Country Report

Norway

Client: European Commission

Rotterdam, London, 11 November 2011

Country Report PES PMS

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ECORYS

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Table of contents

Summary 5

1 Background information 7

2 PES performance measurement systems - Design 11

3 PES performance measurement systems - Use 15

4 EURES 17

5 Geographical labour mobility 21
5.1 Design 21
5.2 Use 22

Annex 23

Summary

ID	
Country	Norway
Name PES	Central Agency for Employment and Welfare (NAV)
Name researcher	MC/LS
Additional remarks (e.g. source gaps, problems, challenges)	Country visited

1 Background information

General information PES		Source*
Mission & tasks & targets	The 2006 Labour and Welfare Services Act gives NAV responsibility for a wide range of clients and issues: unemployment, sick leave, vocational rehabilitation, disability, social assistance, and old-age pensions. It entrusts NAV staff with a wide range of tasks, including: • Carrying out labour market, social insurance and pension policies; • Providing incentives to benefit recipients to take up employment wherever possible; • Assisting in job search and mitigating the effects of unemployment; • Following up and controlling benefit payments; and • Providing advice and guidance to employers and employees to prevent sickness absence; and • labour market exclusion. The key objectives are: 1. More people in work and activity, fewer on welfare benefits; 2. A well-functioning labour market; 3. The right services and benefits at the right time; 4. Good service matched to the users' circumstances and needs; 5. A comprehensive and efficient labour and welfare administration.	OECD 2009. Annual report NAV 2009.
Organisational setup (nr. of central, regional and local offices)	In 2009, NAV offices were established in 154 municipalities and urban districts. At the end of 2009, there were NAV offices in 447 municipalities and urban districts. Once all the planned new offices are open, there will be 457 NAV offices. Locally, the NAV is establishing a one-stop-shop system together with the social services administration. This front-line service is intended to be run as a central-local partnership regulated by local agreements. Legally, the front-line service is based on a binding agreement between the central and local authorities laid down in local co-operation agreements. It is intended that the front-line service units will be in place by 2010.	Annual report NAV PES 2009. DWP International overview 2009.
Human resources (nr. of staff if possible fte's) Please mention the year	Number of employees: 14,239; Number of full-time equivalents: 13,947; (1 January 2010)	Annual report NAV PES 2009.

General information PES		Source*
Financial resources (annual budget) Please mention the year	Annual budget: NOK 300 billion (equivalent to over EUR 37 billion). Sources of finance for NAV are mixed. In the area of labour market policy, while benefits to the unemployed and the vocationally disabled plus some labour market measures are financed by insurance contributions (via the NIA), the state budget finances most active programmes as well as NAV administrative resources. NAV manages benefits and services for several ministries with the largest budget items being retirement pensions, disability pensions, sickness benefits and vocational rehabilitation benefits. NOK 12.5 billion (EUR 1.5 billion) was allocated to labour market programmes, as defined by the OECD/Eurostat labour market expenditure database; this represents only a relatively small part (around 8%) of the overall budget.	OECD 2009.

Institutional context		Source
How closely linked is the PES to relevant governmental body? (*deconcentration*: is this a part of a ministry, is it a legal form, a separate agency?)	NAV has existed since 2006 and is more autonomous than the previous PES. There is an on-going process of formal dialogue between the Ministry and the PES which begins with the issue of an annual award letter (which describes the budget for that year and how it should be used by the employment service and welfare administration, including EURES). The PES report against this three times per year to the Ministry. After submission of these reports there are meetings at different levels. The reports provide an update on a set of 35-40 indicators (mostly focused on welfare aspects) and progress towards targets.	Interviews.
How much autonomy is given to regional and local level in PES? (*decentralisation*: who designs budget, the strategy etc.)	The state budget is approved by parliament, and thereafter the different ministries – among which the Ministry of Labour and Social Inclusion – allocate the budget to the Directorate for Labour and Welfare. The Directorate is responsible for channelling the funds to the county/regional labour and welfare offices, while the county offices decide how to distribute funds between local districts, both according to the goals laid down in the "letter of allotment" from the Ministry. The PES also issues a similar letter to counties which send a further letter to local offices. Part of the letter is general for the organisation (e.g. process changes/quality standards – how to do things and priorities) but the second part is more specific and sets out indicators and targets for daily operations. The Ministry is responsible for setting these objectives, but the process is not completely top-down, since the	OECD 2009. Interviews.

