisänen et al. 2012). The rapid centralisation of the Swedish public employment service has been motivated by equality. The reform consisted of organisational arrangements and the hiring of an organisational designer, who represented the research community. The first director general held the post for only four months, which led to a revision of the reform plan.

The AF's most important task is matching, bringing together jobseekers and employers. At a more general level, the organisation is responsible for labour policy operations. The AF is also in charge of unemployment benefits, which are funded through unemployment insurances. The funds used for state services amount to €7.75 billion a year (Arbetsförmedlingen online 2014).

The AF is a national authority, and its head office is in Stockholm. As a national operator, the AF can quickly reorganise its activities according to political objectives. The national structure also enables it to use national key account managers and coordinate accounts in a manner that cannot be achieved in decentralised systems. Another benefit of the system is that the development of electronic services can be centralised. The AF network spans the country; it has 320 local employment offices organised into 11 market areas. One of the market areas covers the whole country and consists of three functions: customer service, culture and media, and the internet. Overall responsibility for the authority lies with the director general. Operational activities are organised under the Production Department, which is responsible for managing the 11 market areas. The central authority has a coordination unit and a new production control unit, which are responsible for coordinating services at the national level. The main elements of the organisational structure are illustrated in the AF's organisation chart.

The comprehensive political objectives that govern the AF's activities are defined by the Swedish Government in an allocation decision issued at the end of each year. Based on the guidelines included in the decision, the board of the AF issues internal guidelines, including a detailed allocation of resources and priority objectives. Each level of organisation is given its own targets. The allocation decision issued by the Government is fairly detailed compared to those of several other national authorities. The targets are further detailed using the balanced scorecard. The system enables target-setting at the level of individual employees and includes a real-time reporting system.

The performance of the organisation and its employees is monitored regularly. Each staff member meets with the manager of the employment office twice a month in a performance review to discuss the situation at the site or of team in question. After that, the employment office management meets with the manager of the labour market area once a month. The market area managers, in turn, tend to discuss

performance matters with the director general three to five times a year. Recently, this practice has been replaced with discussions between the production manager and the director general.

4.7.2 Special theme: Special groups and the use of evidence in designing the service structure

Swedish labour policy has traditionally focused on the employment of those who are the furthest from the labour market. Greater emphasis on finding work for the long-term unemployed has generated several targeted programmes and measures. In contrast, during the 2000s no active labour market policy (ALMP) programmes have been explicitly targeted at older unemployed persons, but several programmes impact older jobseekers indirectly (Anxo 2012). Among the long-term unemployed, women are over-represented with a share of almost 70%. Almost half of the long-term unemployed have completed secondary education, and some 70% are aged 35 to 54 (Räisänen et al. 2012). In recent years, unemployment security has increasingly been delivered as a disability pension or sick leave benefits.

Sweden has a voluntary legal association, FINSAM, which is based on collaboration between the municipalities, the Swedish Social Insurance Agency, Arbetsförmedlingen, and several health care service providers. The association is responsible, for example, for those who are on sick leave. There is no central agreement on the operations; instead, agreements are always made at the local level. FINSAM receives its funding from four national organisations and currently operates in 222 municipalities. Certain FINSAM associations cover larger regions. Usually FINSAM associations employ a few people who coordinate activities and refer customers to services. FINSAM's customers come from the social insurance system.

Immigrants were not made a special target group in Sweden until 2010. The need for prioritisation was recognised because many working-age immigrants had difficulties in finding work. Thus, the employment of these groups makes a significant contribution to the overall employment and economic situation. The purpose of the reforms targeted at immigrants has been to help, in particular, those immigrants who have only just arrived (those who have been in the country for less than three years). Therefore, there has been a special emphasis on early intervention.

The AF offers various programmes targeted at special groups. Perhaps the most effective ones have been the job and development guarantee programme and the youth job guarantee programme. The AF also offers entry-level work programmes and a “new start” job programme. The latter programme is targeted especially at the long-term unemployed. Customers who are placed in work experience programmes with public or private employers are also entitled to support paid from the social insurance system. These work experience placements can last a maximum of six months. In recent years, roughly 70% of the participants in labour market

programmes have participated in the job and development guarantee or in the youth job guarantee programme. Both programmes are designed to break long spells of unemployment (Räisänen et al. 2012).

The job and development guarantee programme is for people who are at least 25 years old and who have spent at least 300 days on unemployment insurance. Those unemployed persons who are not entitled to compensation from unemployment insurance must have been unemployed and/or participated in labour market programmes for at least 14 months. The guarantee programme is divided into different phases, during which time participants gain work experience and participate in occupational rehabilitation. The purpose is to improve the skills that jobseekers need to find work and make the transition to working life. The aim of the job and development guarantee programme and the youth job guarantee programme is always to find permanent solutions.

