




Inclusive Governance for Inclusive Growth: the Role of PES Performance Management

Prof. Alex Nunn, University of Derby, UK.





Why are PES useful? What do they do?

- ◇ Act as intermediary between supply & demand.
- ◇ Specific roles:
 - Administer unemployment benefits.
 - Provide brokerage services:
 - Fiscal responsibility
- ◇ Reconcile different interests.

Labour market relationships





Inclusive

Growth

economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society. (OECD).





Different types of complementarity

Cost Competitiveness

- ◇ Labour must be priced relative to compete in international markets.
- ◇ *PES to:*
 - *promote rapid job entry.*
 - *focus on the supply-side.*

Innovation Competitiveness

- ◇ Enhanced focus on matching skills.
- ◇ Incentives for up-skilling.
- ◇ Incentives for employers to train & improve productivity.
- ◇ *PES to focus on matching / limited training.*

Inclusive Growth

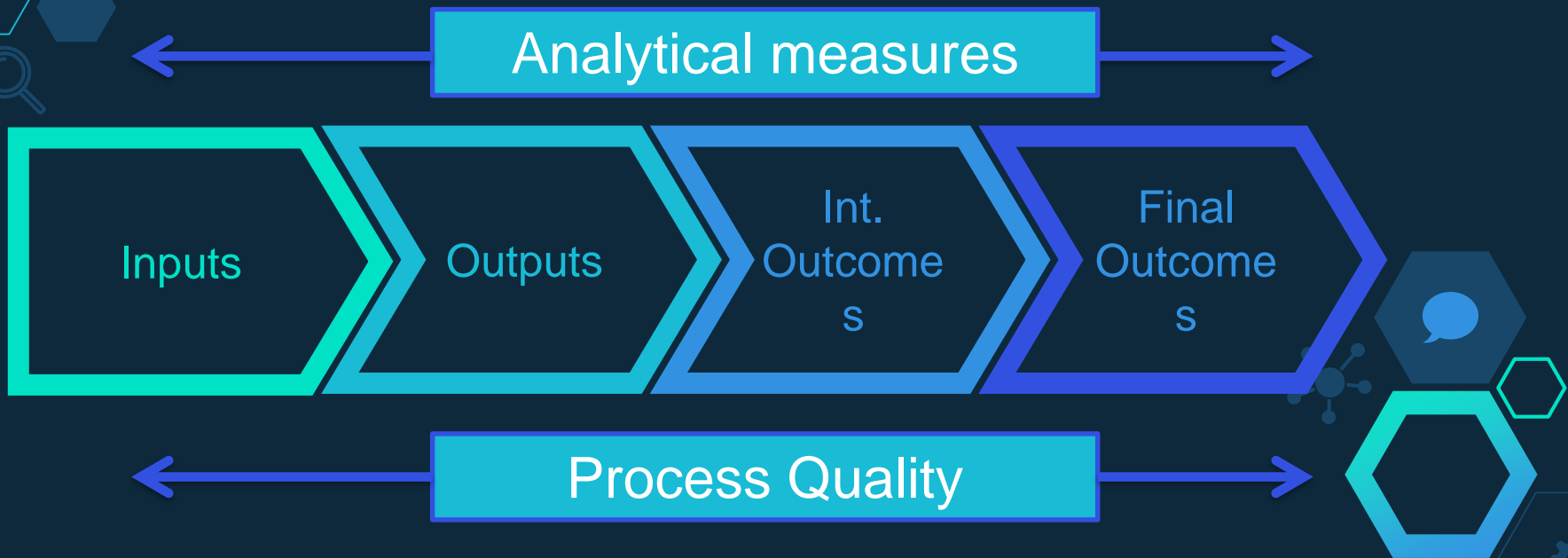
- ◇ Enhanced focus on promoting inclusion & equality.
- ◇ Focus on supply & demand.
- ◇ *PES to focus on:*
 - *matching.*
 - *skills.*
 - *employer recruitment & pay, conditions.*



What can PES Performance Management be used for?

- ◇ Political accountability of politicians.
- ◇ Management of complementarities & feedback loops.
- ◇ Delivery accountability of public officials.
- ◇ Management accountability of delivery organisations.
- ◇ Policy and practice learning.
- ◇ Service improvement.
- ◇ Support policy delivery in other domains.

A Framework for thinking about PES Performance Management



Input measures	Output measures	Process Quality	Intermediate Outcome measures	Final Outcome measures	Analytical measures
Spending: - On staff - On programmes	Vacancy registration	Assessment of interviews of plans	Transitions: From welfare benefits Into different outcomes	Employment rate (for different groups/places)	Cost - per jobseeker - per job outcome
Staff hours contracted	Interviews completed	Customer satisfaction surveys	Skills levels.	Unemployment rate (for different groups/places)	Benefit savings from interventions
Number of Offices	Individual plan completion	Employer satisfaction surveys	Benefit / Unemployment duration	Inactivity rate (for different groups / places)	Net benefit of PES activity
Spending on compliance and processing	Referrals	Mystery shopper	Firm recruitment / operational practices	Productivity (for different places)	
	Placement into work trials	Standards compliance	Vacancy filling		
	Sanctions	Claim/ Payment rates	Long-term wages/ employment		
← Input/Process orientation			Outcome orientation →		



