11-3-1995

Performance Management of Employment Programs in Hungary and Poland

Christopher J. O'Leary
W.E. Upjohn Institute for Employment Research, oleary@upjohn.org

Performance Management of Employment Programs in Hungary and Poland

Authors
Christopher J. O'Leary, *W.E. Upjohn Institute for Employment Research*

Upjohn Author(s) ORCID Identifier
https://orcid.org/0000-0002-3372-7527

Performance Management of Employment Programs in Hungary and Poland

by

Christopher J. O'Leary
Senior Economist

W.E. Upjohn Institute for Employment Research
300 South Westnedge Avenue
Kalamazoo, MI 49007, USA
Telephone: (616) 343-5541
Telefax: (616) 343-3308

September, 1995

This paper was prepared for presentation at the Seventeenth Annual APPAM Research Conference, November 3, 1995, Washington, DC. Funding for this work was provided by the International Labor Office/Japan Project in the Hungarian Ministry of Labor and by the W. E. Upjohn Institute for Employment Research. I would like to thank János Simko, Andrew Targowski, Gyula Pulay, Piotr Kołodziejczyk, George Lázár, Martin Godfrey, Andrzej Martynuska, Robert Jedynak, Dorota Pasterczyk and Marek Gora for valuable contributions to this paper. Any errors are mine alone.

1. Introduction

Unemployment in Hungary and Poland has risen dramatically since late 1989 when the process of privatization and economic reform began to accelerate. To ease the hardship associated with worker dislocation and to maintain social stability, the governments of these countries acted quickly to institute unemployment compensation and a variety of active labor programs. The active labor programs adopted include nearly the full menu existing in nations with developed market economies: retraining, public service employment, wage subsidies, self-employment assistance, job creation investments, work sharing, early retirement subsidies, and the employment exchange.

This paper compares employment policies in Hungary and Poland and overviews the systems being implemented for monitoring the performance of these programs. The management systems being introduced for labor market programs in Hungary and Poland are examples of performance driven government. They are idealized versions of systems like those called for by the Government Performance and Results Act of 1993 passed by the 103rd United States Congress.[1] In both Hungary and Poland, performance indicators have been specified to measure the success of each labor market program. This information will provide an important basis for program management and planning. A performance measurement system has been functioning in Hungary since the begining of 1994. Nationwide training in methods for performance management will be conducted in Poland in November 1995.

The performance indicators systems were designed to promote decentralized decision making while still allowing monitoring of program effectiveness by federal employment program managers. The systems being implemented allow a standardized assessment of program performance both across administrative districts and across programs. Measures of performance were carefully selected so as to minimize adverse incentives. The systems are intended to promote superior performance through positive incentives, and to help identify and correct poor performance through technical assistance and/or sanctions.

An important distinction of the employment policy experience in these countries is that the collection of labor market support programs was largely adopted as a unified set rather than in the gradual piece-meal fashion experienced in the economically developed nations. Furthermore, since Hungary and Poland each operate all labor market programs through a single agency, the process of client intake and referral to programs is conducted in a relatively coordinated fashion. The unified nature of active labor programs is further advanced by the information and management systems developed.

---

[1]The Government Performance and Results Act of 1993 is formally Public Law 103-62, approved August 3, 1993.

To this point in time the transfer of knowledge about employment policy has been from the mature market economies to the less developed countries. Even the management systems developed for active labor programs in Hungary and Poland are adapted from monitoring methods used in nations with developed market economies, but because programs in Hungary and Poland are operated in a coordinated way the performance indicators systems provide a simultaneous view of the effectiveness of all programs thereby clearly revealing policy trade-offs. These management systems are models for other nations in Central and Eastern Europe, and they may also provide insights for nations with much longer histories of public employment policy.

In the next section the evolution of labor market conditions in Hungary and Poland during the transition to market economics is described. Section 3 then provides an overview of the important features of active labor programs recently implemented to support development of competitive labor markets. Section 4 summarizes performance measurement systems introduced in both countries to support decentralized decision making in employment policy and promote superior performance through positive incentives. The specific performance indicators used are also listed in Section 4 together with general descriptions of how these indicators were selected. Section 5 shows how performance indicators depend on administrative and follow-up data, and describes the computerized management information systems under development; plans for using the results of performance measurement to improve program management and planning are also given. Section 6 provides a description of how demographic data on clients and indicators of conditions in local labor markets may be used to adjust national standards for local conditions and reduce *creaming* in program assignment. The final section provides a summary of how information from the performance assessment may be used in the annual planning and budget allocation process for employment programs.

