

MEASURING CUSTOMER SATISFACTION WITH PES

Increasing PES effectiveness
by meeting customer needs

ANALYTICAL PAPER



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Luxembourg: Publications Office of the European Union, 2016

ISBN 978-92-79-58044-4

doi:10.2767/471344

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014 (DECISION No 573/2014/EU). Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

This activity has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>

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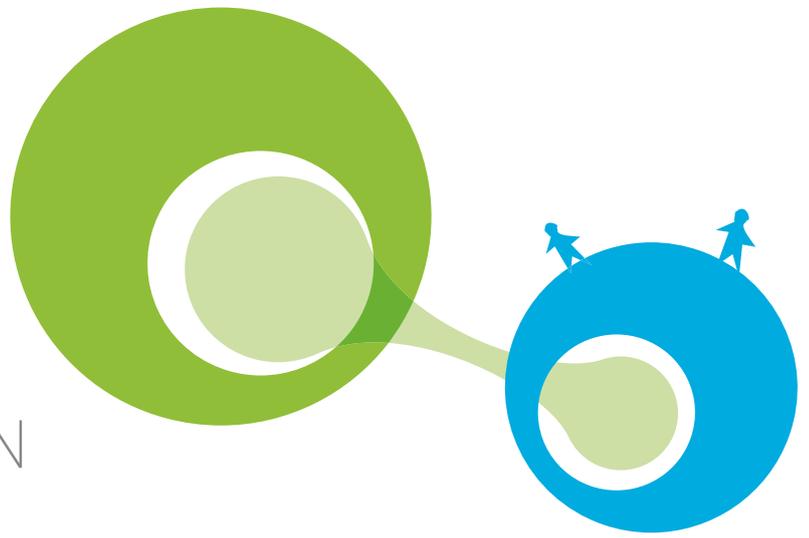
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APRIL 2016

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1. INTRODUCTION

In the context of the Europe 2020 Strategy and related employment policy reform, PES modernisation depends on systematic performance analysis to improve the delivery of services and increase customer satisfaction. This new approach calls for a combination of evidence-based benchmarking and mutual learning activities, known as **'benchlearning'**.

Benchlearning, as defined in the [European Parliament and Council Decision on Enhanced Cooperation between Public Employment Services \(15 May 2014\)](#), is intended to assist PES to improve their service delivery by enabling them to reflect on their performance in a structured and systematic way, underpinned by an assessment of **quantitative benchmarking indicators** and performance enablers. Customer satisfaction is one of the benchmarking indicators and therefore an essential measurement for PES performance at EU level.

The maturity of customer satisfaction systems, however, varies across EU PES: some only at the early stages of application, while others routinely analyse customer satisfaction data as part of their wider performance management. Generally, there is scope for **PES to better integrate customer satisfaction measurement (CSM)** within the strategic management and improvement of their services.

This Analytical Paper aims **to raise awareness of the wider concepts and developments** relating to customer satisfaction and CSM in public-sector organisations, particularly PES. It supports PES practitioners in the context of benchlearning by:

- Providing an **overview of customer-centric concepts** for service delivery and its consequences;
- Examining **mechanisms to positively reinforce CSM** in relation to broader PES performance management systems and frameworks; and
- Identifying **key issues in building organisational capacity** for the systematic and robust measurement of customer satisfaction.

The paper is based on discussions between PES representatives during the **Thematic Review Workshop on 'Measuring Customer Satisfaction with PES'** (hosted by the Slovenian PES, 1–2 July 2015) and responses to a written survey from the 13 PES who attended the workshop.¹ It also draws on **current literature** on customer-centred concepts, measurement systems and management approaches in the public and private sectors, including PES-specific literature where available.

Further information can be found in the **Practitioner's Toolkit**, a practical guide for PES in the development of systems to assess customer satisfaction. Published PES practice examples on the subject are cross-referenced in this paper and can be found in the [PES Practice Repository](#).

¹ Participating PES: Austria, Belgium Flanders, Bulgaria, Denmark, France, Greece, the Netherlands, Poland, Portugal, Slovenia, Spain, Sweden, and United Kingdom.



2. DELIVERING CUSTOMER-CENTRIC SERVICES TO IMPROVE PES EFFICIENCY AND EFFECTIVENESS

This section looks at CSM as part of the general shift of public-sector organisations, including PES, towards customer-centric service delivery. It provides an overview of this trend and the consequences for PES; analyses the components of service quality and the challenges of capturing customer expectations, including in relation to new PES delivery channels and services; and, finally, reviews how PES regard employers as key customers.

2.1 Putting customers at the centre of PES and public services: influencing factors and implications for PES and service delivery

2.1.1 Key findings from available literature

The current literature indicates that new public management (NPM) approaches focus on customer satisfaction and its measurement across public-sector organisations, including PES. The main objective of NPM is to improve public-service quality by **becoming customer-orientated and focusing on performance and measurement**. The introduction of NPM (and new public governance, NPG) principles affects the organisation of these services, including: setting up independent administrative agencies; decentralisation; consumer empowerment; resorting to market mechanisms; transforming bureaucratic hierarchies; setting objectives; and measuring and evaluating performance (Andrews and Van de Walle, 2012; Luke, et al., 2011; Lee, 2012, after: Chatzoglou, et al., 2013).

Within the context of NPM/NPG, the most significant changes in the service delivery logic is **re-branding citizens from relatively passive and anonymous consumers into co-producers**, actively involved in service provision and decision-making, and requiring coordinated services from multiple agencies (Wiesel and Modell, 2014). More precisely, this shift results in:

- More qualitative aspects of service provision, as opposed to a one-sided emphasis on efficiency and economic performance improvements;
- Stronger emphasis on inter-organisational collaboration, rather than competition to meet customer needs.

According to Alam (2002), involving customers in the process of new service development can generate better and differentiated services, facilitate user education, support rapid diffusion and establish long-term relationships with customers (which is desirable in PES services only in relation to employers as customers).

The term **'customer-centricity'** refers to an organisation's customer focus (Shah et al., 2006). Therefore, it assumes that the needs of customers come first in everything the organisation does and focuses on organising activities around the objective of delivering superior value. This approach can lead to improvement in public-sector service quality only when measures including employee performance and quality measurement are implemented (Agus et al., 2007). Strengthening customer-orientation **requires organisational changes** in terms of decentralising decision-making (empowerment of staff), supporting innovations (at the individual and organisational level), continuous improvement and development, and fostering cooperation with the aim of service excellence. To become truly customer-centric, PES need to align their structures, culture and organisational practices to accommodate this change.

The requirement for public services to change from organisations to service systems (Virtanen and Stenvall, 2014) complicates the 'putting the customer first' approach because **objectives need to be orchestrated at multiple levels of government**. Reorientation of control practices from a narrow focus on the outputs of individual agencies, to inter-organisational processes and aggregate outcomes of service provision, indicates whether agencies meet broader, societal objec-

tives and emphasises effectiveness rather than efficiency as a key performance aspect (Wiesel and Modell, 2014).

The above review suggests that the shift in the public-service delivery logic comprises two important issues: **co-production of services by customers and a systems-approach to service delivery**, which in turn impacts customer satisfaction, also in PES.

There is a growing evidence on the development of the **co-production of public services**. Boyle and Harris (2009) argue that co-production as a new way of thinking about public services could fundamentally change the way health, education, policing and other services are provided – to make them more effective, efficient and sustainable. They define co-production as ‘delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours’ (Boyle and Harris, 2009, p.11). They provide examples of co-production in health and social services in the United Kingdom (The Shared Lives services that link disabled people to families; Expert Patient programme) and the USA (Nurse-Family Partnership programmes; Member to Member in Brooklyn). Evidence from the health sector is also provided by Freire and Sangiorgi (2010). A case study on involving social housing users and providers conducted as part of the National Consumer Council-Unison Shared Solutions project is also described by Needham (2008).

A fundamental question is how far better customer satisfaction results are linked to better public service outcomes. According to Patwardhan and Patwardhan (2009), consumer surveys can be key to **improving the quality of services** by generating insights into an organisation’s performance and using outcome data to inform the consumer about the services. The authors also suggest that surveys can be used as quality improvement tools by publicising their results widely among consumers, since this can be an incentive to improve, can act as an internal motivator to use services more effectively and help to disseminate information on various available services.

In dealing with numerous important policy targets, PES need to become **more focused on the excellence of their service provision**. Current literature suggests that the scope to deal with important customer needs might come from reducing inconsequential work and reworking available services.

This perspective relates to Professor John Seddon’s observations (2003) of **‘failure demand’**, a term used to explain the observed increase in demand for services that is not caused by a positive increase in the need for services. Differentiated from the successful ‘value demand’, ‘failure demand’ is caused by the inability to appropriately deliver services to the customer, e.g. people calling back because their problem was not solved the first time. Seddon (2003) suggests that if managers and staff lose sight of their customers, they can contribute to putting the organisation out of business. For example, the reduction of ‘failure demand’ was a target adopted by the United Kingdom Cabinet Office between 2008 and 2010 (Improvement and Development Agency, 2008). As stated in this document, the target was a ‘prompt for those involved in the design and delivery of services in every authority to consider their users’ and customers’ demands’ and was aimed at cutting costs by reducing avoidable contact between local government and customers. This can lead to benefits for all parties (Improvement and Development Agency, 2008):

- Customers who find services more responsive to their needs;
- Staff who spend less time dealing with frustrated customers and more providing positive help; and
- Organisations that provide public services by using resources more efficiently to generate greater customer satisfaction.

Although there are no examples of PES using ‘failure demand’ to increase the effectiveness of key services (with the exception of the UK), it is a concept that might be useful in the PES context. Moreover, it should not be difficult for PES to implement because it follows simple actions, such as: ensuring up-front transparency about actual service standards; confirming agreed actions by email or message and issuing advance appointment reminders; informing customers of delays and explaining why they happened; using plain language in written communication; alerting people to electronic alternatives when they call or visit with a specific enquiry (Improvement and Development, 2008).