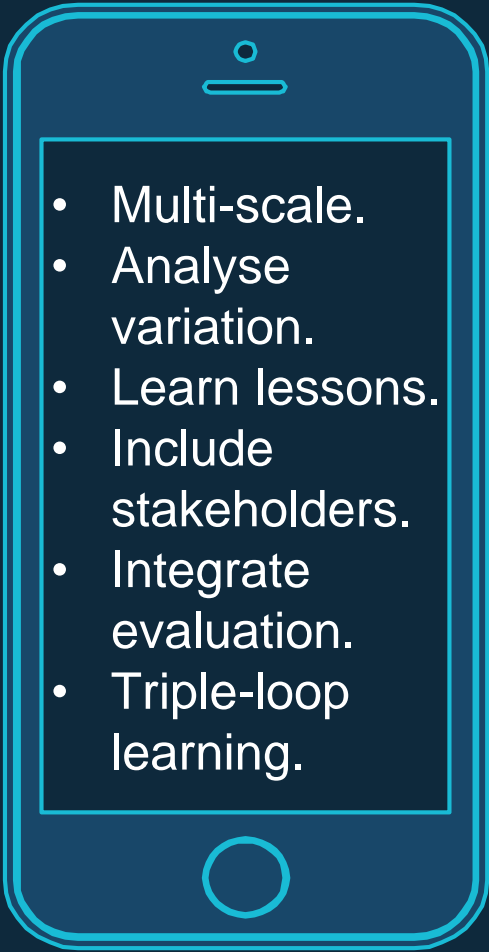
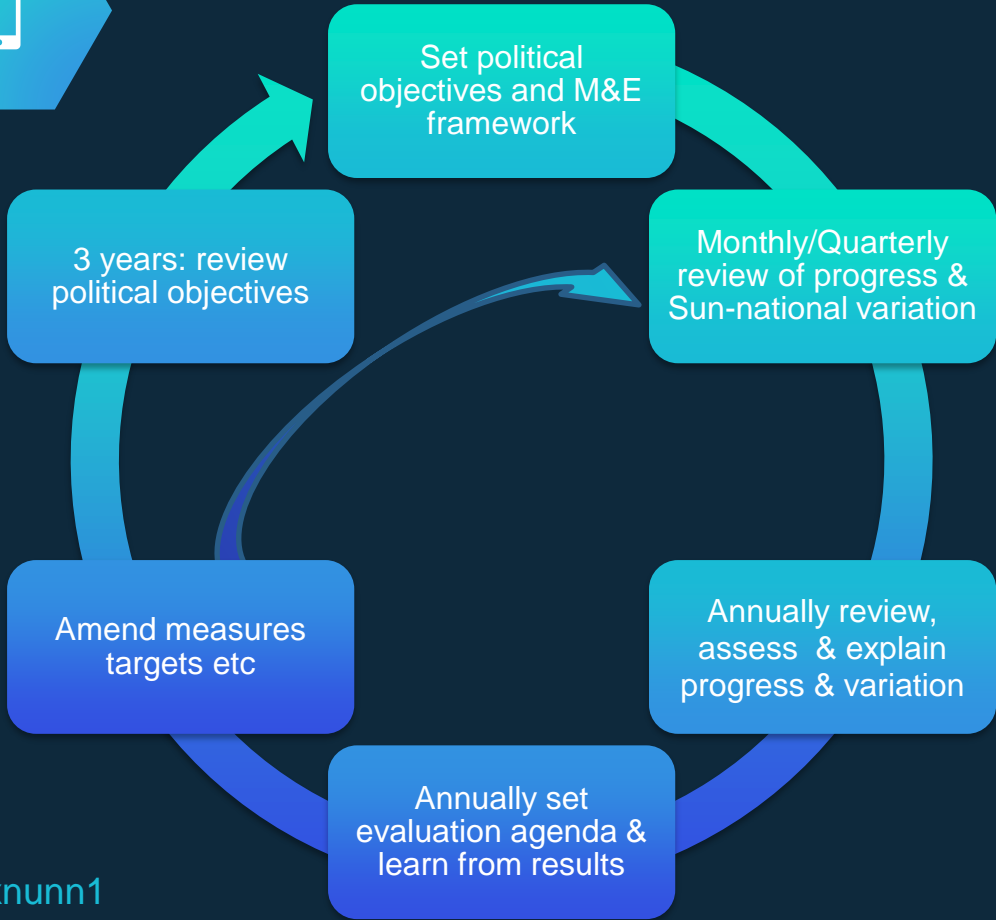
Some problems to avoid

- ◇ Costs!
- ◇ Negative externalities, e.g. labour utilisation.
- ◇ Poor quality data.
- ◇ Customer prioritisation (creaming and parking).
- ◇ Benefit shifting or sanctions (displacement/unintended effects).
- ◇ Unnecessary interventions (deadweight/substitution).
- ◇ Diversion of effort into gaming/information production.
- ◇ Process problems
- ◇ Insufficient attention to analytical measures and/or explicit frameworks.



Inclusive governance

- ◇ Inclusive *growth* – policy content.
- ◇ Inclusive *governance* – means of implementation.
- ◇ PM can be used at different scales to incorporate stakeholders.
- ◇ Promotes dialogue, & builds case for investment & continuous improvement.
- ◇ Helps to overcome problems and perverse incentives.
- ◇ Protects from knee-jerk central change.
- ◇ At national level – monitoring, comparison, system design.
- ◇ At multiple scales—
 - builds network partnerships & coordination – ‘conducting’;
 - enhances responsiveness;
 - promotes understanding of performance variation.





International 'Peer-learning'



@Alexnunn1

a.nunn@derby.ac.uk





Considerations in developing PES PM

- ◇ What is a desirable labour markets structure – complementarities?
- ◇ How does the PES currently relate to the labour market?
- ◇ In what ways can PES PM influence the PES role as an intermediary between firms/households to achieve desired labour market outcomes?
- ◇ All this means that:
 - Context is everything (institutional devp, skills base, informality, rurality, other priorities).
 - Institutional complementarities are crucial.
 - Simple policy borrowing (from Europe/US) is highly questionable