As part of the youth job guarantee programme, participants are often required to participate in the introduction to working life programme. The job guarantee programme is meant only for young people under the age of 25. The youth job guarantee programme was introduced in 2007. Just like the job and development guarantee programme, its key purpose is to help unemployed youth to find work or begin studying as quickly as possible. At the end of 2013, the Swedish youth unemployment rate was 22.6%, which indicates that there is a need for programmes targeted at young people.

Programme targeted at special groups - such as the job and development guarantee programme - have been criticised. The Swedish National Audit Office (Riksrevisionen) concluded in its 2009 audit that the job and development programme entails the risk that participants are locked in the system because the amount of time spent in the programme is not limited in any way. The office also criticised the direction of the programme. Challenges include the heavy administrative burden that the programme places on the public employment service (AF) and difficulties in positioning and prioritising the programme in relation to other employment programmes. The guarantee programme also lacked an effective follow-up system that would provide reliable information on the performance of the guarantee programme and on areas that require further development. Overall, the National Audit Office's evaluation of the guarantee programme was rather negative. On the other hand, a 2011 evaluation of the youth guarantee programme showed that young people who had participated in the programme found work more quickly than the control group outside the programme. Nonetheless, no long-term impacts were identified (ILO 2013).

In Sweden, labour market policy is evaluated by the Institute for Evaluation of Labour Market and Education Policy (IFAU), which operates under the Swedish Ministry of Employment. The institute also conducts research on the overall functioning of the labour market. Another important operator is the National Audit Office, which was mentioned above. The NAO is organised under the Swedish

Parliament (Riksdag) and is responsible for evaluating government policies. The AF also has a long tradition of producing analyses in its own analysis unit. The authority evaluates nearly all of its key programmes. The analysis unit also conducts centralised surveys for jobseekers and regular employer surveys that cover some 2,300 employers. In addition, the unit provides (possibly regional) employment forecasts. The analysis unit uses randomised, controlled trials in its evaluations whenever possible. So far, experiences have been fairly positive, and general interest in the trials and evaluations is increasing.

Labour market evaluations have a long tradition in Sweden. Most evaluations focus on the ex post impacts of programmes (Månsson 2012). Swedish operators have traditionally been considered to produce high-quality evaluations of programmes and measures. Evaluations are conducted by researchers as well as by consultants. However, Sweden lacks an established culture of evaluating institutions and service reforms, much like other Nordic countries. Sometimes evaluations involve tension because the political interest in labour policy and the Ministry of Employment's intensive guidance give evaluations a political character.

4.7.3 Experiences

In this review, Sweden was one of the secondary countries without an appointed peer reviewer.

In essence, the 2008 reform in which the Swedish service organisation was merged into a single state authority was a political reform that was heavily dominated by an argument in favour of uniform and equal services. The Swedish national agency model has enabled centralised production management, which has entailed the balancing of regional resources and a decrease in the importance of regional labour market areas. The national agency model has also made it possible to introduce a national account model for nationwide customers. The model was based on a customer survey and a service strategy designed for employer customers. In the national account system, national account teams serve a certain employer in different parts of Sweden. As a rule, one employer only has one contact person, and local cooperation with employers is expanded into more comprehensive contractual frameworks.

Contracts with employers are based on a common agreement of principle and include, for example, youth employment targets. Under these contracts, the AF organises, for example, meetings with jobseekers, recruitment fairs, electronic recruitment tools and job search days for individual employer customers or for groups of employers representing the same branch.

Another successful element of the national, centralised agency model is the comprehensive evaluation and development activities that are directly connected to the agency's information systems. The management strongly supports evaluations, and the managers in charge of evaluating and developing services are represented

on the board of the AF (NB! only one representative for 11 market areas). The Swedish service reform has not really been evaluated in Sweden. The Swedish evaluation tradition places great emphasis on detailed intervention studies concerning active labour market policy measures. The AF has continuously used these studies, and they have served as a basis for major readjustments in the priorities of labour policy.

According to the analysis and evaluation unit, key development visions include replacing the current customer satisfaction measures with the more efficient use of jobseekers' registration data, improving the mapping of employer views, creating an evaluation culture that is based on benchmarking and preparing regional labour market forecasts. However, it was observed during the study trip that despite the active evaluation culture, the agency often feels that decisions are mainly political. Thus, there is a certain amount of scepticism about the use of the evaluations (AMS 2014).

4.8 Austria (Role of social partnership in public employment services)

4.8.1 Institutional context

Austria has traditionally had a low unemployment rate, and especially in recent years it has been one of the lowest in Europe. In the spring of 2014, the unemployment rate in Austria was approximately 4.9% (Eurostat 2014). Austrian labour policy has a strong emphasis on achieving full employment and improving the efficiency of the labour market. The Federal Ministry of Labour, Social Affairs and Consumer Protection as well as the Public Employment Service Act (AMSG) have been structured to support this goal and to ensure that the supply of labour meets its demand (AMS 2011). In addition to combating unemployment and long-term unemployment in particular, Austria has been remarkably successful in preventing youth unemployment. For example, in the summer of 2013, when the average youth unemployment rate in Europe was 23.3%, the rate in Austria was only 8.6%. In addition to Austria, only Germany and the Netherlands have been able to keep youth unemployment rates below 10% (Eurostat 2013).