2.1.2 Current PES practice

In the Thematic Review Workshop, PES highlighted three external factors that have pushed customer satisfaction up the PES agenda:



- **Efficiency requirements:** PES around Europe are under pressure to deliver more and better services with less resources. Increased use of digital channels is a result of this, enabling customers to help themselves wherever possible and releasing resources to increase support for harder-to-help clients. Improving efficiency and eliminating expenditure on ineffective services is a key objective for PES. With that in mind, understanding the drivers of customer satisfaction systems, and their results, can support more efficient service delivery and the re-design of services more closely linked to customer needs.
- **Political and societal requirements:** Public services are increasingly scrutinised by the public. More transparent societies (largely driven by open data and digitalisation) generate more demands from citizens in terms of service quality and public accountability. Customer satisfaction is both a key metric and an important tool to communicate with the wider public. Good data supports good communication, which further helps PES to understand citizens' expectations from the launch of new services.
- **Legal requirements:** As outlined in [Section 1](#), customer satisfaction is now a formal, EU-wide benchmarking indicator to measure and improve PES performance. PES are required to provide the necessary information and have systems in place to report against this indicator.

These factors underpin the trends noted in the above literature, namely the co-production of services by customers and a systems-based approach to service delivery.

As explained in the previous section, the co-production of services is growing rapidly in the public sector. However, there is very little evidence of its use in PES, aside from an interesting example in Sweden.

Current PES service delivery is often implemented by service systems (involving other public bodies, NGOs and private organisations), rather than by single organisations. According to the [PES 2020 Strategy Output Paper](#), **PES increasingly play a 'conducting' role within the 'system' approach** (through provision of governance, management and coordination of services; partnerships; direct provision of services to support individual career management) working with part-

PES example of co-production of services

An interesting example of the co-production of services can be found in Sweden. Following in-depth interviews with employers, jobseekers and employment counsellors, the Swedish PES has defined customers' experiences of the service process, called the 'customer journey'. The analysis of this information allows the PES to identify service areas that undermine the confidence of customers. On the basis of these 'customer journeys', the PES then co-designs and co-develops with their customers parts of their service offering in order to integrate their opinion, meet their needs and obtain higher customer satisfaction. This practice is in a trial period and being carried out in a limited number of local offices (called 'greenhouses').

ners in a public employment system, and enlarging target groups towards new 'customers' (workers, employers, inactive groups) traditionally linked to the PES. Therefore, **performance management, including customer satisfaction measures, should not just be internally-orientated** because overall satisfaction may be affected during the service delivery process that goes beyond PES organisational boundaries.

2.1.3 Key observations for future PES development

To become a customer-centric organisation, PES have to develop several important, associated areas, including an approach where customer satisfaction feeds into **wider organisational performance targets**, a **shared understanding** of what matters to customers and a system that captures **robust information to report on progress**.

However, customers as co-producers can involve certain drawbacks, not least that customers are estimated by Dadfar et al. (2013) to cause one-third of all service problems, potentially slowing down the service process and reducing its quality, which ultimately creates customer dissatisfaction. A differing view comes from Martin et al. (2001), who state that customers as co-producers of services contribute not only to the development of the service specifications, but also to the production

(of services), quality control and marketing (selling of the service to others).

The systems-based, ‘conducting’ role of PES in service provision is increasing, which supports not only the referral of jobseekers to specialised services, but also the **coordination and monitoring of service provision**. Therefore, PES need to develop competences in this field.

Based on the above observations, the **following issues would merit further investigation in PES**:

- What changes need to be made in PES structures and processes to become genuinely customer centric? What suite of targets/ performance measures can drive behaviours to deliver this transformation? What are the implications of such a change – are there aspects of customer-centric, organisational delivery that are not ideally suited to PES?
- How can PM/NPG practices be best transferred to PES and what are the limitations of such approaches in relation to customer satisfaction measurement?
- How can the identity and clear division of roles between different actors involved in the service delivery process in PES be retained: are there boundaries to co-production and the systems-based approach in PES services and how does this affect measurement?
- How can customer insight be used to influence early policy development and/or the training and development of PES staff?

2.2 Managing customer expectations as part of customer-focused service delivery – improving service quality and launching new initiatives

2.2.1 Key findings from available literature

According to Ooi et al. (2011), organisations strive to improve service quality and aim for long-term customer satisfaction. Therefore, customer-focused service delivery should predominantly be geared towards **improving the quality of the service**. The real challenge here, however, is that services are more complicated for customers to evaluate because their perceptions of quality are based

on actual service performance versus consumer expectations, and because service quality is a **multi-dimensional concept**. This is demonstrated in the gap-model analysis used in, for example, SERVQUAL² which includes the following elements: tangibles, empathy, responsiveness, reliability and assurance (Jääskeläinen and Lönnqvist, 2011).

In the **Technical/Functional Quality Framework** proposed by Gronroos (2001), measuring quality focuses on the following three aspects:

- **Technical quality** – what is provided (effectiveness of services);
- **Functional quality** – how it is provided (in terms of the approach and attitudes of personnel involved in service delivery); and
- **Perceived service quality** – the function of the expected and experienced quality.

Achieving functional quality is particularly important in the context of PES service effectiveness to improve the measurement of customer satisfaction. Because the effectiveness of services (technical quality) can be influenced by external (labour market) and individual (jobseeker and employer) factors, the functional quality is highly dependent on the intra-organisational implementation of processes and services. Moreover, **perceived service quality has to be measured by customer surveys and improved accordingly**. This can be difficult because the perceived service quality is not objective and is assessed based on customer preconceptions and often unrealistic expectations.

According to Pathwardhan and Patwardhan (2009), using customer surveys to improve quality requires:

- **Understanding the needs and expectations** of a specific population segment, during a particular time, within their cultural traditions, personal priorities and preferences, socio-demographic situations and lifestyle;

² SERVQUAL is a generic tool for the measurement of the quality of a service based on the perceptions and expectations of customers. It was originally developed by Parasuraman et al. in the late 1980s. SERVQUAL is based on a pre-defined scale that aims to identify possible gaps between the expected and actual (perceived) performance of services and consequently pinpoint areas in need of improvement.

- **Ensuring survey credibility** in terms of reproducibility, reliability, effectiveness and validity, since a poorly designed survey not only wastes resources, but may also steer the organisation in the wrong direction;
- **Correctly translating the information** into a concrete strategy for improvement, requiring a skilled workforce and correct management infrastructure.

Generally, **common customer expectations** include communication, information, responsiveness, problem resolution, and reliable, consistent service delivery. Once these are identified, management needs to implement organisational processes that will support these goals. In this way, the customer-service perspective initiates a positive reinforcing cycle, which in turn enables continuous improvement to the services or the service delivery process.

With the aim of improving service quality, public-sector organisations increasingly look **to promote new initiatives** aimed at improving services **beyond the expectations of their users**. Contemporary organisations continually draw on customer insight to design their processes to focus on service delivery. In this vein, **self-service technologies** are attracting attention from academics and practitioners because of their impact on strategy and service delivery across industries (Cunningham, Young, and Gerlach, 2009). Convenience, anytime availability, time and money savings and an absence of judgment are all beneficial to PES customers looking for 24/7 services.

With the increasing shift towards **digital services**, there is a greater focus on measuring customer satisfaction of e-services (European Commission, Pieterse, 2014). Moreover, as customers interact with an online user interface and the interpersonal dimension of the interaction no longer influences the perceived quality, the **nature of measuring customer satisfaction changes** (Liljander, et al., 2002). To address this, Liljander et al. (2002) propose a number of e-quality dimensions, including reliability, responsiveness, customisation, assurance/trust and user interface.

2.2.2 Current PES practice

According to the Thematic Review Workshop discussions, **five key dimensions are important to PES** in terms of service quality and focus of customer satisfaction:

1. Timeliness
2. Accessibility
3. Respectful treatment
4. Reliability of information provided
5. Meeting expectations

The lack of choice of public services – including PES – may affect how customers measure their expectations. In relation to PES, customers' **expectations may be strongly based on their previous experience of private employment agencies**. These are, however, predominantly focused on the brokerage of jobs in the open and competitive market and therefore lack counselling and activation elements often included in the provision of PES³.

According to the degree of participation based on who defines the service specifications (customer, supplier or jointly), the majority of PES services could be referred to as **'provider-dominated services'**. In this case, the supplier of services (i.e. the PES) clearly defines the scope of services provided (mainly due to legislative constraints and/or organisational-level service standards) and the customer cannot influence or change the specifications. However, when PES services include Individual Action Planning, these services could be characterised as 'joint provider-user specification selection', according to Dadfar et al. (2013, p. 50). In this situation, the provider and customer jointly develop and/or negotiate the specifications. In contrast, the so-called **'user-dominated specification selection'**, where the knowledge of appropriate/best solutions rests with the customer and is shared with the provider/supplier, could be mostly attributed to the relationship with employers as PES customers. Linked to this, [Annex 1](#) includes three examples of how customer satisfaction measurement is designed to provide important feedback on customer expectations and perceived service quality.

Part of maintaining high-level customer satisfaction includes helping to educate customers to appreciate the service provided. This is particularly relevant considering the change and scope of PES services towards **new delivery (online) channels and new services**, where direct communication between PES staff and clients is limited or different than

³ With the exception of private employment agencies that are sub-contracted to deliver services to hard-to-reach groups and therefore counselling and activation are an integral part of their service offer.

before. Several authors reviewed above highlight that measuring customer satisfaction of e-services is crucial, but also difficult to achieve. Very few PES (see examples in Annex 1 and the Belgian-Flemish PES measure customer satisfaction with regard to digital channels (Sumpton et al., 2014). This could significantly threaten the use of CSM outcomes to improve current services because **PES might lack the combined information of satisfaction (service experience) with the actual behaviour of the customers**. Pieteron (European Commission, 2014, p. 22) adds that in relation to PES, ‘no single organisation seems to measure and monitor satisfaction of all clients via all channels in all service interactions or monitors (through customer journey mapping) how clients move between channels and services’. That said, some PES are making progress in addressing this important area. For example, the Belgian-Flemish PES uses ‘customer journey mapping’ to track clients’ transitions between channels and services and thus provides detailed insights into the experience of clients (European Commission, Pieteron, 2014). A PES practice example of CSM using a ‘customer journey’ approach can also be found in the United Kingdom PES.

