



## GERMANY

# Measuring sustainable employment of PES customers

A KEY PERFORMANCE INDICATOR PROMOTING LOCAL PES TO FOCUS ON SUSTAINABLE EMPLOYMENT

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The aim of the practice is to monitor PES performance in terms of promoting sustainable employment for PES customers. The indicator is one of nine key performance indicators used to monitor the performance of local PES offices, contributing to planning PES targets. The indicator provides information on the number of unemployed people who have found regular jobs and are still in employment after six months. The indicator also contributes to providing information on different variables influencing sustainable employment such as active labour market measures and customer characteristics. A key lesson learnt from the practice is that accurate and updated data is necessary to create a meaningful indicator.

Name of the PES

Federal Employment Agency (Bundesagentur für Arbeit) (German PES)

When was the practice implemented?

2014–ongoing.  
Although the indicator was included as one of 10 key performance indicators for the unemployment insurance targets in 2014, it was already in use before that in internal performance management.

Which organisation was involved in its implementation?

Federal Employment Agency (German PES).  
The PES Controlling department at national level is responsible for setting the annual targets for the indicator for each local PES office.  
Regional and local PES offices revise local targets and collaborate with the national PES level.  
The PES Statistics department at national level and external social insurance institutions support the practice by providing data.

Which groups were targeted by the practice?

The indicator enables managers and controllers (responsible for performance management) in PES local and regional offices and at head office to assess performance in promoting sustainable jobs.

What were the practice's main objectives?

The objective of the indicator is to monitor PES performance in terms of promoting sustainable, long-term jobs. The indicator is one of the nine key performance indicators rating all local PES office performances. The national PES is able to encourage local PES offices to focus on promoting sustainable employment.  
The indicator also aims to improve PES services. It provides information on the possible effect of several variables in long-term job uptake. PES can identify if customers participating in PES services find more sustainable jobs.  
Ultimately, the objective is to prevent and reduce unemployment.

What activities were carried out?

The indicator shows the number of registered PES customers who found employment (through PES placement services or by themselves) and are still in the job six months later. The indicator measures only regular jobs liable for social insurance contributions and excludes other working arrangements. The information is collected from Federal Employment Agency data and social insurance institutions. The self-employed and anyone ceasing employment during those six months are excluded. In addition, possible job interruptions are also measured by calculating the average duration of employment during the six months.

The indicator is used:

- ▶ to plan and monitor performance at local PES offices;
- ▶ to monitor overall PES performance at national level.

For unemployment insurance targets, performance is measured by nine key performance indicators. The controlling department at the head office sets the annual targets for the sustainable key performance indicator for the coming year for all local PES offices, although local adjustments are possible. The planned and actual targets of each indicator are monitored in performance dialogues between the regional offices and local offices. This indicator is therefore used to plan and monitor local performance in terms of sustainable jobs.

PES local offices also use this data to analyse the variables that could promote long-term employment. This exercise is carried out with the support of a specific statistical model using control groups to compare performance.

What resources and other relevant organisational aspects were involved?

Data is gathered from the Federal Employment Agency statistics department and from the social insurance institutions.

What were the source(s) of funding?

National funds.

What were the outputs of the practice: people reached and products?

The results of the indicator feed into reports and statistics on its progress. The data is used in all internal performance management reports at local, regional and national level, such as administrative board reports and local PES office performance reports.

As one of the 9 key performance indicators for the unemployment insurance, the indicator is used in the internal management information system.

PES managers and controllers can analyse the indicator by breaking down the data on the following variables:

- ▶ teams of job counsellors within a local PES office;
- ▶ PES customer main characteristics (sex, age);
- ▶ PES customer job market profile (according to their proximity to the job market);
- ▶ active labour market policy (ALMP) measures applied;
- ▶ three, six and twelve months after the take-up of employment.

The analysis of these variables helps PES to better understand the influence of these variables on finding long-term employment.

What outcomes have been identified?

The main outcome of the indicator of sustainable jobs is to encourage local PES offices to target their services towards long-term employment. The focus on increasing the sustainability of job creation helps to reduce the cost of unemployment benefit because people stay employed for longer. Since its introduction, sustainable employment increased from 67.4 % in 2014 to 72.8 % in 2018. Roughly three out of every four PES customers were still in their jobs six months after finding a job.

Analysing employment after six months also helps PES to monitor certain variables which may influence the indicator results. For example, the German PES analyses participants of ALMP with non-participants in a statistically similar control group.

The results show differences between measures, for example:

- ▶ 77 % of recipients of wage subsidies are still in employment after 180 days compared to 36 % of the control group.
- ▶ 58 % of people completing vocational training (often outside a workplace) are still in employment after 180 days compared to 50 % of the control group. Nevertheless, this is only a comparison for the first 180 days and effects can differ after longer periods of time.

### What are the lessons learnt and success factors?

When the sustainability indicator was added as a key performance indicator in 2014, it was partly in reaction to concerns raised by the German Federal Court of Auditors. The concern was that the previous target system focused too heavily on quantitative outcomes that could encourage an emphasis on those groups that integrate more easily into the job market.

However, there is also a trade-off between this indicator and overall job creation. Although sustainability is important, even temporary employment can bring some customer groups closer to the job market, for example, by enhancing their social and work skills.

The indicator creates a general picture of sustainable job creation and could be easily adopted by other PES. One of the key success factors is the existence of accurate, updated data. In Germany, the comparison between people who have been employed for six months and the overall number of jobseekers is only possible because the customer code numbers of the Federal Employment Agency and the institutions for social insurance are matched at the individual level.

The indicator has been a well-established tool in PES to measure the sustainability of job creation. However, certain limitations have to be taken into account when planning measures to promote long-term employment. For example, data used for the indicator is a year old (people have to be employed for six months and it takes a further six months for social insurance data to be calculated) and seasonal influences also need to be considered.



### Contact details for further information

Name: SOTTUNG, Steffen

Email: [steffen.sottung@arbeitsagentur.de](mailto:steffen.sottung@arbeitsagentur.de)