2. Labor Market Conditions in Hungary and Poland

In a population of about 10 million with a labor force nearly half that size, registered unemployment in Hungary rose from 23,000 in January, 1990 to 705,000 in February, 1993. Kollo (1993) estimates that during this period a million jobs were lost in Hungary, with part of the loss (188,000) absorbed by the retirement of workers, while the working age population grew by over 100,000. He admits some job growth during the period, but also estimates that nearly a quarter-million dropped out of the labor force. Trends during the years 1989-93 in the Hungarian labor market and economy are summarized in Table 1. Since 1993 measured unemployment in Hungary has declined somewhat and as of March 1995 stood at an 11.5 percent national average. Lázár and Székely (1994) provide evidence from a survey of unemployment compensation exhaustees that the decline in unemployment is not associated with excessive increases in inactivity. Unemployment trends in various regions of Hungary are summarized in Table 2. Unemployment has been highest in the northeastern mining and metallurgy regions and the agricultural plains of the east which have lost the important Soviet and Comecon markets.

Tables 3 and 4 summarize the national and regional trends in unemployment in Poland as well as some other aspects of national economic activity. Officially measured unemployment in Poland jumped from zero in 1989 to 16.0 percent in 1993 measured on the basis of registrations with the employment exchange. Gora (1994) asserts that the process of rising unemployment in Poland over the 1990-93 period was accompanied by "low outflow rates that were very low by international standards...At the same time inflow rates were quite moderate." In particular, Gora has noted that unemployment estimates based on registered unemployment may be overstated because many persons who are truly inactive only maintain registration with the placement service so as to keep eligibility for national health insurance.

3. Active Labor Programs (ALPs)

Both Hungary and Poland operate unemployment compensation programs. Micklewright and Nagy (1994) provide an excellent analysis of the working of the Hungarian system, and O'Leary and Targowski (1993, p. 12-3) provide an explicit statement of rules for the Polish system. Unemployment compensation is a passive labor market support measure. The focus of this paper is active labor programs (ALPs).

Table 5 provides a list comparing ALPs operated in Hungary and Poland. Both countries operate an employment exchange or placement service, plus retraining, self employment, and job creation investment programs. Wage subsidies are operated in each, however, in Hungary the long term unemployed are the target group, while in Poland recent graduates are the beneficiaries of wage subsidies. Hungary and Poland each operate public service employment programs; Poland also operates Intervention Works programs which are shorter in duration and operated by private employers. Hungary also operates work sharing and early retirement, two programs not available in Poland. Poland is currently considering instituting a work sharing scheme.

The programs listed in Table 5 are as operated in 1995. Dramatic change is imminent in Hungary where it is likely that the menu of ALPs will be trimmed to four in 1996: retraining, public service employment, wage subsidies for long term unemployed, and self-employment assistance. This paper presents the performance measurement systems developed to support management of the employment programs listed in Table 5. In the following two subsections a bit more detail about the operation of ALPs in the two countries is given.[2]

---

[2]In each country the employment exchange operates as a central intake and referral agency for referral to job listings or ALPs. Detail on the employment exchange or placement service are not listed separately for each country.

3.1 ALPs in Hungary

Retraining - Article 14 of the Employment Act of 1991 provides for the possibility of training for persons who are either unemployed, expected to become unemployed, or currently involved in public service employment (PSE). Certain provisions are also made for recent school leavers who are unemployed. The support for training may include a supplement to earnings or a benefit in lieu of earnings, and reimbursement of direct training expenses. The amount of benefit in lieu of earnings is equal to 110 percent of the unemployment compensation otherwise payable.

Self Employment Assistance - Article 15 of the Employment Act of 1991 provides for self employment assistance for persons who are eligible for unemployment compensation. The support may amount to 6 monthly payments of unemployment compensation beyond the basic one year eligibility. Support may also include reimbursement of up to 50 percent of the cost of professional entrepreneurial counseling services, and 50 percent of the cost of any training courses required for engaging in the entrepreneurial activity. A little used provision allows for payment of up to 50 percent of one year's premium on loan insurance for funds borrowed to start the enterprise.[3]

Wage Subsidy for Hiring Long Term Unemployed - Article 16 of the Employment Act of 1991 provides for up to a 50 percent wage subsidy for up to one year of total labor costs for hiring persons unemployed for more than 6 months (3 months for school leavers), provided the employer has not laid off anyone involved in the same line of work in the previous 6 months and does not lay off anyone during the subsequent 3 months. The wage subsidy payment is made directly to the employer.

Public Service Employment - Article 16 of the Employment Act of 1991 provides that in the case of hiring for public works, the wage subsidy may be up to 70 percent provided that no payment from another agency or under other provisions is available.

Job Creation Investments - Article 17 of the Employment Act of 1991 provides that aid may be granted to enterprises for undertaking investment projects intended to facilitate the employment of persons displaced from the labor market continuously.

