



# How to get better reporting from Public Employment Services in Bosnia and Herzegovina?

Marko Martić

## Unemployment in Bosnia and Herzegovina - among the highest in Europe

Growing unemployment in Bosnia and Herzegovina has reached alarming proportions. Over the last few years, the number of the unemployed has been around 450.000. Unfortunately, again it has tendency of constant growth since 2008 which resulted in 527.749 unemployed persons registered at the employment bureaus in Bosnia and Herzegovina at the first quarter of 2011<sup>1</sup>. At the end of 2010, registered unemployment rates have reached the percentage of 43.1%, which is among the highest rates in Europe.

***If this trend continues, very soon we will be in a situation in which one of two workers in B&H is officially unemployed!***

## Public Employment Services play a crucial role on the labor market

This kind of development of the situation at the labor market in terms of scope, structure and trend of unemployment, has been a direct consequence of the impact of numerous factors, where global economic crisis only highlighted the problem of an inflexible and dysfunctional B&H labor market<sup>2</sup>. Here is important to address that labor market is a key factor market influencing overall economic effectiveness, where Public Employment Service represents a central public authority in the labor market and employment in every state, and so does in Bosnia and Herzegovina. PES plays a crucial role at labor market since they appear simultaneously as the intermediaries between the actors at the labor market, as an important source of information and as carriers of employment policies. They are considered to be the main institutional actors when it comes to implementing labor market policies which involves: stimulating labor

market participation; activating the unemployed; enhancing the skill profile of the work force; facilitating efficient matching of demand and supply on labor markets, etc. When political decision-makers set targets, the public employment service is responsible to meet them on the most efficient and effective way. Having this in mind, we can say that the PES is significantly contributing to the design and layout of the labor market in one country since they are an important institutional framework for implementation, monitoring and evaluation of the government employment policy.

## How to measure PES performance on labor market?

In accordance with the role that public employment services play, the public and key stakeholders are very interested in information about success of their activities which are undertaken on the national labor market. The review of performance measurement in comparative PES in Europe showed that a wide range of approaches is used but what they have in common is methodological framework which is based on causal connections between inputs, outputs and outcomes. In that context input measures are related to the presentation of resource information (budget, personnel, equipment, etc.) alongside achieved performance (results of activities) and effects (employment, unemployment), so as to enable a comparison of the relationship between resources and performance (this approach is also incorporated in the European *PES Benchmarking* Project and the European Employment Strategy).

Based on this methodology, existence of basic input, output and outcome indicators have been subject of analysis and identification in latest official annual reports and programs for 2009 and 2010 from RS Employment Agency and Federal Employment Agency<sup>3</sup>. Additionally, existence of

## Summary

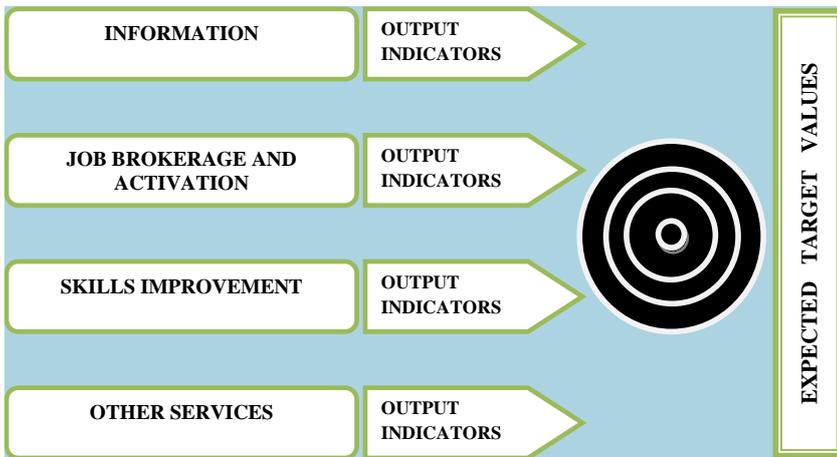
Despite the fact that problem of huge unemployment in Bosnia and Herzegovina is constant and top issue to deal with, more than a half million of registered unemployed persons speaks in favor that little was done in this problem solving. In B&H context, question that arises is about role and accountability of the public employment services and their performance efficiency on national labor market which was characterized as dysfunctional and non flexible in numerous reports. According to the research on possibility of measuring the success of public employment services in Bosnia and Herzegovina by using their official annual reports, it is clear that those reports at this moment do not contain enough data on direct results of their activities, primarily in the performance of basic functions such as information services and job brokerage, which is only a reflection of their passive approach when it comes to relations with customers, whether it be with unemployed or with employers. At this point, annual reports in PES are designed in such a way that the dominantly present records and numbers of the unemployed persons, but lowest on PES succeed in performance to help unemployed to find jobs, which is their main statutory activity. Therefore, the basic performance measurement model which stands on clear linkage between inputs, outputs and outcomes, as well as appropriate monitoring and reporting mechanisms, should be introduced in PES in B&H as soon as possible in order to show level of their efficiency on the national labor market.