2.2.3 Key observations for future PES development

Putting the customer ‘at the centre of attention’ forms the basis of re-modelling service organisations (Virtanen and Stenvall, 2014, p. 98). This often calls for the restructuring of organisational units around customer segments, rather than products and services (Homburg et al., 2000, Gebauer and Kowalkowski, 2012). In the case of PES, it requires **structuring organisational processes around client groups**, rather than functional units or types of services. Although there are few examples of such changes in EU PES, it is worth considering how the work of specialist case managers or employment counsellors is organised, i.e. staff offering frontline support to specific groups, such as youth unemployed, older unemployed, people with complex problems (European Commission, Sienkiewicz, 2012) In this case, the **PES customer base** becomes the key influencing factor in the design of the service offer. The *PES 2020 Strategy Output Paper* even recommends that PES strengthen the customisation of services with tailored, individual approaches for jobseekers, combined with high-quality employer services (European Commission, Sumpton et al., 2014). It particularly notes that personalised services play a significant role in improving customer

satisfaction and cost-efficiency insofar as limited resources can be prioritised towards specific target groups.

In relation to PES services, it is **difficult to categorise exactly which services offer ‘high’ or ‘low’ contact** and therefore cases where data on customer satisfaction is easy to gather. PES services typically combine providing information, job broking, counselling and administration⁴ (European Commission, Sienkiewicz, 2014), all via different delivery channels. For example, counselling services provided to customers from a complex target group (e.g. long-term unemployed, people with multiple difficulties, etc.) could definitely be classified as a ‘high’ contact service. Alternatively, online delivery channels, particularly those requiring some level of self-service, would be classed as ‘low’ contact services. Due to these complicated classifications, different approaches are needed to properly measure customer experience and satisfaction.

Based on the above observations, the **following questions** would merit further discussion:

- Is it possible to define a comprehensive common list of PES customers’ expectations?
- How far do PES services’ models reflect customer expectations, and at the same time meet wider societal and governmental targets?
- How far do the pre-conceptions of PES support-services affect customer satisfaction for different client groups? How can this be measured and incorporated into performance management analyses?
- How can effective customer satisfaction monitoring systems be built in a multi-channel setting? Is it possible to measure the effectiveness of a channel shift and/or achieve a more holistic assessment of the cost-efficiency of outcomes?
- How can the measurements of functional, technical and perceived quality of services be combined to achieve comprehensive results?

⁴ In addition, as mentioned by the Spanish PES, the design and definition of training needs of workers, employed and unemployed, to increase their employability, could be added to the PES Services. Training for employment, is considered essential for promoting economic skills for workers and support companies’ development, and could be a PES service in the same way as “providing information, job broking, counselling and administration”. This training for employment is aligned to the EU flagship 2020 “New skills for New jobs” and other EU trends in the field of education.

2.3 Focusing on employers as important PES customers

2.3.1 Key findings from available literature

Sumpton et al. (2014, p.5) agree that ‘engaging with employers is key to ensuring that matching services are effective and efficient’. Moreover, employer involvement significantly influences customer satisfaction. **Employer demands (both in quantitative and qualitative terms) are changing**, as are their expectations of PES. In addition, the digitalisation of services is changing the way PES meet employers’ needs and a ‘blended approach’ can respond more flexibly to employer needs, particularly for small and medium-sized enterprises (SMEs) (Sumpton, et al., 2014).

For employers (even more than for other customer groups), **satisfaction with the interactive elements of the delivery system** (e.g. ‘friendliness’ of user interface, prompt responsiveness of PES staff to employer enquiries, etc.) might play a crucial role in the overall satisfaction with PES services. This is connected to the observed change in PES online services from being purely information services to more personalised, interactive services (for example, through employers’ e-accounts) (Sumpton, et al., 2014).

Such prolonged interaction, as opposed to one-off contact with PES, requires a **different approach to measuring employers’ satisfaction**. PES need to constantly monitor satisfaction given that the provision of online services is a continuous process. This is particularly true where PES are using a multi-channel approach to reach employers and where employers are engaged in the recruitment of hard-to-place-groups of clients (Sumpton, et al., 2014).

2.3.2 Current PES practice

Employers (apart from jobseekers/unemployed) are the major customer group for which satisfaction is measured in PES. The inclusion of employers as a target group reflects the specific definition of ‘customers’ used in PES delivery models – where employers play a significant role. This **increased focus on employers as customers** has caused the implementation of changes to customer satisfaction assessment in a number of PES (DK, FR, SE, SI, UK) and/or planned changes to be introduced in another three PES (ES, FR, NL).

All the PES analysed consider employers as **customers at the point of notification of vacancies**. The majority of PES (apart from AT, BG, UK) also consider taking on candidates from PES – or having some other form of interaction with PES – as an important part of becoming a ‘customer’.

Two PES (DK, UK) also report measuring customer satisfaction of **employers as non-users** of services. However, in the majority of PES, the rules and practices (methodology) of customer satisfaction measurement are standardised across PES support-services, both in relation to jobseekers and employers as customers.

The most **commonly used methods** among PES to measure employer satisfaction include online questionnaires (computer-assisted web interviewing) and ‘paper and pen’ questionnaires on-site. Less common is the use of computer-assisted telephone interviews, group discussions, feedback from face-to-face sessions (real-time feedback), ‘paper and pen’ personal interviews (PAPI) and customer message boards. PES also occasionally use social media and mystery shopping/action research and consider these methods to be effective for the measurement of employer satisfaction.

The **key issues** that PES address when measuring employer satisfaction include overall satisfaction with the service (e.g. helpfulness of PES staff) and placement services (e.g. quality of candidates sent to prospective employers). A further area of importance is the level of information on service provision. Online services, consulting services (e.g. consulting on labour law, HR issues) and networking services (e.g. event organising, such as job fairs) are the least covered areas of PES services when measuring employer satisfaction.

2.3.3 Key observations for future PES development

Treating employers as customers is essential. Equally, **including employers as non-users of PES can be valuable to understand their perception of the services** (notably employers whose vacancies are needed to place registered jobseekers). This is illustrated by several PES (FR, NL, SE, UK): they approach non-users to measure their perception of the PES and understand why they are not currently using their services. This is particularly useful when trying to understand why employers do not advertise vacancies with the PES and what additional services PES could

provide to address those reasons. In some cases, PES use interviews and focus groups with employers, but this is not very common as they do not tend to view non-users as a priority given the cost implications.

Employer satisfaction results are useful when they are provided for specific PES services, by product and/or by target group. **Differentiating responses** by, for example, employer size also helps PES to better target their services.

Based on the above observations, the **following questions** would merit further discussion:

- How can expectation analysis be used to engage employees and improve customer satisfaction among those who do not have contact with PES?
- How can PES differentiate between measurement methodologies for different types of employers, including by size, sector or channels of contact?

3. CUSTOMER SATISFACTION AT THE CENTRE OF PES PERFORMANCE MANAGEMENT

The shift towards customer-centric service delivery means that customer satisfaction becomes central to PES performance management. Consequently, current PES are faced with the challenge of developing appropriate metrics and analytical frameworks to fully understand the relationships between service delivery and customer-related outcomes. They also require approaches that integrate the assessment of customer satisfaction into PES strategic management and governance. The issues of measuring efficiency and effectiveness, and strategic steering to customer satisfaction measurement, are covered in this section.

3.1 Measuring efficiency and effectiveness

3.1.1 Key findings from available literature

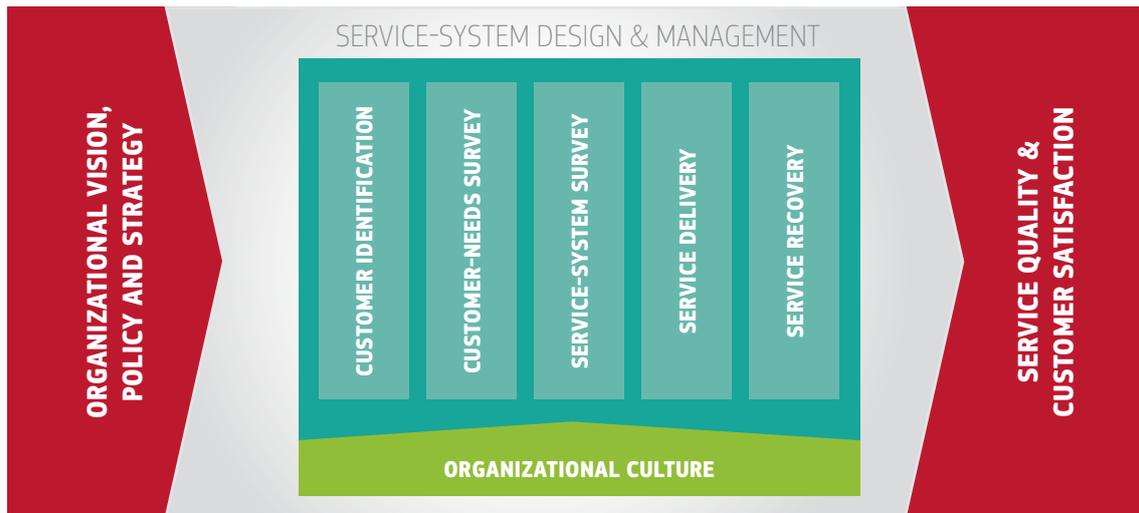
It is clear from current literature that customer satisfaction is a recognised, critical success factor in the private sector. In today's competitive business environment, achieving customer satisfaction is often the ultimate goal for private firms (Ooi et al., 2011) and therefore an **important performance metric**. However, because public-sector 'customers' do not necessarily pay for public services, this goal is less explicit. The link between inputs, processes and outcomes is less structured than in the private sector and understanding the

complexity of the process – including the **relationship with the perception and delivery of services and outcomes** – is one of the biggest challenges currently faced by the public sector in this field.

