



## The Swedish Public Employment Service's job matching

– weak knowledge base and inadequate governance

The Swedish Public Employment Service (PES) must improve overall matching in the Swedish labour market by effectively bringing together jobseekers and employers seeking labour. The agency states that in 2018 it spent more than a third, or SEK 3.5 billion, of its administration appropriation for matching activities. In addition, the programmable allocation of almost SEK 14 billion is to contribute in part to improving matching in the labour market. Despite the resources put into matching activities, in its last three annual reports the PES assesses that it did not achieve the objective of improved matching.

Government agencies are to conduct their activities effectively and equivalently. For the Swedish Public Employment Service, activities must be adapted to local and personal conditions. At the same time, jobseekers must receive equivalent service throughout the country. One condition for this is that the PES has knowledge of how its working practices contribute to better matching, that governance of the activities focuses on knowledge-based working practices and that employment officers apply this governance in their work. If any of the links in this chain are broken, there is a risk that the activities will be less effective and that jobseekers will not receive equivalent service.

Even though the PES is currently undergoing major changes, the Swedish NAO considers that the effectiveness and equivalence requirements remain.

## Overall assessment

The Swedish NAO finds risks of impaired effectiveness and equivalence in the Swedish Public Employment Service's matching service. The risks are partly due to the design of working practices for matching being derived from a relatively weak knowledge base. Nor does the governance ensure that employment officers use the most effective working practices or make equivalent assessments of jobseekers' needs. The Employment Service has also delegated considerable responsibility to local employment service offices and individual employment officers to select, design and follow up working practices. The Swedish NAO does not criticise the Employment Service's choice of governance model but considers that the agency has not managed its inherent risks satisfactorily. This may lead to a varying standard of support to jobseekers from different employment service offices or individual employment officers. Ultimately this means that some jobseekers risk staying in unemployment longer than necessary.

## Audit questions and implementation

The purpose of the audit is to investigate whether the Swedish Public Employment Service's governance of its matching service creates the conditions for effectiveness and equivalence.

Consequently, the audit examines:

- the knowledge base for the Employment Service's matching activities
- whether governance in the Employment Service promotes the use of knowledge-based working practices
- whether the governance has an impact in the practical work of the employment officers.

The audit includes document studies and interviews with employment officers, managers and representatives of the Swedish Public Employment Service's headquarters.

## Audit findings

### Employment officers only partially apply the working practices developed by the Employment Service

According to the PES rules of procedure, the agency's activities must be based on quality-assured methods. For matching activities, the Employment Service has developed centrally eleven methods aimed at ensuring effective and equivalent service throughout the country. But the audit shows that employment officers often choose other working practices that originate from various local offices.

According to the Swedish NAO, there may be good reasons for local adaptation of an agency's working practices and methods, but this also entails a risk of impaired effectiveness. In matching activities these risks arise if the local working practices are not as effective in getting people into work as the centrally developed methods. Risks may also arise of the agency's clients not receiving equivalent service at all offices. In addition, methods development is a resource-intensive activity. If the agency develops methods and support tools that are not subsequently used it means that resources are not being used effectively.

The labour market assessment is to determine the support the jobseeker is to receive from the Employment Service. Representatives from all parts of the PES that the Swedish NAO has been in contact with emphasise that this is a central feature of matching. To ensure equivalent assessment the agency has developed a computerised assessment tool, which is an aid to employment officers in determining the risk of long-term unemployment for a jobseeker. However, few of the employment officers interviewed use the assessment tool.

### The agency's working practices rest on a weak knowledge base

#### *The methods were developed on the basis of "proven experience"*

The audit shows that the PES has limited knowledge of how the agency's various working practices can contribute to improved matching. This applies to both centrally developed methods and various local working practices. When designing the central methods in 2008, most were based on "proven experience". According to an earlier study, this might only mean that a description was given of the working practices normally used by the employment officers. The descriptions could sometimes be based on the perceptions of just a few individuals. Nor did the analysis department, which is responsible for the PES's expert knowledge within impact evaluation, participate in the work of reviewing or developing new methods.