<sup>1</sup> Source: Labor and Employment Agency of B&H - figures for the first quarter of 2011.

<sup>2</sup> ILO and Council of Europe: Employment Policy Review for Bosnia and Herzegovina, PES of Republic of Slovenia, Strengthening of the Institutional Capacities of B&H State Employment Agency - Final Report

ETF Labor Market Review for Bosnia and Herzegovina World Bank, Report No 4889-BIH, Labor Market in Postwar Bosnia and Herzegovina

<sup>3</sup> Employment Agency of RS: Izvještaj o radu Zavoda za zapošljavanje RS za 2009. godinu i Program rada Zavoda za zapošljavanje RS za 2009. godinu i 2010. godinu Federal Employment Institute: Izvještaj o radu Federalnog zavoda za zapošljavanje za 2009. godinu i Program rada Federalnog zavoda za zapošljavanje za 2009. godinu i 2010. godinu



**Table 1. Methodological framework for analysis: key PES functions, indicators of results and expected target values**

causal connection between defined objectives and achieved results is essential for assessment of their work and development of performance measurement framework.

### **The analysis results: inefficient labor market in B&H reflects the work of institutions that operate on it**

According to the research results we can say that inefficient labor market in B&H only reflects the work of institutions that operate on it, including the public employment services. It is obvious that current system of reporting does not allow full insight into their performance measurement and comparability of results with other similar institutions which significantly discourages the establishment of the desired level of accountability and transparency in these institutions. Besides insufficient level of accountability and transparency, detailed insight into research results opens more serious problem that exists if we look on core competences of PESs in B&H.

Although positioned as the key institutional actors at the B&H labor market, so far, public employment agencies have been primarily directed towards "passive" functions like keeping records, administering data and ensuring prescribed assistance and benefits for unemployed persons prescribed by the Law. In general, the analysis of examined B&H PES reports and annual plans shows that the focus of their reporting in this moment is dominantly placed on consistency in the implementation of legal provisions and regulations instead on fulfillment of targeted values and indicators which could be also an explanation why some of the most important performance indicators are missing. Accordingly, "more active" and "creative" functions like function of mediation in employment, as one of their most important statutory activities (job brokerage), have been partially or completely ignored. Job brokering,

personalized counseling and guidance, screening of the unemployed for participation in active labor market policies are core statutory functions but not fully preformed by public employment services in B&H. Reporting system in both institutions has been designed in such a way that the dominantly present records and numbers of the unemployed persons, but lowest on succeed in performance to help unemployed to find jobs, which is their main statutory activity.

Other aspect is undefined reporting obligations and unclear objectives and target values. It also raises a question how to assess management of RS PES if the system for monitoring and evaluation of performance is missing or it is not completely developed. Using the simple words, performance management of Public Employment Service in some aspects can be described as "driving in neutral". However, it is encouraging that certain progress in introducing new monitoring and reporting mechanisms exists in both Public Employment Services unlike previous years where such positive movements were not present at all.