Part-time Employment (Work Sharing) - Article 18 of the Employment Act of 1991 provides that in cases where an employer employs all or some of his full-time workers on a part-time basis in order to avoid layoffs, and hours are reduced by at least one-third of the full working time, up to 50 percent of the personal basic wages lost due to the hours reduction

---

[3]The model now in place with monthly payments is similar to that tested in Massachusetts, it replaces what was essentially a lump sum grant system in place prior to the 1991 Act which was similar to the model tested in Washington state. For a discussion of the American experiments see Wandner (1992).

may be provided to employers who pay their workers for the lost hours of work. Such payment may be made for up to one year provided the employer does not resort to a layoff, in which case the amount of any aid granted shall be repaid by the employer.

Early Retirement Subsidy - Article 19 of the Employment Act of 1991 provides that an employer may apply for payment from the Employment Fund of some of the money payable by him as a consequence of early retirement of his workers.[4] The amount may be up to 50 percent if a considerable layoff was involved and no profit was realized or a loss was made during the previous year, or 100 percent if the enterprise goes out of existence or is liquidated without a successor in title. A layoff is deemed considerable if at least 25 percent of the average staff of the year before or not less than 300 workers are released. Early retirement pension cost supplements shall be suspended prior to normal retirement age if gainful employment for wages at least equal to the minimum wage is obtained.

3.2 ALPs in Poland

Placement Service - The Placement Service was established to help unemployed workers and enterprises fill job vacancies. The services are provided free of charge to all and are based on the following principles: (1) available to all, (2) voluntary services, (3) equality of service to job seekers without regard to nationality, political or social orientation, gender, religion or other circumstances, (4) openness--all vacancies are publicly announced. Under the law, establishments are obliged to report to the nearest LLO all job vacancies and opportunities for vocational preparation, but there is no penalty if openings are not reported. LLOs have the responsibility to register unemployed and job seekers.

To retain eligibility for services of the System of Labor Offices (SOLO), unemployed persons are obliged to report to a Local Labor Office (LLO) at least once a month, as well as whenever called by the LLO to confirm their job readiness, to take a job, or to receive information on opportunities for employment, training, or retraining. The Voivod Labor Offices (VLOs) and LLOs shall provide vocational guidance, direction to a job, or direction to training. Medical, psychological, and pedagogic examinations should be administered by VLOs and LLOs to assess the job readiness of unemployed persons. The costs of these examinations may not be imposed on the unemployed persons.

Services provided include: (1) registration of unemployed people and job seekers, (2) keeping records of unemployed and job seekers, (3) providing aptitude testing and vocational guidance, and (4) soliciting and registering job vacancies.

---

[4]The cost of early integration into the national retirement pension system, and an employers obligation, is covered under a separate act.

Retraining - If there are no reemployment opportunities in a local area then LLOs may initiate training or retraining. The LLO should organize retraining particularly when: (1) there is a lack of any vocational skills among the unemployed, (2) there is a need to change their qualifications due to the lack of job offers which would match their qualifications and the state of their health in the local area, or (3) individual unemployed persons have lost the ability to work in their previous occupation.

A training benefit may be paid to an unemployed person who qualifies for the unemployment benefit. In any particular case, retraining should not exceed 6 months, and may not exceed 12 months. The training benefit amounts to 115 percent of the unemployment benefit. If unemployed persons are not eligible for unemployment compensation the training benefit is paid by the LLO. If a person quits training before completing a course of study they must reimburse the costs of training. If such a person is entitled to the unemployment benefit he/she does not have to reestablish benefit entitlement. After quitting training, he/she automatically reacquires this entitlement. If a trainee is otherwise eligible to receive unemployment compensation that person is also entitled to: 1) family and nursing allowances and death grants, 2) benefits due for job accidents and occupational diseases, 3) benefits of the health care system. Also, during periods out of work, social insurance contributions are made. Benefits are also paid for members of the family.

Loans to the Unemployed for Small Business Start-up - Local Labor Offices may grant loans in lump sums to unemployed workers for self employment. The loan may not exceed 20 times average pay. If self employment is continued for 24 months, 50 percent of the loan amount may be forgiven by the LLO. Loan contracts are made with the LLO at prevailing interest rates and under rules administered by the Ministry of Labor and Social Policy (MOLSP). Lists of persons granted loans are public. The administrative procedures issued in the Order of the Minister of Labor and Social Policy dated December 17, 1991 on the rules for granting loans from the Labor Fund (Dz. U. No. 122, item 539) require certain elements in the business plan of the loan applicant, specify the rate of interest for payment on the loan, set the maximum term of the loan, and require immediate repayment if the agreed on business plan is not pursued.