### *There are no evaluations of the methods' impact*

The Employment Service's evaluation of methods and local working practices has mainly focused on the experience of employment officers and the perceptions of jobseekers and employers. In its audit, the Swedish NAO did not find any qualified evaluations of the impact of the methods on matching of jobseekers. Overall, the role of the analysis department in development of working methods is unclear, and the PES has lacked procedures for evaluating centrally developed methods and local working practices. Great responsibility for follow-up and evaluation has instead been delegated to regions, market areas and individual employment service offices. This has led to the agency lacking comprehensive knowledge of which working practices may be expected to give the best results.

Even if it is reasonable that some evaluation is delegated in the organisation, the Swedish NAO questions whether regions, market areas or individual employment service offices can be expected to have the skills and resources for qualified impact evaluation or systematic methods development.

### *The Swedish Public Employment Service has developed some analytical tools*

In 2018 the PES analysis department prepared an evaluation plan aimed at better planning and systematisation of the agency's evaluations of its working practices. The Employment Service has also developed an analysis tool called the cluster model, which is to facilitate and improve comparisons between local employment offices' working practices. In future these measures can contribute to more extensive and systematic knowledge-building. The Swedish NAO notes, however, that the systematic planning of evaluations has only been started and that the cluster model is not yet used to its full potential.

The analysis department has also produced a statistic-based assessment tool for labour market assessments. An evaluation from 2014 shows that the automated tool on average gives more accurate predictions of the risk of long-term unemployment than the employment officers' own assessments. Despite this, the assessment tool is only used to a small extent by the employment officers. Considering the importance of labour market assessments for jobseekers and the agency's overall resource allocation, it is particularly important that they are accurate. A knowledge-based technical tool is one of several possible ways of increasing the effectiveness and equivalence of the assessments.

### *There is scope for improvement of the knowledge base*

The Swedish NAO considers that the lack of evaluations of the effectiveness of working practices is problematic for the PES matching activities. This lack means that the agency at central level does not know which working practices contribute to achievement of

objectives. Nor has the agency developed new or more effective working practices. It is good that the agency monitors clients' and employees' experiences of working practices, but this is not a substitute for assessments of what contributes to improved matching. The Swedish NAO also notes that the procedures for local quality assurance of methods are not always followed.

## The Swedish Public Employment Service governance does not promote the use of knowledge-based working practices sufficiently

### *The governance model delegates great responsibility*

The PES applies results-based management. The agency's management philosophy emphasises self-management and far-reaching delegation of both freedom of action and responsibility in all parts of the organisation. The agency's rules of procedure state that its activities must be based on quality assured methods, but the governance model means refraining at all levels from detailed management of the employment officers' choice of working practice.

The audit shows that the governance model and management philosophy have had a major impact in the organisation. The agency's objectives for matching activities are generally well-known and accepted among those interviewed. Interviews with representatives of all management levels show that the responsibility for choosing, applying and monitoring working practices has been delegated in the organisation. Delegation extends to a great extent to individual employment officers and teams. Some individual managers stress, however, the importance of employment officers working consistently and using effective working practices when these are known.

In this audit the Swedish NAO does not take a position on the overall considerations behind the governance model and management philosophy. The PES's ambition to delegate responsibility and powers may be seen in the light of the Government's focus on more trust-based governance. However, the Swedish NAO notes that far-reaching delegation can also entail risks of inadequate equivalence and poorer effectiveness of operations, and considers that the Swedish Public Employment Service has not managed these risks in a fully satisfactory way.

### *The Swedish Public Employment Service does not monitor the working practices used*

The audit shows that the agency does not ensure that the working practices used by various employment officers or local PES offices are the most effective available. Governance within the agency leaves considerable scope for the employment officers to choose working practices, and the audit shows that the choice often is based on local workplace culture and

experience of close colleagues. One risk factor is that the agency does not follow up in any systematic way how job matching activities are conducted at local PES offices and by individual employment officers. Exchange of experience between different offices is also limited and employment officers interviewed by the Swedish NAO consider that they lack knowledge of experiences and lessons learned at other offices.