Institutional context		Source
	Ministry first discusses the draft objectives and performance indicators with the Labour and Welfare Service. Afterwards, NAV can add its own targets for its regional offices and finally all local offices will get a set of performance indicators (attached to the budget allocation) that they need to meet. In principle, the local offices are free to, and in fact are encouraged to decide what measures are most appropriate to get good results; they can therefore move to a certain extent between budget lines, reflecting a certain degree of local-level autonomy. Nevertheless, on the whole the system of performance management leaves NAV considerable leeway in applying allocated grants and choosing appropriate measures to achieve the targets more efficiently. For example, the county/local offices can in principle shift from, say, sheltered workshops to supported employment. The Ministry's supervision is usually (with the exceptions outlined above) limited to first defining concrete objectives for NAV to achieve and afterwards, measuring indicators of performance and comparing them to the objectives.	
To what degree are services or tasks outsourced to voluntary or private sector? (*Privatisation*: which services are outsourced and to whom?)	Cooperation or contracting out to private service providers is used to deliver more specialised services also for disadvantaged groups.	The role of the Public Employment Services related to 'Flexicurity' 2009.

Country information		Source
Sending or receiving country? Please elaborate.	Norway is a receiving country. It is reported that the EURES service receives a lot of requests to provide employers for job fairs.	Interviews.
Background information: • % of employment; • % of unemployment; • the main challenges on the labour market.	Over the past few years, employment conditions in Norway have been better than in most OECD countries, reflecting strong real GDP and productivity growth. The labour market situation has been marked by very low unemployment rates, coupled with labour force participation and employment rates that are among the highest in the world. The global financial and economic crisis and the significant decline in oil and gas prices observed since the second half of 2008 will lead to a slow down in economic growth and some deterioration in labour market conditions. Labour market programmes in Norway are distinguished between those for "ordinary unemployed" (who do not face particular health problems and are not eligible for a health-related benefit) and those for the incapacitated or vocationally disabled, the latter being the most important target group, both in terms of the number of participants and programme	OECD 2009. Interviews.

Country information		Source
	expenditure. Unemployment is low and turnover (the time taken for the unemployed to find employment) is quick. This high turnover from unemployment to employment is thought to indicate a flexible labour market.	

2 PES performance measurement systems - Design

Purpose		Source
For which purpose was the performance measurement system established and for which level? (check for accountability; management information)	The PMS was established in the 1980s as part of the introduction of management by objectives across government with reporting of programme statistics (number of people who started/completed each programme). This was implemented systematically with the purpose of improving government services (more efficient and better quality). In the late 1990s there was increased focus on reporting (given some issues with manipulation of data) and following this there was increased focus on management by results (employment outcomes). The PMS enables the PES to demonstrate what it has achieved to the Ministry and also to monitor the achievements at different levels (regions/counties/local level) of the organisation.	Interviews.

Indicators		Source
What types of indicators are used to measure performance? (in terms of: inputs, outputs, results, impacts)	The PES PMS is part of the wider NAV PMS and data to support the 40 indicators which make up the PMS are contained/collated in a data warehouse. A number of these indicators (around 25) have been selected for use in a scorecard (based on balanced scorecard principles but does not converge on a single indicator). Some elements of the scorecard are common across NAV (e.g. staffing which does not differentiate amongst user groups) but others are activity specific. Norway benefits from good administrative datasets which provide the PES with measures of success (i.e. entry to employment).	Interviews.
Which (sub-) indicators are used for each type? (if there many, please put them in an annex)	Identified sub-groups: young people, immigrants, long-term unemployed, sick people and older people.	Interviews.
Do indicators presuppose causal relationships (input-output; output-results; results-impact)? How?	There is a focus on outputs and results, thus there is limited input and activity evidence e.g. they are unable to determine the resources/staff time which are spent on different areas of responsibility (welfare administration, employment services, pensions, etc.). On-going evaluation of NAV for the period 2006-2014 is in place and is currently looking at efficiency so may	Interviews.

Indicators		Source
	generate some relevant data and could have an impact on the PMS. Likely that PMS will continue to evolve (e.g. refining follow-up indicators related to young people). Monitoring of incentives for programme providers is difficult but they are working on this. Have done some work on individual incentives (decision to take up a programme place versus continuing to look for a job). Recognise that it is not straightforward to use these research findings to develop indicators. View incentives as more of a management issue. Have not done any work on attribution (have tried to address this gap but have not yet convinced decisions makers to fund this). Not sure if it would be possible to get a good analysis of the deadweight problem – situation in Norway not ideal to study this as turnover so quick.	

Targets		Source
Do targets exists, i.e. are indicators quantified? For who are targets set (central office, local offices, individual employees)?	Targets are in place which are set at national level and cascaded down by the PES to county and local level. The PES report on these targets three times per year to the Ministry.	Interviews.
Are targets SMART?	SMART targets are in place.	Interviews.