Loans to Employers for Job Creation - Local Labor Offices may grant loans to existing businesses to organize new places for employment. The amount of the loan may not exceed 20 times average pay per new work place created. New work places must be organized for at least 24 months. Loan contracts are made with the LLO at prevailing interest rates and under rules administered by the MOLSP. Lists of persons granted loans are public.

The administrative procedures issued as the Order of the Minister of Labor and Social Policy dated December 17, 1991 on the rules for granting loans from the Labor Fund (Dz. U. No. 122, item 539) require a loan recipient to have had stable employment levels in recent years, to have a specific plan for use of the job creation investment loan including a statement of the exact number of new job places to be created, to pay a specific rate of

interest on the loan, to repay the loan within a certain number of months, and to immediately repay the loan if the agreed on job creation investment is not pursued.

Public Works - Upon application of the organizer of a public works project, the pay and the social insurance premium for an unemployed person sent by a LLO and employed in a public works project are covered from the Labor Fund up to 75 percent of the average pay for each person sent and employed. Public works may be operated by municipal (gmina) authorities or by local representatives of national government administration. The Ministry of Labor and Social Policy has set forth the following general principles for organizing Public Works projects: (1) Public Works projects should be infrastructure investments like roads, forestry, communication and so forth, (2) Public Works projects should not compete with any existing business, (3) Public Works projects should recruit workers through the Local Labor Offices (LLOs), (4) proposals for Public Works projects should be sent by LLOs and VLOs to their employment councils for review, finally (6) contracts for Public Works projects must state the number of persons to be employed, the type of work to be done, the dates of work, the funding arrangements, and the LLOs who will refer workers. While not a requirement of the Act, it is a practice of the Ministry to give priority for Public Works projects to those areas with the highest unemployment rates. Indeed, the amount of funds allocated to projects in an area from the Labor Fund increases with the level of unemployment in the area.

Intervention Works - "A Local Labor Office reimburses to the employer part of his expenses connected with hiring an unemployed person within an intervention works project up to the amount of the unemployment benefit that person is entitled to, including the social insurance premium, for a period of six (6) months."[5] The maximum length of an intervention works project is 6 months. The Ministry of Labor and Social Policy has set forth the following general principles for organizing Intervention Works projects: (1) Intervention Works projects may not compete with any companies, (2) Intervention Works may be undertaken only by companies which during the most recent 6 months did not lay off more than 10 percent of their workers, (3) Intervention Works projects may not be organized by political parties, trade unions, government agencies, churches, or foreign states (4) Intervention Works projects should recruit workers through the Local Labor Offices (LLOs), and (5) contracts for Intervention Works projects must state the number of persons to be employed, the type of work to be done, the dates of work, the funding arrangements, and the LLOs which will refer workers.

Wage Subsidies for Hiring Recent Graduates - Establishments that hire unemployed recent graduates are exempt from paying a tax contribution to the Labor Fund on wages paid to their employees for up to 9 months.[6] Furthermore, a LLO may pay to the hiring

---

[5]From Article 17 of the Act.

[6]For recent graduates, the effective maximum duration of unemployment compensation entitlement is nine (9) months. A person who registers as unemployed immediately upon

establishment an amount equal to the unemployment compensation and social insurance contribution which the LLO would have disbursed had the person been unemployed. This payment can be made for a period for which a graduate could collect the benefit if the graduate is to be employed in this firm for longer than 12 months.

4. Performance Measurement Systems for Active Labor Programs

Management information systems are being developed in both Hungary and Poland to support decentralized decision making in employment policy and promote superior performance through positive incentives. These systems provide more than simply computerization of existing functions. The systems will *informate* rather than simply *automate* activities of all professionals within the employment program organizations from employment specialists to top managers. The systems organize information on several characteristics of persons seeking work, employers seeking workers, employment services available, and active labor program service providers. For managers, the system presents information combined from financial and follow-up records to provide information critical to decisions about allocation of resources.[7]

The foundation of the management information system is the monitoring of active labor programs effectiveness. The system focuses on timely measures which can be readily implemented and will become a natural tool for managers. The process centers on what are called performance indicators (PI). These measures will allow establishment of baseline performance targets. This section overviews the principles behind the approach of performance measurement, describes how the systems for use by management were developed, and lists the specific performance indicators selected.

To develop good PI the goals of active labor programs must be clearly understood. Depending on employment policy goals within a particular region, certain of the PI will be more important than others. The underlying aim of all active labor programs is to get program participants employed in regular non-subsidized jobs.

Performance indicators are a widely accepted method for managing public programs. Green and Aaronson (1992) discuss how PI are used in managing training and education

---

graduation, becomes eligible for compensation after three months if all attempts to find employment fail. Such a recent graduate then loses entitlement twelve (12) months after leaving school.