Jääskeläinen and Lönnqvist (2011) offer a potential or partial solution by suggesting that **public-service productivity** can be defined in much the same way as for the private sector. It refers to the efficiency and effectiveness of transforming inputs into outputs that are valuable, i) based on the purpose of the service itself and ii) taking into account the needs of the customer. In the public sector, the input side of the productivity formula is relatively easy to capture by using cost as the measure of total inputs. However, the difficulty lies in measuring the output as the outcomes of public services may occur many years after the service is provided. Notwithstanding, customer satisfaction as a metric of the output can be fairly easily captured and measured, so long as the purpose and process of achieving satisfaction is well established.

Parker et al. (2013) have noted an increase in the number of **customer-focused models** and concepts that measure satisfaction during the past decade. For instance, Chen et al. (2004) proposed a customer-oriented service model for the public sector a decade ago. This comprehensive model, called a **customer-oriented service-enhancement system (COSES)**, is built around a five-

Figure 1: Five-stage process of COSES



Source: (Chen, et al., 2004)

stage process of service-system design and management, as illustrated below. The authors suggest that the five-stage model can be used to examine organisational strategic planning, system design and operational management for promoting customer-oriented services.

Alternatively, Pieteron (European Commission, 2014) presents **three interrelated measurement areas**:

- a. **Effectiveness**: which points to the success of delivering services to clients;
- b. **Efficiency**: which points to the level of cost-consciousness of actors in the process of service delivery; and
- c. **Satisfaction**: which refers to the clients' and government's perception of service quality.

Pieteron (European Commission, 2014, p. 21) suggests that 'efficiency (from a cost-perspective) usually leads to lower satisfaction, and a focus on satisfaction might impact efficiency and even effectiveness'. Virtanen and Stenvall (2014) further argue that, from the user's perspective, the feeling of empowerment and customer satisfaction are 'key cornerstones' of the evaluation criteria of public services.

In these models, one can see how quality and customer satisfaction form key outputs. However, difficulties in identifying 'objective' outcome indicators, coupled with the pressures to demonstrate how public agencies meet the needs and preferences of citizens, have led to a widespread use of **customer satisfaction indicators as proxy measures of effectiveness** (Wiesel and Modell,

2014). Taking this observation one stage further, is it possible to link customer satisfaction to increased effectiveness? In response, it could be possible to use private-sector approaches to measure public-service efficiency and effectiveness because the public sector has been able to introduce private-sector management techniques. However, policies, institutions and public perception all influence the **notion of public-service quality** in a way that does not apply to the private sector (Sanderson, 1996), which adds a layer of additional complexity.

Given the complex notions of 'customer satisfaction', 'service quality' and 'efficiency', Jääskeläinen and Lönnqvist (2011) suggest that a promising approach to analysing public-sector productivity is the **'bottom-up' or disaggregated approach**. Such an approach, which focuses on the **output components at an operational level**, can help to address some of the issues attached to public-service productivity measurement (i.e. the problem of output definition). It can help to define outputs at the operational level and define top-level measures by aggregating operational-level results. Such an approach could be useful in PES where customer services and target groups are not homogenous across the organisation. As noted by Sumpton et al. (2014), since personalised services differ between target groups, so should customer satisfaction targets and measurements.

3.1.2 Current PES practice

PES have introduced CSM for several reasons. The most common reason arises at the strategic level: **supporting strategic performance measurement** (feeding in data for Balanced Scorecards or other strategic planning tools – used, for example, in AT, BE-Flanders, ES, FR, NL, PT, SE, SI,

UK) and **supporting benchmarking within PES organisational structures** (e.g. between regional offices – used by AT, DK, ES, FR, SE, SI, UK).

The **effective use of outputs** from customer satisfaction measurement depends on the availability and appropriateness of the data (in terms of the measurable outcomes) and related analyses conducted by PES. According to Scharle et al. (European Commission, 2014), customer satisfaction is the second most commonly used outcome measure in EU PES. Customers' perception of **service accessibility and quality** is monitored through regular surveys (most commonly, post-service customer insight surveys). 'Most PES try to simultaneously consider customer satisfaction with the effectiveness of their services to decide which of these to expand or cut back, as was the case for e-counselling in the Austrian PES (Scharle et al. 2014, p11). As such, surveys employed to measure satisfaction are used to evaluate service delivery, while tracking clients' behaviour. Pieterse (European Commission, 2014) gives the example of the Swedish PES, which monitors both

customer experience through surveys and customer behaviour through statistics.

A number of PES have some evidence of the causal relationships and/or correlations between positive customer satisfaction assessments and service performance, both in relation to the results for customers and the wider public. For some PES, these causal relationships may emerge, but they can be quite difficult to establish, especially in a context of lasting high levels of unemployment. In relation to the results for customers, the **strongest causal relationships seem to be between positive customer satisfaction outcomes and vacancy market share**, which might be attributable to employers' satisfaction – evidence of this correlation has been confirmed in some PES (e.g. in BE-Flanders, BG, DK, FR). PES also claim to have some evidence in relation to shortening unemployment spells and integration rates. There is also some evidence of links with positive policy outcomes (BE-Flanders, BG, DK, FR, NL, SE). Finally, internal communication/cooperation is linked to customer satisfaction outcomes in some PES.

The Austrian PES provides an example of a 'top-down' system of developing objectives and translating them into key performance indicators (KPIs) included in the **Balanced Scorecard**. These internal performance management tools are further supported with external performance assessment, which enables the sharing of information on good practices with other regional and local offices.



Research findings on measuring customer satisfaction across the whole customer journey

Research from McKinsey and Company (Pulido et al., 2014) of 27 000 American consumers across 14 industries, found that businesses should stop measuring customer satisfaction on a one-off basis at each single point of interaction. Instead, measuring customer satisfaction across the whole journey, which involves tracking customer satisfaction, is considered 30% more predictive of overall customer satisfaction. The research also found that single negative experiences are four to five times more relevant than positive ones and recommended using customer tracking to ensure all experiences are consistent and positive. If applied to PES, measuring customer satisfaction across the whole PES journey could potentially be valuable and highlight where PES perform well and where they need to correct their approach to maximise impact.

3.1.3 Key observations for future PES development

The challenge of measuring the performance of PES service delivery remains both in defining measurable outcomes and finding relevant and robust data and metrics to measure these outcomes. Customer satisfaction therefore may serve (at least in some cases) as **a proxy measure for the overall impact of PES services**. Firstly, it might help PES to demonstrate which services do not adequately fulfil client needs and requirements, supporting PES to quickly adapt their organisation and delivery methods to meet the changing needs of society and the labour market (Sumpton et al., 2014). Secondly, whereas other (more direct) measures such as cost-benefit analysis 'remain largely aspirational', customer satisfaction presents a useful approach to quantify the impact of PES services (Sumpton, et al., p. 16).

Lessons from private-sector research on ‘what works’ in measuring customer satisfaction could be used to better understand the rationale behind PES methods. It’s worth remembering that in the private sector, customer satisfaction information is often employed to assess customer retention with a view to increasing business profitability. Neither of these aims are shared by PES as public organisations. Moreover, for PES, the insight generated by CSM should be primarily incorporated into the service offer and disseminated to the public, to narrow the gap between the actual PES support-services offered and customer expectations. Therefore, some of the ‘lessons learnt’ may not be directly applicable to the performance goals of PES, but are still worth future investigation.

Based on the above observations, the **following questions** would merit further discussion:

- Which methods from the private sector are suited for the measurement of customer satisfaction as a proxy measure of PES effectiveness?
- How can evidence for causal relationships between customer satisfaction and outcomes for the service be better measured? Does customer satisfaction actually lead to better outcomes?

3.2 Strategic steering

3.2.1 Key findings from available literature

Jääskeläinen and Lönnqvist (2011) note that, although numerous service productivity models can be found in literature, **useful productivity measures in the public sector** are more difficult to identify. Parker et al. (2013) analyse and compare performance and productivity tools and highlight the challenges in adopting performance and productivity measures in the public sector. They argue that in the context of the New Project Management paradigm, the public sector is becoming more integrated into the market. It has put citizens at the heart of service delivery and is adopting productivity and performance management in an attempt to become more efficient and competitive. As such, the strategic approach underpinning public service management and delivery increasingly mirrors strategic management found in the commercial sector.

The **‘migration of tools and methods from the commercial sector to the public services**, for

example, the Balanced Scorecard’ (Parker, et al., 2013, p.653) has not always been successful, partly due to certain characteristics found in the public sector, such as bureaucracy, standardisation and lack of innovation, a more complex definition of ‘customer’, imposed change from outside and the variety of stakeholders that place different demands and constraints on service provision. This can limit, or at least influence, how customer satisfaction fits within the strategic management of public services. Linking satisfaction to outputs therefore has its challenges. Based on an example of customers of the City of Helsinki Social Services Department, Jääskeläinen and Lönnqvist (2011) list **satisfaction-related measures** under the ‘intangible’ aspects of the Department’s outputs:

- Atmosphere in service provision (e.g. ‘empathy and responsiveness of personnel providing services’);
- Satisfaction of direct customers (e.g. ‘satisfaction of children, elderly people and handicapped people’);
- Satisfaction of indirect customers (e.g. ‘satisfaction of parents, relatives and the public’); and
- Service image (e.g. ‘preconception of the reliability and quality of service provider’).

Atmosphere in service provision is often linked to the satisfaction of customers, but there are typically differences in the value customers place on this. As pointed out by Jääskeläinen and Lönnqvist (2011, p. 298), ‘direct customers may value different factors than indirect customers’⁵ and the direct customer group’s internal differentiation (e.g. children, elderly people, disabled people) may affect their perception and valuation further. This can complicate the incorporation of these ‘soft’ measures by senior managers of public services, particularly given the need for clarity, simplicity and objectivity from a strategic management perspective (in both the public and commercial sector).

3.2.2 Current PES practice

The aim of PES performance management broadly ranges from ensuring public accountability to continuous improvement and staff reward (European Commission, Nunn, 2013). The goals common to all

⁵ As explained by these authors (p. 298): ‘Public services have many customers: direct customers (e.g. children and elderly people) and indirect customers (parents, relatives, the public, etc.).’