Alongside full employment, Austria has focused on the reduction and prevention of poverty. This means measuring indicators such as being at risk of poverty, material deprivation and the number of jobless households. Based on these indicators, the Austrian public employment service strives to provide employment services especially to those households in which members have been unemployed the longest. The quality of working life is another priority.

Austria is a federation, which also has a major impact on its legislation. Austria and its labour policy are often referred to as a “consensus society” or “social partnership”

(Sozialpartnerschaft). The descriptions reflect the Austrian tradition of preparing new legislation in tripartite cooperation with the social partners.

Since 1994, public employment services in Austria have been provided by the Arbeitsmarktservice (AMS), which is a service provider governed by public law. The AMS implements labour policy and is Austria's leading provider of employment services. Its duties are defined in the Public Employment Service Act. Its main tasks include providing job placement services, helping people return to work, improving the transparency of the labour market and providing support in the case of unemployment. The AMS is also responsible for implementing the act that regulates the employment of foreign nationals (foreign workers' access to the employment market).

The AMS consists of one federal, nine regional and a hundred local organisations. The federal office manages and controls the operating environment and strategies. It defines the labour policy programmes of the AMS and lays down standard regulations concerning its organisation, personnel, research, statistics and facilities. The board of the AMS ensures that uniform procedures are applied throughout Austria. One regional office is located in each of the nine provinces. The provincial offices translate the labour policy objectives into regional targets and set framework conditions for them. The offices also conduct research, monitor the labour market in their respective provinces and support local organisations.

At the district level, local employment offices deliver employment services to jobseekers and employers alike. Local offices also define the practices for implementing policy at the local level, but they are expected to meet the targets set by the federal organisation. The local office managers run the daily operations, and consult - when necessary - the tripartite, six-person advisory committees.

One of the special features of the Austrian employment system is that in addition to the three-tier organisation (federal, regional and local levels), cooperation among the representatives of employees, employers and the government at all three levels is governed by law (PES Monitor 2008). Employer and employee organisations (e.g. the Chamber of Commerce, the Austrian Trade Union Federation and the Federation of Austrian Industry) are represented at all levels and are involved in designing labour market policies and in monitoring the AMS's corporate governance (AMS 2014). While the social partners' policy influence is much more limited at the local level, they do enjoy some "veto powers", for instance with respect to the recruitment of workers from non-EU countries (Weisshaupt 2011; Lechner 2014).

The Administrative Board is the AMS's central decision-making body and it has real policy-making power. The Administrative Board translates the Ministry's guidelines into operational targets, advises the Ministry on all important decisions, approves and dismisses the Board of Directors and all sub-national managers, and distributes the budget. The budget itself is set by the Ministry. The Administrative Board is usually also consulted before the Ministry announces its broad goals for the

labour market, even though the Ministry is not obliged to do so (see discussion in Konle-Seidl 2005; Weishaupt 2011).

The Austrian governance structure is rather complex. The planning phase begins with the first proposal for annual objectives, which is issued in January. These objectives are based on a medium-term planning document and a medium-term economic forecast. The tripartite Administrative Board decides the final objectives and operational indicators. Based on the first draft of the budget, the board and regional management groups can then define how the targets and financial resources are distributed between the regions. The decision concerning the distribution of targets and the budget must be approved by the Administrative Body.

The AMS has eight annual labour market objectives. Each regional and local office can add one objective. The joint objectives are controlled and monitored quarterly. In recent years, objectives have included the employment of the long-term unemployed, the employment of older persons within six months of unemployment, employment after training and the efficient filling of vacancies. Key tools include a data warehouse and a balanced scorecard, which includes some 25 indicators. These indicators concern customers, staff satisfaction and the outcomes of activities and processes.

4.8.2 Special theme: The role of social partners and tripartite cooperation

Very little research has been conducted on the role of the social partners in the Austrian labour policy system. This can be partly explained by the fact that the system is deeply rooted in the Austrian mentality. English language literature on the topic is particularly limited due to the strong Austro-German origins of the system (Mosley et al. 1998). Since the re-launch of the AMS, the tripartite governance system has become firmly established and is welcomed by all parties. The social partners are seen as equals, their input is appreciated and they are actively involved in decision-making.