[7]In a fully evolved system, the traditional job matching function carried out by a clerk with a file cabinet, is improved in the informated environment by allowing the system to pre-screen available options and present a list to the employment specialist of the most promising alternatives ranked by likely success given the characteristics of the client.

programs in 39 programs which are administered by 7 departments of the U.S. federal government. Osborne and Gaebler (1992) provide documentation of innumerable cases where PI are used by state and local governmental units in the U.S. Extensive systems of PI are also used in England and Sweden for labor market programs.

Naturally, performance indicators (PI) should be set to guide program operations toward the goals of the programs, but the most fundamental principle governing the development of performance indicators is that *outcomes* rather than process is emphasized. This is particularly important to bear in mind when instituting such a system within government agencies where planning and building of organizations was up until recently the main objective.

Particularly during the early phase of implementation it is important that the system for monitoring cost effectiveness of active labor programs not impose an excessive administrative burden on county and local employment centers where the first priority must be service to clients. The list of PI should be relatively short for any particular program, and the associated follow-up surveys should ask the minimum possible number of questions. By limiting performance measurement to a small number of indicators, the follow-up surveys may also remain simple. This will increase the reliability of data gathered, increase the response rate, and increase the likelihood that the system will survive over time thereby yielding valuable information on how programs perform over time.

A basic objective of evaluating active labor programs is to compare their relative cost effectiveness. Indeed many of the PI to be used are cost-effectiveness measures in the sense of Garber and Phelps (1992). They are all constructed so as to measure output per unit input. The ultimate success of any active labor program occurs when a program participant either gains regular employment or avoids unemployment with the assistance provided. The average expenditure to achieve this result is the basic measure for comparing effectiveness across programs. It is anticipated that results of monitoring the PI will feed directly into the planning process and help determine the budget allocation. This is part of the process which may result in an optimal mix of programs. Since the regions vary in their industrial mix and economic strength and the programs vary in their duration and scale most PI proposed are stated in relative terms. The sole exception are PI for earnings.[8]

In specifying PI for active labor programs it is important that the intermediate goals which result from the PI are consistent with the broad objectives of securing appropriate regular employment and maintaining adequate income support. High performance as measured by the PI should not have unintended negative side effects. The issue of incentive

---

[8]Performance indicators of earnings have been deleted from the implementation in Hungary based on the judgement that survey response rates would be too low with sensitive earnings questions included, and the claim that in Hungary as in other European countries wage dispersion within occupations is small.

compatibility of PI with larger aims has received quite extensive attention in the research literature; important papers are: Barnow (1992), Dickinson et al. (1988), and Singer (1986).

4.1 A Hierarchy of Goals for Labor Market Programs

To give a systematic overview of the goals of labor market programs and to guide the specification of PI which support these goals, Figure 2 is provided below. The left hand side of Figure 2 is presented as a pyramid to reflect the fact that there is a hierarchy in the goals for labor market programs. The right hand side of Figure 2 gives a translation of the three levels in the pyramid into categories of PI.

The over-riding goal of the collection of labor market programs is to achieve reemployment of unemployed persons. This goal is represented at the top of the pyramid in Figure 2. Two categories of performance indicator measure the success in achieving this goal: r - rate of reemployment, and c - cost of reemployment. The second level in the pyramid summarizes the goal of providing transitional services which ease the transition from unemployment to reemployment. The category of performance indicator measuring cost of achieving this goal is: s - support cost. In the pyramid of Figure 2 the bottom category, or foundation of the pyramid, is the variety of program specific goals, PI for this category are labeled p - program specific goals. This is the foundation of the pyramid because it is the diversity in the array of programs which supports having a collection. The diversity is necessary because it is impossible to serve all needs with a single program.

Another part of the strategy in developing PI is to specify them so that comparisons across programs are possible. Certain of the PI across programs should be similar enough to allow this. The most comparable measure across programs falls under the category cost of reemployment, c. In the PI this is usually based on measurement of employment at follow-up. All programs, except Early Retirement, have a measure of the program cost of reemployment. Other categories of PI such as the rate of reemployment, r, and the support cost, s, also allow for comparison across programs, but the PI formulae for measurement across programs are less similar due to the differences in program design.

4.2 Selecting Performance Indicators in Hungary

There were three major parts of the politics of developing performance indicators (PI) in Hungary: (1) setting program goals, (2) developing performance indicators of program goals, and (3) consensus building. While a separate task in itself, the last of these three influenced the approach to developing the other two.

Reaching agreement on the list of performance indicators took much longer than planned, however, from the perspective of the long term success of the project the result was worth the price. The lengthy process resulted in a significant degree of consensus on the criteria, and a sense of participation and ownership by those who will ultimately use the system for planning and evaluation.