PES are focussing on employment outcomes and ensuring satisfaction among service users. As noted by Nunn (European Commission, 2013, p. 16), 'PES tend to set a relatively small number of objectives, but these are operationalised in a larger number of measurable indicators and targets'.

PES in Belgium-Flanders, Estonia, Germany, Hungary and Sweden use customer satisfaction surveys as a measure for data collection within the performance measurement process (European Commission, Nunn, 2013). The **level of centralisation and standardisation of their services** dictates how far PES include customer satisfaction in their strategic management frameworks. Based on current PES information, **significant differences exist among PES** in terms of the impact of national standards and the rules behind developing and operating CSM. This, in turn, impacts the degree of process centralisation/decentralisation and how far standardised methodologies are applied. In the majority of PES⁶:

- The process of customer satisfaction measurement is centralised;
- The rules and practices (methodology) of CSM are standardised across most PES services; and
- Binding legal standards influence the measurement process for some PES.

In terms of **supporting strategic performance management**, some PES highlight that customer satisfaction figures inform the strategic steering board and are discussed in the Management Committee (e.g. BE-Flanders). These figures also feature in the annual evaluation plan of the quality, impact, effectiveness and efficiency of PES services and senior management use these results to **drive operational improvements**, which are presented and analysed via a quarterly scorecard measuring regional performance and variation across service lines.

Findings can also be used to **boost communications**, for example, to improve letters sent to customers (UK). They can also **support other strategic/organisational issues**, including the development of communication strategies, division of work and changes in organisational structure. Customer satisfaction measurement can also **influence the distribution of funds** (allocation of resources) (e.g. Spanish PES).

Nunn (European Commission, 2013) measures how PES use performance management at a strategic and political level, and notes that **ISO9000 and Balance Scorecards are the most prominent models used in PES** (in 2013). In relation to customer-oriented approaches, the most interesting models are Balance Scorecards, notably used in Austria, Belgium-Flanders, Netherlands, Sweden, Switzerland and the United Kingdom. The report also mentions the use of a 'scorecard' in the United Kingdom to **present performance information across the 'customer journey'**. The Balance Scorecard used in the Austrian PES is an example of how PES feed customer satisfaction results into performance management at the strategic level. In addition, Annex 1 presents two more examples typifying the latest development in PES on this subject.

3.2.3 Key observations for future PES development

Sumpton, et al. (2014, p. 14) suggest that 'customer satisfaction metrics can be incorporated into management information approaches to ensure a fully comprehensive approach'. But collection of data to measure the most relevant public-service outputs should be **practical and cost-efficient**, potentially prohibiting the inclusion of all the elements in the measurement system (Jääskeläinen and Lönnqvist, 2011).

The way different PES use customer satisfaction information is partly linked to their capacity to operate a wider, integrated performance management system. Most use information to improve and shape their services, with senior management being essential to translating the results effectively. Customer satisfaction is best used when it **informs performance within a wider set of strategic objectives**. Organisational readiness to use complex information is key, although administrative limitations can hinder the use of the data externally.

Based on the above observations, the **following questions** would merit further discussion:

- How can the findings from CSM better feed into the strategic performance measures used by PES, including Balance Scorecard?
- How can 'bottom-up' approaches be used for defining and measuring operational and individual targets linked to customer satisfaction results?

⁶ Out of those participating in the Thematic Review Workshop.



4. BUILDING CAPACITY IN PES TO SYSTEMATICALLY MEASURE CUSTOMER SATISFACTION

To encourage PES to develop a more robust understanding of customer satisfaction, most need to focus on increasing their internal capacity for a more systemic approach to CSM and specifically how to align leadership, communications, capacity and resources (skills and ICT investment). A customer-centric approach depends on the following elements to increase CSM capacities:

- Supporting software (including databases) to gather and analyse data;
- Leadership and commitment for CSM; staff capacity, knowledge and skills;
- Efficient information and communication systems to disseminate data.

The World Association of Public Employment Services (WAPES) has recently analysed the problem of increasing PES capacities to accommodate changes to customer satisfaction measurement. A summary of the findings of the study and toolkit for the implementation of CSM can be found in [Annex 2](#).

4.1 Building a systemic approach to customer satisfaction analytics

4.1.1 Key findings from available literature

As Foley (2008) notes, building the right internal skills and capacity to collect and handle customer satisfaction data and investing in appropriate data systems is vital to improving service delivery. Data management and analysis problems might pose challenges, particularly 'where performance indicators are tracking activity, specific customer groups or relationships between specific activities and outputs/outcomes' (European Commission, Scharle, 2013, p.12). Customer behaviour can therefore affect outputs from CSM.

Digitalisation of information has led to an **open data culture** in most countries. For PES, this

offers new opportunities to improve customer services. And while open data is a positive trend in principle, it can lead to data and survey overload as public sector organisations all adopt the same approaches to interact with citizens. Additionally, data protection rules in some countries can limit the scope of analysis.

It takes time and money to set up and optimise the right CSM systems that generate good customer insight. **Balancing cost-efficiency and service quality can be a challenge.** Generally, lack of finance, either through organisational choice or budget restraints, is a key obstacle.

4.1.2 Current PES practice

The majority of PES surveyed have a **specialised PES unit/department responsible for CSM**, generally situated in quality (assurance) departments, analytical/research departments, specialised customer service departments or a combination of these.

PES use **different internal and external measurement processes**. According to the PES survey⁷, fieldwork/data gathering is the most commonly outsourced activity, although some pes report using a mix of internal and external resources (provided by both private research companies and public/academic research institutions) for data gathering. Sampling and analysis of gathered data are more often outsourced than done in-house. Design of the methodology and reporting on the results to pes management are more often in-house activities. The design of fieldwork data gathering is sometimes supported by external companies and academics, but it tends to be at least partially covered internally in most PES. The **rationale is usually the presence of necessary expertise in-house, availability of good databases and cost-effectiveness.**

⁷ Of the 13 PES that participated in the Thematic Review Workshop on Customer Satisfaction.

Only a minority of PES analysed use supportive software for the measurement of customer satisfaction (such as, for example, CRM – customer relationship management software). The French PES, which collects a lot of responses (mainly to closed questions), has developed automated processes to handle information and report on it. Some PES report **using software tools** to support individual elements of the process, for example, to design a web-based questionnaire or to perform basic analysis of data. However, these tools need to be complemented with specialised statistical software to enable more complicated analysis.

Building a robust and truly informative measurement system is challenging, but necessary **to increase the impact of customer satisfaction results on improving service quality**. Some PES have already built such a systematic approach towards CSM. The Dutch PES uses the 'Klantgerichtheidmonitor', a survey which measures the satisfaction of jobseekers and employers twice a year. A private market-research company⁸ carries out the survey and provides the results on behalf of the Dutch PES. An important focus here is how customers view their newly introduced digital service delivery.

4.1.3 Key observations for future PES development

Integrating data collection into internal PES structures and systems, and updating systems is expensive but advisable because continuity in research methods and data collection ensures the data are valid in time and sufficiently comparable.

Based on the above observations, the **following questions** would merit further discussion:

- How can analytical capacities to deal with big data issues in PES be built?
- Which factors are decisive in designing elements of the CSM process to be kept in-house and outsourced?
- What ethical considerations arise during CSM and the use of data for internal purposes?

4.2 Building staff capacities

4.2.1 Key findings from available literature

Foley (2008) notes that among other factors (such as organisation strategy, nature of customer relationships, technology and environment) employee characteristics play a significant role in customer satisfaction. Public service managers' powers and responsibilities to ensure services match customer needs have increased (Virtanen and Stenvall, 2014), with resulting higher workloads putting new pressures on employees (Foley, 2008).

Private-sector service companies recognise that customer service staff need to be specifically recruited and trained (Parker et al., 2013). As noted by Patwardhan and Patwardhan (2009), **staff in the public sector are generally undertrained** for their role in conducting, communicating and understanding customer surveys to improve service improvement. Therefore, the **creation of an organisational culture** that embraces customer satisfaction results is important to answer the following question for PES: how can people be integrated around CSM? Creating an organisational culture is a long-term process, including aligning the values and attitudes of individual staff members, and supporting the style and leadership qualities of managers. The human resource management (HRM) practices shape and are shaped by organisational culture, at both strategic and operational levels.

Within HRM, the following **most influence organisational culture** (Łukasiewicz and Sienkiewicz, 2015):

- **Planning, recruitment and selection of new employees:** organisations define the criteria to select candidates, including the key values, which should be consistent with the values of the organisation. Therefore in customer-centric organisations, understanding and anticipating customers' needs should be a value shared by all employees, and a key selection criterion for prospective employees.
- **Training and development:** proper training practices create a positive attitude to change among employees, which helps incorporate new values and ways of working into daily activities. Customer service and customer satisfaction issues should be included

Figure 2: The relationship between HRM and organisational culture



Source: Łukasiewicz and Sienkiewicz, 2015

at inception and in on-going training to embed them as an important development target.

- **Performance management:** appropriate (customer-centred) assessment informs employees of core values and expected behaviours. Customer-centric attitudes should be prioritised and supported through performance management system to ensure employee buy-in to related targets.
- **Rewards and bonuses:** appropriate employee behaviour, in line with core values, should be incentivised through rewards or bonuses and linked to CSM.

It takes **leadership and commitment from the top** to become a learning organisation and actively use information, such as customer satisfaction, to improve current and future services. Lack of leadership in valuing customer satisfaction prevents customer satisfaction from becoming a shared value across the organisation. **Empowering and incentivising staff** is already key to successful private sector organisations and is slowly being implemented by the public sector (Parker et al., 2013). Where quality of service is paramount, employees should be empowered with the discretion to address client concerns (Foley, 2008).