The local PES offices have the main responsibility for quality assurance of their own application of the centrally developed methods. Despite the fact that the agency has produced procedures and checklists for quality assurance, there is no monitoring of whether they are really followed. Nor does the PES check whether jobseekers receive equivalent service. The fact that the agency does not monitor which working practices are used in the organisation also makes it more difficult to evaluate and develop them systematically.

#### *Governance of the labour market assessments is weak*

All those interviewed emphasise that the labour market assessment is the foundation of all matching activities. The assessments must ensure that the jobseeker receives the correct support and has thus bearing on both the individual and how the agency's total resources are allocated. Consequently, it is particularly important that they are effective and equivalent. The Swedish NAO considers that the checks for this are poorly developed. It is mainly the responsibility of the agency management to ensure this. The Swedish NAO notes, however, that the Government, despite the central significance of the labour market assessments, has neither regulated nor monitored the PES's work in the area. Instead, labour market assessments are conducted as an indirect consequence of a regulation requirement for individual planning for jobseekers, and are currently only regulated in internal agency regulations.

#### **An ongoing change process increases the requirements for systematic knowledge-building and methods development**

At present the agency's quality assurance, evaluation and methods development is largely based on employment officers' experience. The conditions for this are affected by the fact that the PES is currently moving to case-based processing. The change means that most employment officers are to process individual cases instead of being responsible for the aggregate support to a jobseeker. In this case-based system, employment officers do not see the final result of their work, which makes experience-based learning and knowledge building more difficult. This further exacerbates the problems of a weak knowledge base in matching activities. Consequently, the agency should ensure that there are other mechanisms that lead to methods development and to the actual use of effective working practices in the service.

## Effectiveness and equivalence need to be ensured regardless of the future remit

The Riksdag has expressed the need for a fundamental reform of the Swedish Public Employment Service, in favour of a structure where other labour market actors perform a greater part of the matching activities. The focus indicated is that the agency's responsibility is to be streamlined into exercise of public authority, control and follow-up, as well as assessment of the extent of the jobseeker's needs. This may mean that the significance of accurate labour market assessments will be even greater.

The details surrounding the future remit, organisation and activities of the agency have not yet been determined. Regardless of the exact formulation of the Swedish Public Employment Service's future remit, the Swedish NAO assesses that there is a great need to ensure that the agency designs its activities so that the governance leads to effective and equivalent service.

## Recommendations

The Swedish NAO makes the following recommendations to the Swedish Public Employment Service:

- **Develop the agency's follow up of the working practices used.** The agency does not currently follow up the working practices used by its employees. This makes it more difficult to both ensure equivalence of the service provided and to evaluate the working practices in order to improve effectiveness.
- **Review the use of the agency's analysis resources to evaluate and develop the agency's methods.** The audit shows that the responsibility for evaluating working practices has been allocated in a partially unclear and less appropriate way, and that the agency's analysis resources do not come to full use in developing matching activities. The analysis department has central responsibility for evidence-based organisational development but is not involved in preparing or developing the agency's methods. Great responsibility for evaluation has instead been delegated to regions, market areas and employment service units, which do not always have the resources or the right skills to evaluate the effects of different working practices.
- **Ensure that labour market assessments are effective and equivalent.** Labour market assessment is to ensure that jobseekers receive equivalent service regardless of which employment office or employment service office they apply to. The tools for equivalent and effective assessment that exist are currently only used to a small extent. In

addition, the agency has weak mechanisms for following up the employment officers' assessments. Considering the great significance of labour market assessment, the agency should ensure that equal treatment and effectiveness are maintained in all parts of the country.

The Swedish NAO makes the following recommendations to the Government:

- **Follow up the Swedish Public Employment Service's activities concerning labour market assessments.** Making labour market assessments is a central task for the Swedish Public Employment Service and the first step that lays the foundation for matching. There is currently no direct regulation or remit to the Employment Service for the assessments, which may have contributed to the agency not giving priority to their evaluation and development.