The rare studies conducted on the topic have found that the differences encountered in the dialogue between the social partners are more often reflections of different points of emphasis on the system rather than conflicts (Lechner 1993, 2014). All social partners tend to say that the inclusive governance model has been a key factor in ensuring the legitimacy and operational success of the AMS. One of the fundamental objectives of all decisions is to reach a compromise which is acceptable to all parties and in which they can clearly perceive their own responsibilities. This culture of social partnership not only internalises conflicts but also reduces the likelihood that only the interests of a particular sector or interest group are pursued (Weishaupt 2011; Lechner 2014).

Due to the nature of the social dialogue, Austrians generally consider the system good and useful for the country. Some studies have noted that the majority of labour market experts also consider the system to be useful overall (AMS 2013).

4.9 Denmark (Transfer of employment services to municipalities)

4.9.1 Institutional context

The unemployment rate in Denmark (6.5%) is clearly below the European average and two percentage points lower than in Finland. Even though the rate is considerably lower than in most European countries, it has increased due to the financial crisis. For example, in 2006–2008 the number of unemployed in Denmark only amounted to less than 4% of the labour force. Since 2008, the number of unemployed has doubled, which means that some 88,400 people have lost their jobs. The financial crisis has affected men in particular, because the sectors that were hit hardest, such as heavy industry, construction and the service sector, are male-dominated sectors. Since the most difficult years of the recession, gender differences in unemployment levels have already diminished (Statistics Denmark 2013).

The financial crisis has also significantly increased the number of long-term unemployed in Denmark. While a few years ago Danish labour policy focussed on tackling the labour shortage by, for instance, increasing immigration, in recent years policy planning has emphasised reducing the amount of long-term unemployment. Denmark has introduced an “emergency rescue plan”, which is now being implemented by employment offices. The plan is of vital importance especially because it involved legislative changes in the length of the unemployment benefit period. Due to the changes, 30,000 people stood to lose their right to benefits. The unemployment benefit period was reduced from four to two years (AMS Denmark 2013).

From a long-term perspective, the future challenges of the Danish labour market remain similar to those in all other developed countries. Due to demographics, Denmark has to find ways to respond to the significant decline in the size of the labour force. According to the Danish statistical authority (Statistics Denmark 2013), for every five people retiring from the labour market only four new employees will enter it. This problem has been tackled by, for example, increasing the retirement age.

The current Danish labour policy system is based on a structural reform carried out in 2007. The key objectives of the reform were to improve efficiency, strengthen the decentralised public sector and increase overall welfare in Denmark. The reform concerned local and regional government. As part of the reform, the number of

municipalities was reduced from 271 to 98. In addition, the 14 counties of Denmark were reorganised into five new administrative regions. The main responsibility for employment services lies with the municipalities, which are governed by politicians elected by popular vote (AMS Denmark 2013).

One important element of the wider municipal reform was to restructure the system of public employment services. Before 2007, employment services were divided into two separate systems: the responsibilities for the insured and uninsured unemployed were split between the national and municipal levels. As part of the reform, the responsibility for insured unemployed people was transferred from the national level to the municipalities. Nowadays, all employment services provided to citizens and businesses are handled at the municipal level. Overall, however, Danish employment policy is organised at three levels: the national, regional and local level. The national level is responsible for setting the main objectives of employment policy. The main objectives are set by the Government, but each municipal employment office also has the autonomy to set smaller targets and evaluate the results achieved.

The most important national operators include the Ministry of Employment and the National Labour Market Authority (Arbejdsmarkedsstyrelsen, AMS), which is responsible for the practical implementation of the duties of the Ministry. Denmark has 91 local job centres. In addition, there are four employment regions that are responsible for the regular supervision and monitoring of the market and the performance of job centres. Job centres evaluate their own operations once a year on the basis of a performance audit. The job centres also use a benchmarking tool (www.jobindsats.dk) to systematically compare their own performance to job centres that operate under similar conditions.

Overall, the Danish administration is fairly decentralised. The purpose of merging the national and municipal employment systems was to enhance the development of cooperation between employment policy and other municipal responsibilities. Operating at the local level also provides the employment operators with better opportunities for closer cooperation with local businesses and the providers of educational and training services. In addition to the new institutional structure, the reform has also entailed making changes to the management and planning models being used (AMS Denmark 2013).

According to a report by the Danish AMS and the European Commission (2013), in recent years the AMS has adopted an evidence-based approach to performance management. Public employment services are chosen on the basis of the expected correlation between input and the positive employment policy outcome achieved. Ideally, all new projects and programmes are based on research and evidence. The AMS can also carry out model projects, or randomised controlled trials, to learn about new methods. According to an OECD study, the local level in Denmark has greater autonomy in matters concerning public employment services than local administrations in other countries. According to the OECD, greater flexibility at the local level usually results in higher outcome performance.

The AMS has identified three lessons that can be learned from the Danish system. First, in the Danish model a few clear performance targets are set at the national level. These targets are made operational and suitable for local conditions. Second, by ensuring that different stakeholders engage in dialogue it is easier to get operators from different fields to commit to the targets. Relevant stakeholders include the social partners and politicians at all three levels (local, regional and national). Third, monitoring a decentralised system requires systematic processes.