While there was some change in the number, type, and rules of the ALPs in Hungary between 1990 and 1992, many of the goals for ALPs enunciated by the MOL program directors in 1990 were still applicable for the renewed effort.[9] In 1992 the principal goals stated by representatives of the MOL, the National Labor Center, and the county labor administrations in the three project pilot counties were: (1) reemployment in regular (not subsidized) jobs, (2) at good wages. While the adequacy of income replacement is frequently an issue in the evaluation of passive labor market programs, among ALPs it might be an important goal only for public service employment.

On Thursday October 22, 1992 a grand meeting was held in Miskolc, Hungary. The meeting was attended by representatives of all groups who will be working with the PI system and other advisors. Representatives were from: Ministry of Labor, National Labor Center, Labor Research Institute of the Ministry of Labor, Somogy County Labor Center, Hajdu-Bihar County Labor Center, Borsod County Labor Center, and the Upjohn Institute for Employment Research. Final agreement was reached on the list of PI to be used, and the means for computing the PI. This list of PI is presented in Table 6.

Subsequent discussion of the PI system continued at the October, 1992 conference Foglalkoztatás '92-93 in Szeged, Hungary. Where a presentation on the system was given to county labor program directors and the Director General of the National Labor Center, the Chief of Audit in the MOL, the Chief of Employment Policy in MOL, a representative from the Labor Research Institute, and the Deputy Chief of the Training Department in the MOL.

The presentation in Szeged emphasized that work on the system was done in cooperation with three different counties and that implementation was still more than a year away so that it would be useful if the other county director generals could offer comment to help shape the system. The substance of the talk was an overview of the management and planning system to be implemented and concrete examples of PI on which the system is based. It was stated that the system would be a management tool to aid counties in effectively using Employment Fund money. It was emphasized that the system of PI, management, and planning did not represent a return to the past days of excessive central planning, but rather that it was an approach to maintain decentralized decision making and the greatest possible degree of autonomy for county labor administrations. It was argued that the PI should be viewed as an unobtrusive means for the MOL and the National Labor Center to monitor activity. The system excludes day to day involvement of the National Labor Center and MOL in operation of active labor market programs, but allows unobtrusive monitoring of performance. The system whereby targets for PI will be set on a county by county basis, which recognizes the relative differences in counties in terms of the severity of the unemployment problem and the characteristics of the population served by the programs

---

[9]The project to revise and implement the PI, planning, and management system began in May, 1992 and concluded in December, 1993 with national operation beginning January, 1994. For a full description of the system see O'Leary (1994).

was also explained. In terms of using the PI for management, it was claimed that the emphasis would be positive reinforcement of good performance and management assistance where programs could be improved.

The talk at Szeged concluded with an appeal for resources to support development of the computer software for the planning and evaluation system. Shortly after the meeting a commitment was made by the National Labor Center to ensure coordination of resources to produce a software solution.

In October 1993 training was provided in the PI system to representatives of all counties and Budapest at the resort locations of Balaton Foldvar and Malyi. With the assistance of computer experts from Borsod county, a working model computer network for performance measurement was used during the training seminars. These seminars were followed by nationwide implementation of the follow-up surveys and measurement of performance via a manual system beginning with programs ended in January 1994.

As seen in the summary matrix of Figure 3, the performance indicators implemented allowed monitoring of the full hierarchy of program goals. In March 1995 a national conference about the experience with the PI system was held at the National Labor Center in Budapest. Wide ranging comments about the system were offered from the counties and from federal representatives. It was noted that the impending reduction of ALPs to four: retraining, public service employment, wage subsidies for long term unemployed, and self employment assistance, will likely simplify the system and speed implementation of the computerized system.

4.3 Selecting Performance Indicators in Poland

In Poland the system for performance management of active labor programs is being implemented under World Bank project Terms of Reference 2 (TOR 2). Goals for labor programs were stated by TOR 2 Advisory and Steering Committees in March of 1993. These goals are listed in Figure 4. A clear statement of program goals is the first step in developing a management system which is geared toward achieving outputs rather than focusing on process. The program performance indicators presented in this report were selected to be incentive compatible with the goals for programs stated here.

The TOR 2 project team worked to translate these goals in to measurable indicators of performance. This was done during a fellowship study tour to the United States in May and June of 1993. The project team included representatives from the voivod labor offices in Krakow, Poznan, and Bydgoszcz and from the W.E. Upjohn Institute for Employment Research. This list was presented to the TOR 2 Advisory and Steering Committees in July 1993 for revision and approval. The list adopted is presented in Table 7. That the PI selected in Poland span the range of goals for labor market programs is summarized in Figure 5.