Tools		Source
Does the PES PMS includes a Data Warehouse (DWH) and to which other administrations is this DWH linked?	The data warehouse holds a range of indicators and a number have been selected for inclusion in the scorecard. All indicators have a specific target and/or an indication of the trend/direction of change. The data warehouse approach brings together a number of existing systems to ensure that all performance monitoring data is available in one place.	Interviews.
Is a tool (e.g. Balanced Scorecard) for presenting management information available?	The balanced scorecard tool has four pillars: 1. user perspective (e.g. waiting time, satisfaction – covers all user groups including job seekers, employers, benefit recipients, etc.); 2. production (internal measures); 3. employees; 4. economic (budgets and labour market measures). For PES the focus is on waiting time, reach to target groups and the stage of the process. The scorecard does not form specific relationships / linkages between the four pillars but there are implied	Interviews.

Tools		Source
	relationships.	

Quality assurance		Source
Is quality of client satisfaction measured? How and frequency?	Annual sample survey of unemployed to assess satisfaction with service in NAV offices (although this does not provide office-level data so is not included in the PMS). Also survey of employers. Some local offices also do their own surveys (e.g. by handing out enquiry forms to clients).	Interviews.

Management and support		Source
What are the main data sources of the PMS?	Most data is obtained directly from computer systems which support administration and follow-up activities (e.g. the case handling system transfers to data warehouse). There are also some manually entered statistics from outside the system (provided by the municipalities). Survey work uses questionnaires which can be entered electronically.	Interviews.
How is data collected and updated?	Data is uploaded each week, and follows a bottom-up process. The PMS also records vacancy data – vacancies reported to PES but also collected from newspapers (vacancies collected this way are also put on the PES website) – good data on flows but stock data less accurate; can analyse by geography and occupation.	Interviews.
Who has access to the data generated by the PMS?	The data warehouse produces top-level reports but it is possible to analyse the data beneath this. All offices can access the data warehouse and produce their own reports and analysis (training is provided).	Interviews.

Tagging customers		Source
Are customers willing to work abroad or willing to hire foreigners especially tagged in the system?	It was noted that data on whether job seekers are willing to work abroad could be improved. Respondents indicated no flagging.	Interviews / Ecorys web survey.

Tracking customers		Source
Is contact maintained with clients to ascertain the results of activity/support provided? For example, are any follow-up surveys undertaken?	Employment outcomes are measured via register data (registers relating to employment and pensions but there are gaps relating to education, self-employment and other inactivity). Further information can be collected in the annual satisfaction survey.	Interviews.

Influence PES resources on PMS		Source
In which ways and to what extent is the PES PMS influenced by the PES resources, business models and national priorities?	National priorities are reflected in the targets which have been set and progress against these is monitored using the PMS.	Interviews.

3 PES performance measurement systems - Use

Performance management areas		Source
Is performance measurement being use for the operational, tactical or strategic level? By whom?	The information provided by the PMS is used at both strategic and operational levels. NAV reports on performance to the Ministry and the information is also used internally to inform management decisions.	Interviews.
At which level (s) of the organisation is performance management practiced?	NAV has a regional/county/local structure and performance is managed by managers at all levels.	Interviews.
In which management areas (Human resources, Financial resources, Quality management, and Strategy development) are the findings of performance measurement used?	PMS generates a solid basis for management decisions, making it possible to get a picture of which client groups have problems and address these (therefore providing a means to prioritise action). Ministry officials reported that they were satisfied with the proximity of research, knowledge and policy-making. The PMS is used at all levels but mainly supports office managers in their business operations as it provides measurement down to office level, although for small offices this data can be less meaningful. It is also used at county-level and regional level and gives consistent presentation across all PES operations.	Interviews.

PES mission and target setting		Source
Please describe the target-setting process: actors involved, frequency, etc.	Targets are set by the PES in agreement with the Ministry on an annual basis.	Interviews.

Benchmarking		Source
Are sub national PES offices benchmarked?	Yes, comparisons can be made at local office level.	Interviews.

Rewards		Source
Is target-realisation rewarded? How?	Information is used as the basis for management decisions and performance monitoring although there is no explicit system of rewards and sanctions.	Interviews.