It is noteworthy that in Denmark, like for example in Norway, the social partners have a very significant role in the planning of labour policy. One of the achievements of tripartite cooperation is the flexibility of the Danish labour market. In the system, consensus and agreements are more important than legislation. The social partners are expected to agree on matters concerning wages and employment relationships without state intervention. Over the course of several decades, this has resulted in the so-called Danish flexicurity system in which people constantly move in and out of unemployment. There are no pre-determined periods of notice or minimum wages in Denmark, which makes it easier for companies to adapt to changes in the economic situation. On the other hand, unemployment benefits are relatively generous and investments in active labour market policy measures are relatively high (Hendeliowitz 2008).

4.9.2 Special theme: Municipal reforms

It was observed during the study trip that the municipal reform was partly a political compromise in which labour policy (the municipalities' need for tools) was used as an argument for implementing the reform. This observation is in contrast to the more common views and arguments, according to which the reform was specifically motivated by the aim of making the public employment service more efficient (Toivonen et al. 2013). At first, the reform did not have broad parliamentary support. Therefore, a compromise was made: municipalities were first given six months to independently find amalgamation partners. The alternative was central intervention and involuntary amalgamations. These municipal amalgamations were the structural part of the reform. The functional part entailed the reorganisation of responsibilities and functions across the different levels (national, regional and municipal) (Bolm-Hansen 2012).

Despite discussions and debates, there is very little evidence on the positive outcomes achieved in the system. For example, the success of individual active labour market policy measures may not be directly attributable to the service structure reform, but rather to the evidence-based planning used in the measures (AMS Denmark 2013). Yet, people in Denmark seem to be generally satisfied with the responsibilities of the municipalities and with the new system. The reform has simplified the distribution of responsibilities in employment policy matters, especially from the customers' point of view.

In recent years, municipalities have struggled with insufficient resources and the increasing costs of active labour market policy because of the fact that the level of unemployment has risen (Mikkonen & Eskonen 2013). The state funds municipalities and covers 50% of the project costs of job centres (Raivio & Harju 2013). However, municipalities tend to use their resources for education and healthcare rather than employment measures.

The challenges of the decentralised system have also been seen to include the risk that the national level becomes alienated from employment matters (Toivonen et al. 2013). This alienation could cause problems since general policy-planning, steering and target-setting are still carried out at the national level. It is increasingly important to enhance close cooperation between the different levels of decision-making.

The small size and large number of job centres may also become a challenge. Problems may arise in terms of the knowledge level required from local job centres and their ability to serve highly qualified jobseekers and technologically advanced companies. Such issues will be discussed in the upcoming report prepared by a team of experts led by Carsten Koch. The team was set up to examine the Danish employment service reform. The team has also covered questions such as how to find measures that speed up the permanent transition from unemployment to employment, how to ensure personal initiative without weakening the principle of making the unemployed available for the labour market and how to strengthen the cooperation between businesses and the public employment service (AMS Denmark 2014).

The Koch report published in 2014 recommended maintaining the basic responsibilities of the system, but it otherwise encouraged a wider reform. The report includes 39 recommendations for the development of labour policy. These recommendations are grouped under three themes: A) developing new, individual job search methods and making job seeking more intensive; B) increasing the use of targeted education and training; and C), strengthening the cooperation between businesses and employers, which entails, in particular, the increasing need for job centres to create labour market contacts, improving the knowledge and skills of caseworkers, developing relations with employer customers, increasing cooperation between municipal business services and the centres, creating a model for national employer accounts, and mapping potential large, nationwide projects with employment potential. In other words, the report recreates national coordination mechanisms for businesses that are active in the whole country and tries to strengthen the job centres' limited focus on the needs of the labour market (Koch 2014, p. 9-).

5 Review design and methods

The design and methods of the review have been based on the aim of supporting the internal learning process of the labour policy's service structure project. Many of the themes discussed in this review are reflected in the practical work and recommendations of the working groups evaluating the service structure.

The questions used in the review have involved the following five themes:

1. What kinds of experiences (successes and challenges) do the countries examined have with the country-specific themes? (See synthesis and country-specific sections.)
2. How are labour policy services organised and governed in each country with respect to the special theme? (See synthesis and country-specific sections.)
3. Which challenges and pain points have been previously identified in the Finnish system in relation to the special and secondary themes examined? (Identified in the service structure evaluation.)
4. What lessons can be learned in Finland from the solutions and experiences associated with the special and secondary themes? (See recommendations.)
5. What recommendations can be given for the Finnish labour policy service system? (See recommendations.)

The review has been based on a comparison of nine different countries. The material used varies from one country to another in terms of labour intensity.