5. Data, Methods, and Information Systems for Performance Measurement

The data for computing PI is to be collected and organized at the individual person level. In addition to regional characteristics such as the unemployment rate, individual records will also include demographic characteristics such as age, gender, education level, skill level, and information on any special barriers to employment such as recent school leaver, long term unemployed, or degree of physical handicap. Using this data county targets for PI can be adjusted to reflect the regional and demographic characteristics of the population served. This leveling of the playing field is an important aspect of the PI system for comparing performance across counties and programs. It should also be noted that this system can be set up to encourage service to the hard to employ by giving extra weight for service to target groups with specified barriers to employment.

5.1 Data and Computation of Performance Indicators

To provide solid examples of how administrative (A) and follow-up (F) data is combined to compute PI, statement of the computation formulae for each PI listed in Table 6 for retraining of unemployed in Hungary is given. Just as in Table 6 the category of performance measured by the indicator is indicated by a letter after the name of the indicator. All four categories of performance are measured with the six indicators for assessing retraining of unemployed. Following the name of each indicator there is a statement of the rule for computation and some brief comments about special data gathering considerations. There are two categories of data sources for computing the PI: administrative records and follow-up surveys. In formulae listed for computation, the source of data for each concept is indicated by capital letters in parentheses with (A) for administrative records and (F) for follow-up surveys. Each of the PI are to be computed using data which covers a single calendar year of program activity. For example, counties may be required to report by July 1 on activity completed in the previous calendar year. This should allow sufficient time to complete all follow-up surveys which are to be done 3 months after program completion. This schedule of follow-up is proposed for all programs.[10]

Average cost per course completer employed at follow-up (c)
= [total cost for completed courses (A)] /
[number of course completers employed at follow-up (F)]

---

[10]The U.S. Department of Labor Office of Strategic Program and Policy Development which oversees monitoring of retraining under the Job Training Partnership Act (JTPA) has concluded that three months is the best time for follow-up since it is short enough to allow a high response rate among participants, yet long enough to allow sufficient time for reemployment. Results based on three month follow-up are highly correlated with reemployment rates measured after one year.

Figures for this PI should be compiled for each course completed during the previous year (individual training should be treated as a single course), and averaged over all courses completed in the previous year. The denominator is the number of trainees who completed retraining in the previous calendar year who are employed on the follow-up survey date.

Proportion of course completers who are employed at follow-up (r)
= [number of course completers employed at follow-up (F)] /
[number of trainees who successfully finished courses (A)]

This PI is computed as a fraction of all persons who completed training. While some persons who leave training early may do so to become immediately employed because of a job offer which may be related to their retraining, the project team in Hungary chose to have at least on PI focus on course completers.

Average cost per training program entrant (s)
= [total cost for completed courses (A)]/
[number of persons entering training courses (A)]

This PI is computed using data from courses completed during the calendar year. The data should be compiled around the time of course completion. These figures may be compiled for each course, or module, completed during the year (individual training should be treated as a single course), and averaged over all courses completed during the calendar year.

Proportion of entrants successfully completing retraining (p)
= [number who finish training courses (A)]/
[number who entered training courses (A)]

This PI will be computed for all training completed in each county in the year. However, with person level data this could also be computed on a course by course (or module) basis for internal county management purposes. It will be compiled two weeks after a course ends, after all participants have had at least two chances to pass the final examination.

Average monthly earnings of course completers working at follow-up (p)
= [sum of average monthly earnings of course completers at follow-up (F)]/
[number of course completers employed at follow-up (F)]

This measure of earnings should be average monthly earnings before bonuses are added or taxes are deducted. It should be averaged across only those training course completers who are employed at the time of the follow-up survey.[11]

---

[11]This PI and all PI relating to earnings have been deleted in Hungary. See footnote 8.

Proportion of employed course completers working in occupation of training at follow-up (p)
= [number of course completers working in occupation of training (F)]/
[number of course completers employed at follow-up (F)]

Training may or may not provide explicit occupational skills. This measure should be averaged across only those training course completers who received occupational training, and are employed at the time of the follow-up survey.

To provide an example, the questions which constitute the follow-up survey for participants in retraining programs appears as Appendix A to this report. Similar brief surveys have been developed for each of the active labor programs.[12] While an attempt has been made to keep the surveys extremely brief so that there will be a high response rate when they are distributed by mail, the survey for each program also includes a subjective question or two asking for an opinion about the usefulness of the services provided. These subjective questions are not directly used in computing PI, but they will provide useful information about customer reaction to services.[13]

Following returns of mail surveys there will be an attempt to contact those who do not respond by mail. In person contacts of non-responders will be attempted by staff of local employment centers. Final survey results will be weighted by the reciprocal of the response rate in an attempt to correct for non-response bias.[14] Pilot tests of the mail follow-up surveys in Hajdu-Bihar county had response rates of about fifty percent. A November 1992 survey of labor market program participants sponsored by the International Labor Office in Borsod, Hajdu, and Somogy counties which was done in person experienced a response rate in excess of ninety percent.[15] It is recognized that in person surveys conducted by staff of the labor organization may elicit biased responses. In the future it is possible that surveys of labor market program participants will be conducted by third party survey organizations.