Performance appraisal can help to assess indirectly whether customers' needs are being met by monitoring how far an employee's targets are reached, shaping their behaviour, improving their motivation and satisfaction, and developing their skills. Performance management systems

within organisations can be aligned to strategic management via strategic frameworks, including Balance Scorecard, originally proposed by Kaplan and Norton (1992). In their original approach to the Balanced Scorecard, they suggested identifying the organisation's value creation chain by creating a strategy map. However, Becker et al. (2001) note that to link strategic organisational targets within the Balanced Scorecard with individual staff performance practices, it is crucial to **identify key drivers of effectiveness** which is often difficult since they are different in every organisation. Becker et al. (2001) suggest tackling this challenge by answering the following questions:

- Which objectives (strategic results) are most important?
- Which drivers of effectiveness help achieve each of these objectives?
- How can we measure progress towards achieving these goals?
- What difficulties do we encounter in pursuit of each objective?
- How should employees behave for the company to achieve its goals?
- Does the HR department ensure that workers acquire the skills and present behaviours needed to achieve these goals?
- If not, what needs to change?

From a service delivery point of view, the **most prominent causal relationships and/or correlations are those between customer satisfaction and appraisal of staff** (e.g. in AT, BE-

Flanders, BG, DK, FR, NL, SE, SI) **and appraisal of management staff** (e.g. in AT, BE-Flanders, BG, DK, ES, FR, NL, SE, SI). Examples of such relationships have been reported by the Dutch PES where customer satisfaction results are used to determine manager bonuses at the district level.

Relating performance appraisal of staff to customer satisfaction can be achieved in a direct and indirect way. The first of the approaches assumes a **direct target-setting linked to customer satisfaction** (usually through individual, specific key performance indicators – KPIs). A universal tool used in organisations to bring together the objectives of individual employees with the organisation's goals is management by objectives (MBO) (Juchnowicz, 2014). MBO is usually utilised in the cycle, starting with proposing and agreeing upon the objectives of the employee in line with the objectives of the organisational unit, followed by formal and informal assessment of progress and ending with formalised evaluation of achieved results and setting targets for the next period.

A key issue for the success of this type of evaluation is the process of formulating targets. Usually it is recommended to use the SMART rule (specific, measurable, agreed, realistic, time bound) for target setting. However, this approach might be highly problematic in relation to customer satisfaction target setting. As at an individual level, it is not always possible to specify what exactly needs to be done to increase customer satisfaction and how to relate the overall change of such a general measure to actions of individual employees. Therefore, it is also problematic to analyse *ex ante* if the objectives set are possible to achieve in a given time period, as they are influenced by a number of external factors.

As noted by Rhodes et al. (2012) the implementation of the performance management systems in the civil service is often undermined by a number of problems and challenges, including the poor capacity for setting clear targets and objectives, and measuring and evaluation criteria for performance assessment. Due to these issues, a more promising approach might be to relate performance appraisal of staff to customer satisfaction through **indirect links with the use of competency models/profiles for PES staff.**

This possibility stems from the concept of competencies, which are demonstrable characteristics of a person that enable performance and require

knowledge, skills and behaviours which help employees to achieve results (Dessler, 2009, p. 362). Therefore, the competency model determines: (1) what skills, knowledge and characteristic features are needed to perform a job and (2) what behaviours have the most significant impact on performance and success in a given job (Juchnowicz and Sienkiewicz, 2006). Thus, this approach presupposes performance appraisals according to the competency model criteria, appropriate for the tasks currently performed by the employees (Dubois and Rothwell, 2008, p. 29), making it possible to link the evaluation criteria more closely to behaviours, which lead to high work efficiency (European Commission, Sienkiewicz, 2014).

'Competency profile' is the set of all competencies to describe specific jobs or organisational roles (European Commission, Sienkiewicz, 2014). Competency requirements for individual employees, are described in the profile through required behaviours, which is an additional factor that facilitates the right assessment (European Commission, Sienkiewicz, 2014). This approach implies not only relating the tasks performed to a given role or job, but also to focus on the results of the work through demonstrated behaviours, which can be linked to customer satisfaction – or at least to factors that influence customer satisfaction.

In European reference competence profile for PES and EURES counsellors (European Commission, Sienkiewicz, 2014) a number of PES staff competences can be directly related to such 'customer satisfaction-creating behaviours'. They fall under the '**foundational competences**' group, which covers client orientation competences including: communication skills and ability to recognise and respond to clients diverse needs. Moreover **client interaction competences** (working with jobseekers and employers) represent the broadest area of competences, clearly linked to customer satisfaction in these target groups. As noted in this paper, (European Commission, Sienkiewicz, 2014, p. 11) 'they should also be implemented as a vital element of performance appraisals of counsellors in order to provide them with feedback and support in the development of these qualities by supervisors/managers'.

As an example, one of the competences (the ability to recognise and respond to clients' diverse needs) has been presented below. All of the indicators are related to customer satisfaction-creating behaviours. Therefore, they can be directly used in the

Table 1: Ability to recognise and respond to clients' diverse needs

ABILITY TO RECOGNISE AND RESPOND TO CLIENTS' DIVERSE NEEDS		
General information	Competence area:	Foundational competences (General practitioner values and skills)
	Competence group:	Client orientation
	Competence ID:	F6
Competence description	Ability to demonstrate awareness and appreciation of clients' diverse needs and to interact appropriately with persons of different social cultural and professional backgrounds.	
Behavioural indicators	Counsellors who demonstrate this competence are able to: <ul style="list-style-type: none"> • demonstrate awareness and knowledge of diversity, • take into account available resources, current social status and restrictions that result from the context in which clients' live, • understand diverse client needs and demonstrate social and cross-cultural sensitiveness in order to offer adequate support, • make quick transitions from one client to another, even between highly diverse cases. 	

performance appraisal of staff – as a qualitative measure of effectiveness at an individual level that can enhance overall customer satisfaction.

4.2.2 Current PES practice

The ability of PES to translate CSM results into improved services requires organisational readiness and support for managers to implement change. Currently, however, **PES staff are unlikely to use the findings at individual management level.** Only a few PES (e.g. AT, FR, SE, SI) use these findings to influence staff training plans and content, internal surveys (e.g. employee opinion surveys, training needs surveys) (e.g. in DK, SE, UK) and individual performance assessment/other formal periodic reviews of work – (e.g. AT, NL). There are examples among EU PES of linking staff wages (most commonly bonuses) to productivity, as measured by reaching specific targets (e.g. NL). However, it is important to note that customer satisfaction indicators are different to other performance indicators and should be put into wider context. This means that customer satisfaction might be influenced by a number of different factors, beyond direct influence (or insight) of the staff. As such, staff behaviours (which might be corrected in the performance management process) cannot be aligned directly to factors beyond their tasks and relationship with clients. However, varying wages to reflect customer satisfaction scores requires these measures to be integrated into the wider performance management system and a link will need to be identified between customer satisfaction and overall results as part of productivity measurement. The evidence for such developments exists for the PES in the Netherlands (where district managers' bonuses are linked to performance results) and in Sweden.

Internally, **top-down senior management support is by far the most important enabler** to build PES capacity, and facilitate staff ownership of satisfaction processes and results. Therefore, **personal buy-in and wide acceptance is critical to build a customer-centric culture at the frontline.** Most PES highlight the importance of involving senior management to foster this culture, which depends on communicating what needs to change and what is working well and 'championing' it across the organisation.

Communication from management should also be clear about the shared responsibility involved in improving services. Organisational and customer buy-in is also important to the process of designing PES customer satisfaction systems. Some PES have involved their staff (FR, NL, UK) and even their customers (SE) in co-designing their tools and indicators, highlighting efforts to align customer expectations, organisational objectives and measurement systems.

Local managers in regional PES also need support to understand and interpret customer satisfaction data through organised training or workshops (AT, NL). Other staff (including those working directly with customers) need ICT and methodological support, results' interpretation, etc. to secure their buy-in to CSM. Additional **training, including manuals and textbooks**, may be needed from the start to ensure that staff are competent at reading and understanding results. The outcomes of CSM are vital to the design of staff training.

Effective communication strategies are clearly the best way to improve staff knowledge and buy-in. These include dissemination of descriptions of good/best practices (e.g. used by AT, BE-Flanders, BG, NL,

SE, UK) and other online and printed manuals/instructions (e.g. used by AT, BE-Flanders, BG, NL, SL). However, findings are rarely translated into formal training content. Only a few PES (e.g. NL, SE) have so far made customer satisfaction a learning module for counsellors' induction training. Presumably, the transformation of the customer measurement results into formal training content is time-consuming and challenging, because the results might differ significantly between observed time periods (which would require frequent revisions of the training content). While the customer satisfaction issues are rarely part of the formal training for PES staff, the lack of qualified/experienced staff is perceived as a barrier to CSM in several PES.

Better understanding is needed of the effect of 'back office' (support functions that do not deal directly with the clients) on customer satisfaction of PES services. Effective customer service is highly dependent on an appropriate service delivery chain. Overall performance measures of customer satisfaction can be significantly affected by factors 'invisible' to customers. **PES as other 'high-contact' services deliver added value to customers through the relatively narrow contact channels** (presumably, in many cases by employment counsellors, job brokers or case managers).

Many PES employees who contribute to service delivery are often only indirectly assessed and this process can be significantly affected by issues beyond their control, such as the ability of employees in direct contact with clients. Similarly, support functions, such as IT might, albeit indirectly, significantly influence the overall customer experience.

4.2.3 Key observations for future PES development

Aligning CSM and performance management systems poses new challenges, not only to data management, but also to the creation of intra-organisational processes, including HR issues. As the customer satisfaction-related metrics are being embedded into staff performance management, PES need to learn **how to operationalise individual KPIs and periodic evaluation sheets to better reflect the strategic intent of the organisation**. Strategic customer satisfaction metrics need to be cascaded down to inform performance expectations of individual PES staff (desired targets, behaviours, attitudes). This would allow for the organisation to offer more personalised HR support to staff to enhance customer service.

Based on the above observations, the **following questions** would merit further discussion:

- How can PES HR practices be better aligned with the requirements of becoming customer-centric organisations?
- What are the most effective practices in linking employee wages (bonuses, rewards) with customer satisfaction results?
- Which measures are most effective in supporting development of customer-centric organisational culture?

4.3 Customer satisfaction as a communication tool: internal and external

4.3.1 Key findings from available literature

Decisions about the **use of the customer satisfaction results** need to consider three possible levels: using results to inform the PES and/or others about the success of PES in delivering a given service (informing); using results to improve the services in question (improving); and using results to influence the design of future services (influencing).