In some of the countries, the review has been based on the work of a local expert. The experts were located in Norway, the United Kingdom, Switzerland, Australia and Germany. In the case of secondary countries (Denmark, Sweden, the Netherlands and Austria), the examination has been based on a short literature review done by the coordinator and study trips made by experts in service structure evaluation. During the review process, study trips were made to Norway, the United Kingdom, the Netherlands, Sweden and Switzerland. The service structure evaluation project also made a study trip to Denmark, and the related material has been available to the peer reviewers.

Each country was assigned a special theme or a set of special themes. The peer reviewers and the themes of each country are presented in the following table:

Table 9. Country-specific peer reviewers and special themes.

Country	Special theme
Norway (Professor Tom Christensen)	The integration of labour, social and health policies (and services) Cooperation and division of duties between the state and municipalities
United Kingdom (Dr Ken Walsh)	The role of the private sector and social enterprises in the production of services
Australia (Dr Tony Eardley)	The role of the private sector in the production of services and quality management
Germany (Professor Michael Neugart)	The implementation of systematic and long-term reforms of active labour market policy and the related use of evaluation data
Switzerland (Dr Christoph Hilbert)	Service structure management, the evaluation of performance/effectiveness and tripartite cooperation
Secondary countries	Denmark: Evaluations of the municipalisation of employment services Sweden: Solutions concerning the production and structure of employment services Netherlands: Electronic services and cooperation with private service providers Austria: Governance of the service structure and tripartite cooperation

The Owl Group Oy has been responsible for carrying out the review and producing all the related material and this report.

At the beginning of the peer review process, a description of the current state of the Finnish employment service was written in English. The peer reviewers described the challenges and successes connected with the service systems of the countries examined. The Ministry of Employment and the Economy and the peer reviewers have reflected upon these experiences in video dialogues. After the study trips, matters relating to the recommendations have been further clarified in video consultations concerning certain countries. The study trips and peer reviewers have been listed in the references.

The background overview of each country has focused on the labour policy management system and literature on the special theme in question.

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Appendix 1

The contextual factors used in the Australian performance management model

Job Seeker Characteristics	Description
Age	Age at commencement.
Age of Youngest Child	The age of the youngest dependent child.
Allowance Type	Allowance type at commencement.
Culturally and Linguistically Diverse	Country of birth – two groups of medium and high level of disadvantage.
Community Development Employment Projects program Participant	Has participated on a Community Development Employment Projects program project while in Stream Services.
Days Available	The number of days which the provider has had to place the job seeker.
Disability	Identification of any disability through the Job Seeker Classification Instrument.
Drought Force	Has participated on a Drought Force project while in Stream Services.
Earn or Learn	Identified as 'Earn or Learn' job seekers.
Education Level	Highest education level (from current registration record).
Ex Offender	Identified as having had a custodial sentence.
Flow	Identified as being an active job seeker at the start of the Job Services Australia contract period.
Gender	Gender.
Indigenous	Job seeker is indigenous.
Indigenous Metro	Job seeker is indigenous and is being assisted by a Metropolitan located site.
Long Term Income Support	Proportion of the preceding 10 years the job seeker was on income support (or from the age of 15 if they are under 25).
Mature Age Volunteer	Identified as being aged 55+ and undertaking voluntary work.
Pre Release Prisoner	Has participated in a pre-release prisoner project.
Transient	Number of moves to different postcodes and different Employment Service Areas during period of assistance.
Unemployment Duration	Unemployment duration at commencement.
Unstable Accommodation	Identified as having unstable accommodation through the Job Seeker Classification Instrument.
Work Capacity Hours	The number of hours per week available for work as identified by the Job Capacity Assessment.

Labour Market Characteristics	Description
Employment Growth	The employment growth rate of the job seeker's Australian Bureau of Statistics Statistical Region.
Industry Share	Industry share of employment by 19 Industry Types based on Australian Bureau of Statistics Statistical Regions.
Jobs Available	The monthly average number of jobs available to be filled in an Employment Service Area while the job seeker was in assistance. It is calculated by dividing the number of jobs on Australian Job Search by the number of active Job Services Australia job seekers.
Metro Employment Service Area	Job seeker is being assisted by a Metropolitan located site.
Statistical Local Area Size	Job seeker lives in a Statistical Local Area which has an area of 2,000 or more square kilometres.
Unemployment Rate	The unemployment rate of the job seeker's Australian Bureau of Statistics Statistical Local Area.