### **European experiences and models should serve as a guideline**

From this perspective it is clear that there is an urgent need to reform the existing system of reporting in PES institutions at all levels in order to raise their level of transparency and accountability. In that sense, positive European experiences should serve as a good guideline for modernization of local labor market institutions. Moreover, within Joint Assessment of the Employment Policy Priorities, EU helps candidate countries and potential candidate countries to reform their employment systems. It requires countries to develop a strategic approach for employment policy, addressing their specific employment challenges in line with EU policies and practices. PES benchmarking project should be specifically addressed here since it is directly related to monitoring the performance and comparability of PES within the EU which is very important for this topic

Most public employment services in EU countries are using basic performance measurement model with an appropriate monitoring and reporting mechanisms. Such model enables policy makers and public as well, to have a clear insight into efficiency of PES performances on labor market. More specifically, basic performance measurement model stands on clear linkage between inputs, outputs and outcomes so the monitoring and reporting mechanisms are dominantly focused on system of quantitative and qualitative indicators which are showing PES efficiency on the labor market. The system of seven main indicators de-



A "Policy Development Fellowship Program" has been launched by the Open Society Fund BiH in early 2004 with the aim to improve BiH policy research and dialogue and to contribute to the development of a sound policy-making culture based on informative and empirically grounded policy options.

The program provides an opportunity for selected fellows to collaborate with the Open Society Fund in conducting policy research and writing a policy study with the support of mentors and trainers during the whole process. Seventy three fellowships have been granted in three cycles since the starting of the Program.

All policy studies are available at [www.soros.org.ba](http://www.soros.org.ba)



veloped within PES Benchmarking project is an example of commonly accepted methodology for monitoring and reporting among PES in most EU countries.

### **Reporting focus should be on job brokerage and information services as “active” functions of PES**

According to the research results, it is already mentioned that PES annual reports are designed in such a way that the dominantly present records and numbers of the unemployed persons, but lowest on succeed in performance to help unemployed to find jobs, which is their main statutory activity. There are many reasons for that which are not in dependence from PES management but also from other factors such as: limited financial sources for implementation of PES activities, outdated IT technologies, human resources that should be trained for new PES services, and finally and the most important, political decision for decisive step in the reform process (such as. relocation of health insurance for unemployed persons from jurisdiction of PES). Therefore, it is very important to address areas for improvement in PES services in order to provide adequate support from decision makers for needed reforms

In accordance with the above mentioned, the reporting system in public employment services should definitely include more information about information and job brokerage services, especially in terms of contacts with customers, conducted consultations with unemployed persons, conducted consultations with employers, organized interviews, developed individual employment plans, provided customer satisfaction research (primarily the research about satisfaction of unemployed persons), advertised vacancies within the PES information system, etc..

### **Shift from “traditional management” to “management by objectives” is needed**

Another problem identified in this research is unclear objectives and target values stated in PES annual programs and working plans. It seems that PES management has been primarily oriented to “traditional management” approach that exclusively follows legislation, laws and bylaws provided by respective ministries, without any ambition to introduce new management techniques from the private sector, including ‘management by objectives’ for instance. During the eighties, the same situation was in Europe. Among the first PESs to introduce performance targets were Sweden in the mid-1980s and the UK and Belgium in the late 1980s. Since then, most other European countries have followed this new approach. Of course, not all employment services are at the

same level but basic performance measurement principles are almost standardized in PESs from EU member countries.

In this sense, the EU experiences and support can be valuable for domestic labor market institutions. **More specifically, European Employment Strategy and especially PES Benchmarking Project with its already developed and applied methodology should serve as a guiding line for certain improvements of existing performance measurement models in local PES institutions. Those improvements will also lead to the shift of current focus of monitoring and reporting towards objectives instead of regulations.**

Finally, **the role of PES management is very important. PES management should be the initiator of mentioned reforms and changes that will result with better performance efficiency and more efficient management system where particularly encouraging is the cognition that management structures from both public employment services are interested to take such important step.**

In this respect, the recommendations from this study should be taken solely as an expression of support for the reform processes which are already started at the Employment Agency of Republic of Srpska and Federal Employment Agency.