The **informing-improving-influencing model** reflects the range of possible use of customer satisfaction outputs (from simple reporting to satisfaction outcomes influencing change within PES) and the potential of satisfaction results in the wider PES performance management process. The steps in the model include:

- **informing** – considers using results for information purpose, including existence of standards on how the results are used and how these are disseminated internally and to the public;
- **improving** – considers using results to improve the quality of service, including existence of standards on how the results are used to improve different aspects of service delivery; and
- **influencing** – considers using results to influence the design/operation of services in PES, including existence of standards on how the results are used within the wider operational management cycle to improve PES performance overall.

An effective communication process depends on the **ability of PES staff to interpret the results and formulate coherent messages**. Management of the internal and external use of information on customer satisfaction is vital to PES. Generally, internal communication on customer satisfaction is more detailed than external communication because it is easier to control. Communicating customer satisfaction to external audiences requires careful attention because the public image of PES can be sensitive and open to media interpretation. The results of customer satisfaction directly influence the public image of PES, can affect future results and undermine customers' expectations and knowledge of PES activities.

PES can provide **parallel feedback on satisfaction to external audiences**, specifically employers and jobseekers. PES can also use results to communicate with the wider public and promote their accountability to citizens. It is therefore important to communicate both customer satisfaction results and improvements to the service following positive and negative results. Positive messages can also motivate PES staff, indicating appreciation for the improvement of services from the wider public.

4.3.2 Current PES practice

Internal communication of customer satisfaction results support a number of important functions. As discussed during the Thematic Review Workshop, it:

- supports overall communication across the organisation on all levels;
- facilitates communication to all staff from senior to frontline staff, using different channels of communication (intranet, emails, internal meetings, dashboards, etc.);
- supports insightful explanation of customer satisfaction processes and measurement results; and
- increases preparedness to disseminate and interpret negative feedback from customer surveys and, more importantly, inspires a plan to deal with required changes.

Some PES see it as an opportunity to highlight frontline efforts in the context of economic difficulties and heavy workloads associated with persistent long-term unemployment. Office league tables on customer satisfaction results can motivate staff, but the information needs to be carefully balanced.

Currently, PES use **different methods to disseminate CSM practices/standards** to improve service quality and performance. The most common are:

- internal conferences/seminars for staff (e.g. BE-Flanders, BG, DK, ES, FR, NL, SE, SI, UK),
- internal training/peer learning sessions (e.g. in AT, BG, DK, FR, NL, SE, UK)
- internal benchmarks of customer satisfaction results (e.g. AT, DK, ES, NL, SE, SI, UK).

Based on available information on PES practices, one can conclude that the **majority of outputs on customer satisfaction are available only internally**, with only limited PES reporting that results are publicly available. The most common outputs of CSM available in PES are executive summaries of findings and general reports of key findings, most commonly available externally (e.g. in BE-Flanders, ES, FR, SE, UK). Detailed analyses



PES example of handling claims and complaints

Since the implementation of the Charter on the handling of claims and complaints in 2010, counsellors have been made aware of the importance of recording and monitoring users' claims and complaints. Thus, in 2013, more than 86% of jobseekers' claims or complaints were processed within seven calendar days*. A review of claims and complaints was also performed. It has improved the services provided by the French PES, with, for instance, modifications to the content of letters sent to jobseekers. The number of claims and complaints went down between 2010 and 2013 (by 19.4% among jobseekers and by 15.4% among employers)**. Also, liaison committees exist at the local (departmental) level and are coordinated by the National Liaison Committee (CNL) to improve the offer of services by French PES. They provide a platform for jobseekers and their staff to discuss improvement to PES support services.

* Pôle Emploi 2013 Activity Report: www.rapport-annuel.pole-emploi.org/docs/Pole_Emploi_Rapport_annuel_2013.pdf

** Ibid.

comprising all research questions/problems, specific analyses and evaluations focused on separate problems/target groups of customers and reports on customer complaints are usually only available internally to PES managers. In relation to the latter, the French PES offers an interesting example (see box on page 25).

PES use **several channels to communicate results internally**, such as periodical reports and meetings tailored to different levels of the organisation. In several PES, information is mostly provided to senior management for performance reporting purposes. The results are used by senior management to drive operational improvements, presented and analysed via a quarterly scorecard looking at regional performance and variation across service lines. Findings are also used to improve communications, for example, improving letters to customers (UK). CSM findings are also used to support other strategic/organisational issues, including **development of communication strategies** (e.g. in AT, FR, NL, SE, SI, UK).

The channels through which PES communicate with customers are changing, increasing opportunities to use PES services via 'self-service' methods (Nordic countries, UK, NL) and changing the way PES interact with individuals (as discussed in Section 2.2). Channels used to collect information and communicate results should equally reflect the channels available by the PES. Interestingly, PES now understand the **need to expand existing online channels to receive more customer feedback**.



PES examples of gathering feedback

One PES (DK) is now gathering feedback immediately after a service (Jobseekers interview) is provided to a customer (Just in Time surveying). Some PES (NL) have used these techniques for e-learning modules or to collect feedback on the accessibility of their websites. The United Kingdom PES practices on changing communication strategies for customer satisfaction results are interesting in the context of open data – an example of using an online platform to publish and share transparent information with the public can be found [here](#).

4.3.3 Key observations for future PES development

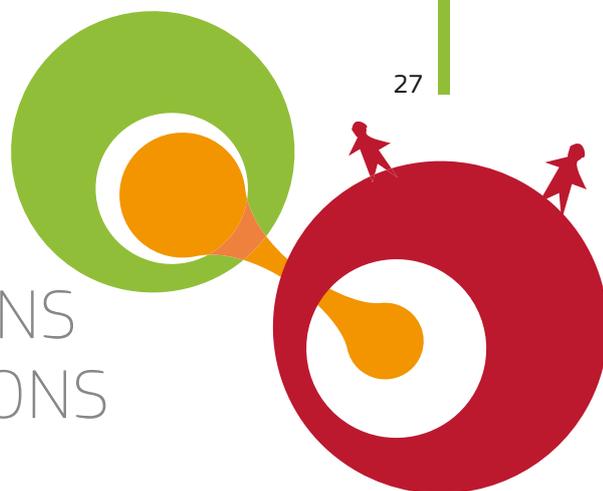
Key considerations for communicating results internally and externally include: what data to use, how to present to different audiences, communicating positive and negative results (striking the balance) and keeping it simple. Organisational readiness to use complex information is also key – links to HR and staff performance management systems are highly desirable. However such sophisticated assessment of the impact of customer satisfaction measurement on overall effectiveness and efficiency requires significant investment. Senior management involvement is essential to communicate and use the results effectively.

First, the **purpose of collecting information** from customers has to be clear, shared and understood across the organisation. Senior management need to commit to the process. Communication on the importance of customer satisfaction is crucial. Also, **operational messages** can share the analysis of customer satisfaction.

Good communication both strengthens the identity of the organisation and affects its image-building and reputation, which impact communication with external stakeholders. A noticeable trend of external communication is an **open data perspective**. The public's ability to freely access customer satisfaction results (currently not available in most PES) is a result of changing views of public service customers, public accountability and rationalising PES operations, and will definitely change the way information is presented and used. It will also raise questions of credibility, may influence the reputation of PES and increase political pressures generated by access to open customer satisfaction data.

Based on the above observations, the **following questions** would merit further discussion:

- Which data/analyses should be available internally and externally?
- How open to critique should PES be? How can PES deal with negative customer satisfaction results while aiming for an open data approach?
- How can internal communication on customer satisfaction results be best organised to achieve employee commitment?



5. GENERAL CONCLUSIONS AND RECOMMENDATIONS

External pressures on PES to deliver more efficient services to achieve better employment and employability outcomes have increased in recent years. These pressures include political and societal requirements to become more transparent and accountable, including legal requirements to present and deliver jobseekers' and employers' satisfaction indicators for PES benchmarking. Together with the growing influence of new public governance, these pressures have led to **heightened interest in customer satisfaction as central to PES effectiveness**.

PES customers, as in other public services, are becoming key drivers to effectiveness and change. From this perspective, public organisations – similar to the private sector – may need to become **customer-centric organisations**. Using customer insight to improve their services can make their organisations more effective. Customer expectations and the results of customer satisfaction are key to improving service delivery and to rationalising the effective use of resources. However, some EU PES are only beginning to measure customer satisfaction and to effectively use the gathered information to improve the service quality, by linking customer satisfaction measures to performance management systems and strategic management targets. Moreover, at this current stage, there is no single example of a customer-centric PES.

The gathered data and insights from PES highlight **key trends** in developing customer-centric public services, including:

- **Efficient resources** (transparency, meeting public expectations and evidence-based decisions) are key to legitimising and influencing the move towards a customer-centric model for PES services;
- **New public management** (and new public governance) trends are influencing the absorption of concepts from private sector to public sector, also in relation to PES – although the direct transferability of practices is limited, since PES services are specific;
- **Co-production of services** by customers and a **systems approach** in service delivery,

are clearly link to the issue of customer-centricity – but there are limited examples of PES customers becoming the co-creators of services and services delivered by cooperating organisations within the overall employment support system;

- **New delivery channels and new services** (such as blended services models, digitalisation, online provision, self-services) are affecting the way customers perceive the services (and their quality), requiring new approaches to measure and interpret data; and
- **Importance of the use of data** on customer satisfaction to improve services, putting customer satisfaction at the centre of organisational decision-making and moving towards an informing-improving-influencing model.

From this perspective, PES need to include **customer satisfaction as a key metric** of PES efficiency. Evidence is growing of the relationships between customer satisfaction and outcomes for the service and the public. Translating these into **targets for the PES performance measurement model**, both at the strategic and operational (staff) levels is the challenge for the near future. There is some evidence for using customer satisfaction as a proxy measure where PES have well developed CSM systems (AT, FR, NL, SE, UK, etc.).

A further challenge is to integrate performance management, quality management and human resources management systems to design a systemic approach to customer satisfaction measurement in PES. Current practices, involving mostly Balance Scorecard models and different quality assurance frameworks are still not widespread among PES, although there is limited (but growing) evidence of their implementation.