Star Rating	Star Percentages
5 stars	40% or more above the average
4 stars	Between 20% and 39% above the average
3 stars	Between 19% above and 19% below the average
2 stars	Between 20% and 49% below the average
1 star	50% or more below the average

Tekijät Författare Authors Olli Oosi Owal Group Oy	Julkaisu-aika Publiceringstid Date Joulukuu 2014 Toimeksiantaja(t) Uppdragsgivare Commissioned by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy Toimielimen asettamispäivä Organets tillsättningsdatum Date of appointment
Julkaisun nimi Titel Title Työpolitiikan palvelurakenteiden kansainvälinen vertaisarviointi	
Tiivistelmä Referat Abstract <p>Kansainvälinen vertaisarviointi on osa työ- ja elinkeinoministeriön koordinoimaa Työpolitiikan palvelurakennearviointi -hanketta. Kyseessä on vertailuanalyysiin perustuva arviointi, jonka ensisijaisena tavoitteena on ollut tuottaa ideoita Työpolitiikan palvelurakennearvioinnille valikoitujen maiden ja arviointiteemojen osalta. Tarkastelun kohteena olleita maita ovat olleet Ruotsi, Norja, Tanska, Iso-Britannia, Australia, Saksa, Itävalta, Sveitsi sekä Alankomaat.</p> <p>Tarkasteltavissa maissa on keskenään erilainen orientaatio työpolitiikkaan johtuen jokaisen maan omista historiallisista lähtökohdista palvelujärjestelmän rakentamiseen. Poliittisella päätöksenteolla on ollut usein varsin suuri merkitys työpoliittisten palvelujärjestelmien luomisessa. Erilaisia valintoja selittävät myös esimerkiksi työsuhteen turvan ja työttömyysturvan rahoituksen kysymykset sekä työmarkkinoiden rakenne, hallinnollinen rakenne ja alue- ja yhdyskuntarakenne.</p> <p>Arvioinnin keskeiset suositukset ovat luonteeltaan strategisia ja ne perustuvat eri maiden kokemuksiin arviointiteemojen kehittämistä ja kehittymistä. Suositusten laatimisessa on käyty dialogia Palvelurakennearvioinnin asiantuntijoiden, vertailumaiden viranomaisten sekä vertaisarvioitsijoiden välillä.</p> <p>Arvioinnissa suositellaan ensinnäkin yhteistyön vahvistamista julkisten työvoimapalveluiden sekä yksityisten työnvälitystoimijoiden ja palveluntuottajien välillä: 1) Yhteistä tahtotilaa ja yhteistyötä tulee vahvistaa julkisen työvoimapalvelun sekä yksityisten työnvälitystoimijoiden ja palveluntuottajien kanssa; 2) Suomessa tulee testata ja kehittää tulosperusteista ostamista ja tulosperusteisen ostamisen erilaisia vaihtoehtoja nykytilanteen puitteissa; 3) Yksityisten toimijoiden kanssa tulee toteuttaa systemaattista markkinavuoropuhelua järjestelmän kehittämiseksi sekä yhteisten tavoitteiden löytämiseksi.</p> <p>Arvioinnin toisessa suosituskokonaisuudessa esitetään työpoliittisen palvelujärjestelmän suorituskyvyn johtamisen ja mittaamisen käytäntöjen uudistamista: 1) Suomessa tulisi siirtyä vahvemmin työllistymistuloksien mittaamiseen ja palveluyksiköiden suorituskyvyn vertailuun; 2) Tutkimus- ja arviointitoiminnan painoarvoa ja kokeilukulttuuria tulisi vahvistaa.</p> <p>Arvioinnissa nostetaan lisäksi esiin yksittäisiä hyviä käytäntöjä, joista Suomi voisi oppia. Näitä ovat sähköisten palvelujen kehittäminen työnhakijan palvelua ja virkailijoiden työtä vahvemmin ohjaavaksi työkaluksi, valtakunnallisten työnantaja-asiakkuuksien toimintamallin kehittäminen, sosiaalisen median valtakunnallisen hyödyntämisen vahvistaminen sekä vaikeasti työllistyvien palveluiden kehittämisrakenteiden varmistaminen.</p> TEM:n yhdyshenkilö: Työllisyys- ja yrittäjyysosasto/Jarkko Tonttila, p. 029 506 0069	
Asiasanat Nyckelord Key words työpolitiikka, työvoimapolitiikka, palvelurakenteet, kansainvälinen vertailu, julkinen työvoimapalvelu	
Painettu julkaisu Inbunden publikation Printed publication ISSN	Verkkopublication Nätpublicatión Web publication ISSN 1797-3562
ISBN	ISBN 978-952-227-925-5
Kokonaissivumäärä Sidoantal Pages 98	Kieli Språk Language englanti, engelska, English
Julkaisija Utgivare Published by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy	Vain sähköinen julkaisu Endast som elektronisk publikation Published in electronic format only