### **BIBLIOGRAPHY**

Dr Alex Nunn, Dr Tim Bickerstaffe, Ben Mitchell, 2009, *International review of performance management systems in Public Employment Services*  
European Commission, 2009, *Indicators for monitoring the Employment Guidelines including indicators for additional employment analysis*  
European Commission, 2009, *The role of the Public Employment Services related to ‘Flexicurity’ in the European Labour Markets - Final Report*  
Federalni zavod za zapošljavanje, *Izveštaj o radu Federalnog zavoda za zapošljavanje za 2009. i 2010. godinu i Program rada Federalnog zavoda za zapošljavanje za 2009. i 2010. godinu*  
Zavod Republike Slovenije za zaposlovanje, *Letno porocilo 2009 - Zavod Republike Slovenije za zaposlovanje i Poslovni načrt za leto 2010*  
Zavod za zapošljavanje Republike Srpske, *Izveštaj o radu Zavoda za zapošljavanje RS za 2009. i 2010. godinu i Program rada Zavoda za zapošljavanje RS za 2009. i 2010. godinu*  
OECD Employment Outlook, 2005, *Public Employment Services: Managing Performance, Chapter 5*  
Synthesis Forschung, ÖSB Consulting GmbH, 2004, *Performance Indicators for Public Employment Services*



**Marko Martić**, completed his bachelor degree in 2000 at the Faculty of Economics in Banja Luka. During last ten years he gained notable experience by working as a consultant in numerous local and international projects. His professional interests are development of entrepreneurship and support to local businesses in B&H. He is internationally certified consultant and business trainer for small and medium enterprises. Marko Matic is also one of the founders of the Center for Research and Studies - GEA, a think tank organization from Banja Luka that analyzes and supports reforms of public policies in Bosnia and Herzegovina.

### Appendix 1. Research results on PES reporting in B&H and Slovenia

	PES RS	PES FB&H	PES Slovenia	PES RS	PES FB&H	PES Slovenia
	indicators available			target values defined		
INFORMATION SERVICES	(in observed annual reports)			(in observed annual plans)		
PES web site available	yes	yes	yes	no	partially	yes
On-line content/services designed for employers available	yes	yes	yes			
On-line content/services designed for job seekers available	yes	yes	yes			
Call center or free telephone line available	no	no	yes			
Number of PES web site visits	no	yes	yes			
Number of vacancy posted within PES information system	no	yes	yes			
Number of filled vacancies	no	yes	yes			
Number of CVs collected	no	yes	yes			
Number of on-line job application submitted	no	yes	yes			
Direct contacts with beneficiaries (by SMS or e-mail contacts )	no	no	yes			
ACTIVATION SERVICES	indicators available			target values defined		
Number of conducted interviews with employers	partially	partially	yes	no	partially	yes
Number of conducted interviews with job-seekers	no	no	yes			
Number of individual plans completed	no	no	yes			
Number of counseling sessions conducted with job seekers	no	yes	yes			
Number of counseling sessions conducted with employers	no	no	yes			
Number of job fairs organized	yes	yes	yes	yes	yes	yes
Types of employment subsidies provided	yes	yes	yes			
Number of employed per subsidy type	yes	yes	yes			
Amount of money per employment subsidy type	yes	yes	yes			
SKILLS IMPROVEMENT SERVICES	indicators available			(target values defined)		
Number of training programs implemented	partially	yes	yes	no	yes	yes
Number of training sessions conducted	no	yes	yes			
Number of participants attended each training sessions	no	yes	yes			
Amount of money spent on each training program	no	yes	yes			
MISCELLANEOUS SERVICES	indicators available			target values defined		
Number of beneficiaries and amount of money spent for unemployment insurance	yes	yes	yes	yes	yes	yes
Number of beneficiaries and amount of money for spent health-care insurance <sup>4</sup>	yes	yes	N/A			
Number of beneficiaries and amount of money spent for pension insurance	yes	yes	N/A			
Number of sanctions taken against unemployment insurance lawbreakers	no	no	yes	partially	partially	yes
Trends and movements on labor market identified	yes	yes	yes			
Employers' satisfaction survey conducted	yes	yes	yes			
Job seekers' satisfaction survey conducted	no	no	yes			
Quality management system introduced	no	yes	yes			

LEGEND:

- Yes - indicator is fully available in observed reports
- Partially - indicator is available in observed reports only for segment of PES service or implemented programme
- No - indicator is not available in observed reports
- N/A - not applicable

<sup>4</sup> Health care insurance for unemployed is not under competences of Slovenian PES