A key barrier to implementing the performance management integrated around CSM might be **limited capabilities within PES**, which negatively influence the process of measurement and, more importantly, the ability to 'digest' the information to improve the service delivery quality.

PES should **invest more in developing their analytical capabilities towards CSM**, including: dedicated software, data collection and analysis, processing of results and their interpretation, internal knowledge databases and repositories. Proper use of these tools requires educated and dedicated staff. Therefore, further investment is needed in **PES employees' skills** through training and knowledge sharing to improve the overall understanding of CSM results and the potential to transform them into operational improvement. Such a perspective requires **strong support from management**, characterised by leadership and commitment to CSM and a 'customer-focused' organisation. These two elements could create a customer-centric organisational culture that puts the consumer first.

Thus, PES need to **better communicate the CSM data internally and externally**. Internal communication should foster a customer-centric culture through effective communication across the organisation. In the era of open data and growing public expectations of transparency, an effective external communication strategy on customer satisfaction measurement is a must.



ANNEX 1: ADDITIONAL PES CASE-STUDIES

PES EXAMPLES OF HOW CUSTOMER SATISFACTION MEASUREMENT IS DESIGNED TO PROVIDE IMPORTANT FEEDBACK ON CUSTOMER EXPECTATIONS AND PERCEIVED SERVICE QUALITY

In **Austria**, the **Client Monitoring System (CMS)** includes telephone survey interviews of both jobseekers and companies by a research institute, using a mixture of graded questions (scored 1 to 6), multiple choice questions and open-ended questions (European Commission, Tubb et al., 2013). Sampling methods encompass random sampling of customers (all registered companies and job-seekers during a specific period). The average sample size totals approximately 12 000 job-seekers and 10 000 companies (Arbeitsmarktservice Österreich, 2014). To measure the customer satisfaction of businesses, the Austrian PES employs six different surveys using the online software 'Inquiry', where surveys are not anonymous and companies are contacted directly (European Commission, 2013). The six surveys utilised are (European Commission, Tubb et al., 2013):

- After-sales and general service satisfaction (pre-selection, services for temping agencies, etc.);
- Position acquisition questionnaires (e.g. apprenticeships and gastronomy positions);
- Topic selections for client meetings;
- Invitations and registration management (e.g. workshops with clients);
- Reminders and follow-up after events; and
- Thank you campaigns after surveys.

In **Germany**, three separate measures for gauging customer satisfaction are employed and four different types of clients are identified for profiling (Weishaupt, 2010). The **different approaches used to measure customer satisfaction** include (European Commission, Tubb et al., 2014):

- Regular telephone surveys, conducted by the Centre for Customer and Staff surveys;
- Special customer surveys for the acceptance and optimisation of the IT Platform;
- Case-related complaints or positive appraisals, which are periodically evaluated;
- Feedback regarding the online channels, obtained from face-to-face contact.

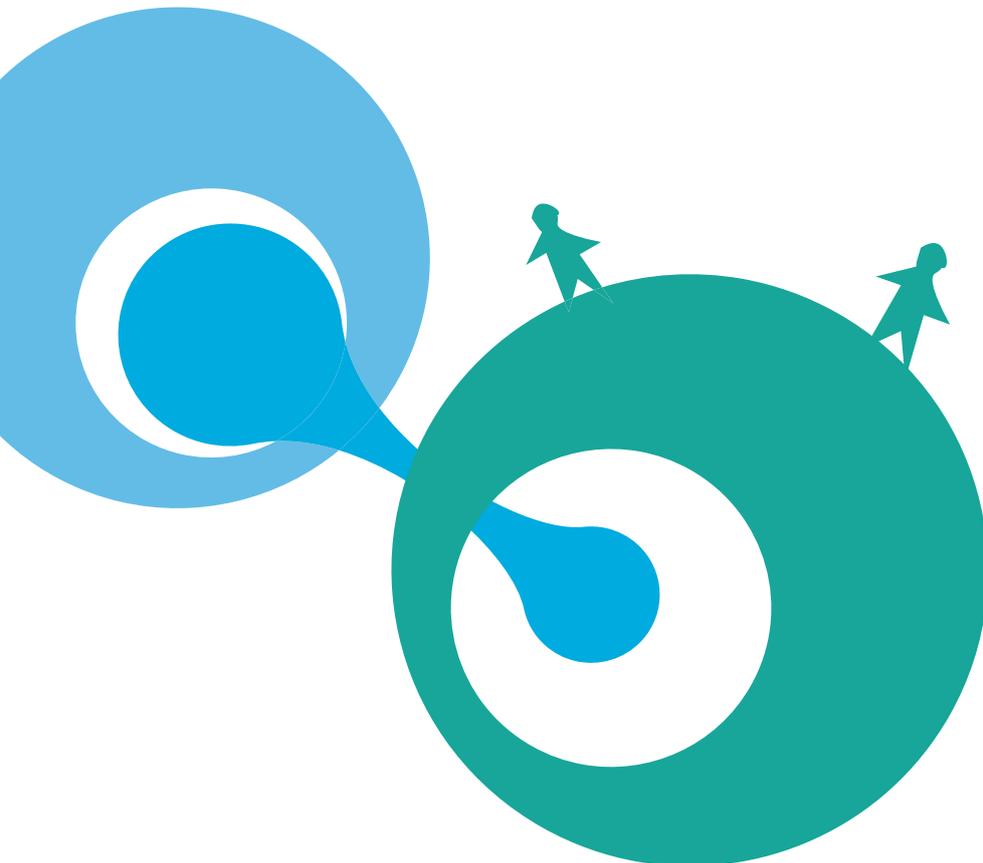
Furthermore, the German PES undertakes an annual online customer satisfaction survey with employers. In this survey, they ask employers to provide a rating between 1 and 6 (one being the highest, six being the lowest) in five areas: overall satisfaction; placement and counselling services; information and self-help services; consultant and setting/conditions (European Commission, Tubb et al., 2013).

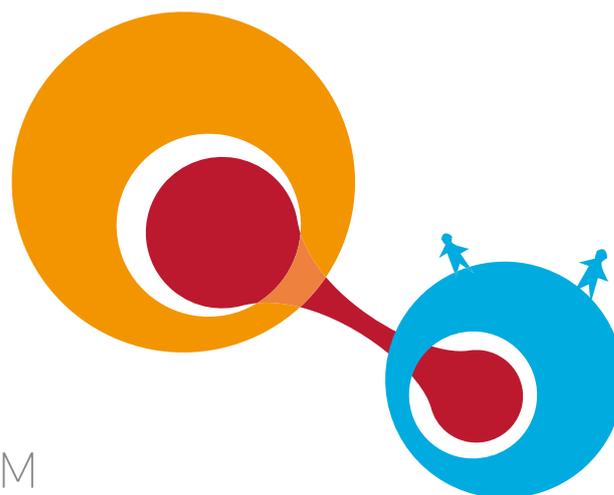
In **Finland**, **multi-channel monitoring of client satisfaction** is used. The PES national telephone services and face-to-face contact are monitored by using customer satisfaction feedback surveys. Technically, this multi-channelling method requires constant monitoring and evaluation on services between channels. Customer satisfaction is measured in every channel by surveys, feedback and continuous evaluation. This includes, for example, questions about the usability of e-services (Nio, 2010).

PES EXAMPLES OF HOW CUSTOMER SATISFACTION RESULTS LINK TO PERFORMANCE MANAGEMENT

Two examples of how PES feed customer satisfaction results into performance management at the strategic level showing the latest developments in PES on this subject, are presented below:

- In **Germany**, the ISO9000 quality management model is used to assist managing and improving performance in the area of customer satisfaction (European Commission, 2013).
- In **France**, introducing personalised services led to the implementation of an annual customer satisfaction survey in 2011. Quarterly customer satisfaction surveys provide an in-depth analysis of service provision at the local level. The aim for the PES is to adapt services to local needs and to improve their availability in certain geographical zones (Pôle Emploi Newsletter No. 9, October 2014). More recently, the 2015 Strategic Roadmap recommends piloting actions on the basis of customer satisfaction results (Pôle Emploi, 2015). Originally launched in 2012 (Pôle Emploi, 2015) the 2015 Strategic Roadmap set the following customer satisfaction targets for 2014:
 - » 60% customer satisfaction with how the French PES has adapted services to jobseekers' needs.
 - » More than 75% of jobseekers satisfied with the information provided on unemployment benefits (e.g. entitlements, claims, etc.).





ANNEX 2: SUMMARY OF FINDINGS FROM WAPES STUDY AND TOOLKIT

SUMMARY OF FINDINGS FROM THE STUDY AND TOOLKIT OF THE SUCCESS FACTORS FOR THE IMPLEMENTATION OF CUSTOMER SATISFACTION MEASUREMENT OF WAPES

WAPES* project about 'Methods measuring customer satisfaction' in the relevant toolkit presents a number of success factors for the implementation of customer satisfaction measurement, which include:

- Management support: Customer satisfaction has to have the same level of importance as other business targets and has to become an equal part of the business results. It all starts with ambition.
- Serious and quick follow-up of the results: reaction and action.
- Involvement of staff: the staff have to be informed about
 - » the reasons for carrying out surveys,
 - » the results (of improvements), and
 - » the direct link with their day-today work.
- Personalised results have to be kept within the department concerned.
- Quick feedback: minimum delay between research and results. Otherwise results become outdated.
- Meaningful presentation to customers and staff. They have to understand how the surveys are structured. It is important to translate the results to local offices. Staff needs to feel accountable and rewarded.
- Benchmarking, both internal and external: provide staff with positive messages. Create healthy competition.
- Reliability
- Quality of data for choosing a random sample.
- Response by telephone is much higher.
- With internet it is possible to achieve a high coverage.
- Step-by-step approach
 - » Exploration: first step is to discover themes
 - » In-depth analysis: focus on the most important themes for customers
 - » Prioritise set of targets for improvement of certain areas affecting customer satisfaction
 - » Improvement of services: try to create quick wins for customers
 - » Implementation and embedding of adapted services in the organisation.

Source: WAPES

* World Association of Public Employment Services, www.wapes.org

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