Tekijät Författare Authors Olli Oosi Owal Group Oy	Julkaisu-aika Publiceringstid Date December 2014 Toimeksiantaja(t) Uppdragsgivare Commissioned by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy Toimielimen asettamispäivä Organets tillsättningsdatum Date of appointment
Julkaisun nimi Titel Title Internationell peer review av servicestrukturerna inom arbetspolitiken	
Tiivistelmä Referat Abstract <p>Den internationella peer review som utförts är en del av projektet Utvärdering av servicestrukturen inom arbetspolitiken, som samordnas av arbets- och näringsministeriet. Det är en utvärdering baserad på en jämförande analys med det primära syftet att producera idéer för utvärderingen av servicestrukturen inom arbetspolitiken i fråga om utvalda länder och utvärderingsteman. De länder som granskades var Sverige, Norge, Danmark, Storbritannien, Australien, Tyskland, Österrike, Schweiz och Nederländerna.</p> <p>Länderna har en sinsemellan olika orientering i arbetspolitiken beroende på varje lands egna historiska utgångspunkter för uppbyggandet av servicesystemet. Det politiska beslutsfattandet har ofta haft en rätt stor betydelse i skapandet av de arbetspolitiska servicesystemen. De olika valen förklaras också av frågor som gäller t.ex. anställningstryggheten och finansieringen av utkomstskyddet för arbetslösa samt av arbetsmarknadens struktur, den administrativa strukturen och region- och samhällsstrukturen.</p> <p>De centrala rekommendationerna i utvärderingen är till sin natur strategiska och de baserar sig på de olika ländernas erfarenheter av hur utvärderingsteman har utvecklats. Vid utarbetandet av rekommendationerna har förts dialog mellan de sakkunniga inom servicestrukturutvärderingen, jämförelseländernas myndigheter samt utvärderarna.</p> <p>I utvärderingen rekommenderas först och främst att samarbetet stärks mellan den offentliga arbetskraftsservicen och de privata arbetsförmedlingsaktörerna och serviceproducenterna: 1) Den gemensamma ambitionen och samarbetet bör stärkas mellan den offentliga arbetskraftsservicen och de privata arbetsförmedlingsaktörerna och serviceproducenterna, 2) i Finland bör testas och utvecklas resultatbaserad upphandling och olika alternativ för resultatbaserad upphandling inom ramen för den nuvarande lagstiftningen, 3) med de privata aktörerna bör föras en systematisk marknadsdialog i syfte att utveckla systemet och hitta gemensamma mål.</p> <p>I utvärderingens andra rekommendationshelhet föreslås det att praxis i mätningen av det arbetspolitiska servicesystemets prestationsförmåga och ledningen av det ändras: 1) i Finland bör man övergå till att i högre grad mäta sysselsättningsresultaten och jämföra serviceenheternas prestationsförmåga, 2) forsknings- och utvärderingsverksamhetens vikt och experimentkulturen bör stärkas.</p> <p>I utvärderingen lyfts dessutom fram olika slag av god praxis, som Finland kan lära sig av. Sådan praxis är utveckling av e-tjänsterna till ett verktyg som kraftigare styr betjäningen av den arbetssökande och tjänstemännens arbete, utveckling av ett koncept för riksomfattande arbetsgivarkundrelationer, stärkande av ett riksomfattande utnyttjande av sociala medier samt säkerställande av strukturerna för utveckling av servicen för svårssysselsatta.</p> <p>Kontaktperson vid arbets- och näringsministeriet: Avdelningen för sysselsättning och företagande/Jarkko Tonttila, tfn 029 506 0069</p>	
Asiasanat Nyckelord Key words arbetspolitik, arbetskraftspolitik, servicestrukturer, internationell jämförelse, offentlig arbetskraftsservice	
Painettu julkaisu Inbunden publikation Printed publication ISSN	Verkojulkaisu Nätpublikation Web publication ISSN 1797-3562
ISBN	ISBN 978-952-227-925-5
Kokonaissivumäärä Sidoantal Pages 98	Kieli Språk Language englanti, engelska, English
Julkaisija Utgivare Published by Työ- ja elinkeinoministeriö Arbets- och näringsministeriet Ministry of Employment and the Economy	Vain sähköinen julkaisu Endast som elektronisk publikation Published in electronic format only

International Peer Review of Labour Policy Service Structures

The report provides an informative overview the operating environments and service structures of labour policy in nine OECD countries and puts forward interesting questions and opportunities for learning that can be used to develop the service system in Finland. The target countries in the review are Sweden, Norway, Denmark, the United Kingdom, Australia, Germany, Austria, Switzerland and the Netherlands. Each country is observed through a specific theme.

As well as listing individual good practices that Finland could learn from, the international peer review produces clear guidelines for developing the labour policy service structures in Finland. The observations and recommendations produced in the review have been generated and refined mainly through interaction between peer reviewers, authorities in the target countries and Finnish experts.

Electronic publications
ISSN 1797-3562
ISBN 978-952-227-925-5



TYÖ- JA ELINKEINOMINISTERIÖ
ARBETS- OCH NÄRINGSMINISTERIET
MINISTRY OF EMPLOYMENT AND THE ECONOMY