4 EURES

Information about EURES		Source
General information about EURES (number fte's, cooperation with PES)	There are 28-30 advisers spending a high proportion of their time on EURES (80-100% but flexile and responsive to demand), spread across counties (1-3 advisers per county) plus a service centre to respond to telephone calls and emails (4 advisers are based here and now handle 80% more enquiries than previously). There are also EURES contact persons based at the local level (spending around 5% of time on EURES). EURES provides support to NAV local offices regarding unemployed EU citizens and also provides services to employers. The EURES Manager's mission over the past 12 months has been to better integrate EURES into the PES – this is important for the EC and also very important for NAV. She has focused on finding areas of cooperation and services to employers are a natural area for this. Advisers also assist in follow-up meetings with job seekers interested in working abroad. Cooperation has improved but could be improved further.	Interviews.
Most important stages and tools	Produce a newsletter every 3 months, also have a website to promote their activities and provide a self-service offer. Provide advice to job seekers and make contacts with employers to assess needs and provide support. Attend and undertake job fairs.	Interviews.
Assessment of the tools: what works well and why and what needs some improvement.	Personal contact is the most useful means of engagement and knowledge of the local market is also important (e.g. employer needs). Norway is a popular destination for migrants so they receive a lot of invitations to take part in job fairs but try to focus on those events where they can bring employers with them. There is a need for better communication within the EURES network about the focus of events (targets groups, etc.) as know that employers are not very keen on attending general events, preferring those with focus. Also recognise that it is important to show support for other countries in the network, e.g. Spain which currently has high unemployment.	Interviews.

Information about EURES		Source
	The EURES network facilitates placement – a strength is that it is a human network (e.g. can make contact/work with other EURES managers).	
Which factors facilitate or hinder cross-national placement of individuals by EURES. Describe short their impact.	Language and cultural barriers – Norwegians often more interested in trying to find work in one of the other Scandinavian countries. Another barrier is whether there is potential for the spouse to also find work. A bigger issue is how to get people interested in going to live abroad. Have more success when employers have prepared themselves for taking on foreign workers – try to support this by holding inter-cultural workshops for employers to help them to prepare.	Interviews.
Opinion on the current way/form of reporting in the EA Monthly reports? What works well what does not.	Too many questions and too detailed – should redesign to focus on what the EC needs to know (not what would be nice to know !) Should also restructure to divide into sections on services towards employers, employees and information/marketing activities. Would be helpful to know what the EC do with the information provided and for the EC to use this to provide a report on EURES as a whole. EC should set out some targets for EURES to give focus and direction.	Interviews.
Alternative ways for measuring the performance of EURES (describe shortly)	Have developed own spread sheet which has sections on contacts, placements and marketing/promotion. It repeats the key output measures from the monthly report and adds additional indicators: number of companies brought to job fairs, number of vacancies brought to job fairs and number of cases marketed towards the media (for awareness raising both internally and externally). Data is collected from each adviser every month. EURES Manager monitors this, produces aggregate national figures and uses it to performance manage advisers. No targets are attached to the indicators at present but plan to introduce this next year for some indicators. Advisers also asked to provide commentary on what activity they have undertaken on behalf of or in cooperation with the PES.	Interviews.
What other data is available for measuring the performance of EURES (other than that included in the monthly reports)?	See above.	Interviews.
In your opinion, what are (or could be) the best indicators for measuring the impact of EURES on geographical mobility?	Links to a bigger question of what the purpose of EURES is. EURES is part of PES but if the EC requires that EURES measures all placements then this will be very time consuming and doubt that PES will want to provide additional resources for this. Also self-service aspect makes it difficult to assess outcomes without	Interviews.

Information about EURES		Source
	extensive follow-up activity. Also a focus on placement would lead to a focus on those jobseekers that are easiest to place. Employers cooperate with EURES to obtain referrals but then can manage the rest of the placement process on their own and would not want EURES to be involved. Information provision is a natural task for a public authority as is more credible and this is not a role that private agencies would adopt as cannot make money out of it. If targets are set, this should be linked to the PES as a whole, e.g. if PES has a target to refer x% of job seekers to vacancies then referral to European vacancies by EURES should contribute to this. Easier to develop indicators on a project-level rather than for service as a whole. Should consider including indicators to encourage more customer contact and monitor satisfaction. Should be more discussion within the EURES network about what its priorities are and then use these findings to develop indicators.	

5 Geographical labour mobility

5.1 Design

Specific to geographical mobility		Source
Is the performance of geographical mobility activities other than EURES assessed?	No, only EURES activities are assessed (and this is an output-based assessment).	Interviews.
Do indicators related to geographical mobility activity exist within the PES performance measurement system?	No, the EURES indicators are not part of the mainstream PES PMS.	Interviews.
Are targets in place?	No. There are no targets related to migration.	Interviews.
Does the PES collect any (other) data on geographical mobility activity (i.e. which is not included in the performance measurement system)?	Data on whether job seekers are willing to move could be improved. Undertake a survey of employers twice a year to determine what skills they are looking for and whether they are interested in recruiting from abroad.	Interviews.
Does the PES also monitor geographical labour mobility on the basis of data provided by another organisation (e.g. statistical office)? Which indicators are used?	Statistics Norway provides data on migration patterns.	Interviews.
Where in the PES is data collected and processed?	n/a.	Interviews.
How is quality of service/client satisfaction related to geographical labour mobility activities measured?	Not explicitly measured.	Interviews.
Is contact maintained with clients to ascertain the results of services related to geographical labour mobility provided? For example, are any follow-up surveys undertaken?	No.	Interviews.

5.2 Use

Specific to geographical mobility		Source
At what organisational level (strategic, operational, etc.) and frequency is the effectiveness of services related geographical mobility monitored?	The EURES manager monitors a range of indicators (output focused). This information is collected on a monthly basis.	Interviews.
Is monitoring information or data used to inform future activity/resource allocation?	Intelligence on the local labour market situation and employer needs informs future activity and resource allocation.	Interviews.
Are good practices identified and shared? By whom?	Good practice is shared internally and through informal discussions with EURES network members.	Interviews.
Where and when is information on geographical mobility and associated activity used? Is it shared with cross-border/trans-national partners?	Mobility data not actively used.	Interviews.

Annex

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Stein Langeland, Corporate Governance Office, NAV;
Johannes Sorbo, Labour Market Analysis, NAV;
Tonje Ek Brunvoll, Statistics Office, NAV;
Almedina Jahre, EURES Manager;
Arne Kolstad, Ministry of Labour;
John Petter Boe, Ministry of Labour.

List of indicators

Annex: Sub-indicators

The indicators for resource input: costs and contracted man-years adjusted for long term leaves (2006-2008) within The Norwegian Labour and Welfare Service:

- Own production (mill. NOK);
- Compensation of employees (mill. NOK);
- Use of goods and services (mill. NOK);
- Transfers (mill. NOK);
- Capital formation (mill. NOK);
- Total expenditure (mill. NOK);
- Contracted man-years adjusted for long term leaves total.

The indicators for activities and services, which shows recipients of welfare benefits and persons on ordinary initiatives and persons with occupational disabilities on initiatives:

- Recipients of unemployment benefits (yearly average);
- Recipients of sickness benefits (per 30 June);
- Recipients of disability pension;
- Old age pensioners;
- Recipients of contractual pension (AFP);
- Recipients of child benefits;
- Recipients of cash benefits;

List of indicators

- Number of people on unemployment measures.

The related indicators, shows employed and unemployed persons:

- Employed persons aged 15-74 (1 000 persons);
- Employed persons aged 15-74 (per cent);
- Unemployed persons aged 15-74 (1 000 persons);
- Unemployed persons aged 15-74 (per cent of the labour force).

Source: http://www.ssb.no/nav_statres_en.

Annex 2: **Performance targets:**

The 2008 allotment **lists 13 performance targets,** each broken down into a varying number of quantitative and qualitative indicators. They range from cost control to prevention of benefit fraud to user satisfaction. They are all important in their own right, but the first three may be considered of overriding importance:

- Target 1, entitled "ensure high transition rates to employment" includes indicators for the percentage of unemployed and long-term unemployed who find a job; and assigns quantitative targets as to the percentage of those with immigrant background (at least 65%), and of the vocationally disabled (at least 50%) who find a job;
- Target 2, entitled "counteract exclusion from the labour market, promote return to employment", includes, *inter alia*, indicators for the control of the average time spent on sick leave and on vocational rehabilitation;
- Target 3, entitled "prepare for active job seeking and targeted recruitment assistance", includes as success indicators, inter alia, the percentage of registered unemployed who receive assistance from NAV; the share of unemployed who register on the agency's web site; and the number of vacancies registered by employers on the agency's website, and of those receiving a direct referral.

To be an efficient leadership tool, management-by-performance targets needs to be built on a set of incentives and penalties for reaching or not reaching the objectives set. However, there does not seem to be any incentives or penalties for NAV offices to encourage them to meet their targets. Norway might find helpful to consider the experience of Switzerland, which has an explicit system of performance rating for PES offices. Here a bonus/malus system was defined in principle, although not finally implemented in practice. However, performance ratings are published and reputation effects are strong; and individual cantons that repeatedly show below-average performances (or that in a single year show performance far below the average) can be submitted to an in-depth performance evaluation by the national authorities.

Source, OECD, 2009.

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