5.2 Information Systems to Support Program Management

The computerized information systems under development in Hungary and Poland each started out to simply support the processing of claims for unemployment benefits and the registration of unemployed for job search. The local systems were based on personal

---

[12]The follow-up surveys and worksheets use to compute the PI in hungary are given in appendices to O'Leary (1994).

[13]This type of survey question is recommended as very useful for helping to inform policy in Chapter 5: "Consumer Driven Government" of Osborne and Gaebler (1992).

[14]A discussion of the weighting procedure to adjust for survey non-response is given in Chapter 14 of Hussmanns, Mehran and Verma (1992).

[15]For a discussion of this survey see Godfrey, Lazar, and O'Leary (1993).

computers with some local area networks. Information was transported by car or train on diskette to the national office for central processing.

The information system solution to support nation-wide access to management summaries was initiated by in house information systems specialists in Hungary, and by outside international consultants in Poland. In the final stages of system implementation, native computer experts are assembling the solution in Poland as well.

Figures 6 though 10 provide an overview of how the information systems have evolved. Figures 6 and 7 summarize the bottom-up approach of Hungary, and Figures 8, 9, and 10 summarize the top down approach followed in Poland.

Figure 6 identifies 6 active labor programs in Hungary and their computerized support by 7 information system modules. Each information system (IS) module has two categories of users: local office and county office. This categorization facilitates the standardization of software and rapid implmentation. Figure 7 shows the scheme for combining employer data with person level data to establish an information base for monitoring the performance of active labor programs.

The Hungarian approach is very practical and simple, however it may produce some islands of information and a weak integration of information for advanced informatization. The informatization should be the next step after the Hungarian approach, which automates most of the clerical functions.

The plan for Poland is more ambitious, it aims to integrate databases and reports of almost 600 local, voivod, and national level offices simultaneously. The goal is to automate clerical functions and to informate decision-making by the generation of a concept of the situation in each active labor program. The solution is based on performance indicators and management action rules for various ranges of measured performance. Also, this approach recognizes two areas of computerization: primary area: active labor programs (person-employer-trainer) and secondary area: back office administration of 600 offices.

It is important to note that since the development of the performance management system began, the staffing at Labor Offices in Poland has grown from 9,000 in 1993 to 13,000 in 1995. If computerization fails, this number may continue to increase. Furthermore, management decisions will likely be re-active rather than pro-active.

Figure 8 identifies information systems for administrative support of employment offices in Poland, this operates from one principal database with five main sets of control programs. Another executive control program integrates program information with back office information for decision making at either the local, voivod, or national levels of the system of labor offices. The executive control system includes performance measurement funcitons.

Figure 9 shows the architecture of source databases (voivod levels) and repetitive categories of control programs which should generate scheduled reports and queries. The minimal solution involves 4 databases and 7 control programs, which will be repeated in about 560 regional offices. Control programs also will be repeated at regional and national offices.

Finally, Figure 10 provides a global view of the physical and logical enterprise-wide computing system.

6. Adjustments for Comparison of Performance

For the following three reasons, an adjustment methodology has been proposed as part of the system of performance indicators for Hungary and Poland: (1) to assess the effectiveness of programs in each county considering the specific reemployment difficulties faced in the county, (2) to reduce *creaming* when counties work to meet performance targets[16], and (3) to provide incentives for targeting services to certain special groups.

This section provides a description of how demographic data on clients and indicators of conditions in local labor markets may be used to adjust national standards for local conditions and to reduce creaming in program assignment. A general methodology for adjusting the national performance targets to reflect the conditions in the county labor market is being developed in Hungary and under consideration in Poland. The agency responsible for program administration may choose to designate certain groups for special attention in reemployment services (perhaps persons with eight or less years of schooling, persons not covered by unemployment compensation, the physically handicapped, and long term unemployed might be targeted for services). If this is done, methods for adjusting the performance targets by service to these target groups could be incorporated in the adjustment methodology to provide an incentive for providing service to these groups.

6.1 A Simple Example

Figure 11 is an example of a work sheet which may be used by a Hungarian county or Polish voivod to adjust the national performance target to determine its own performance

---

[16]Creaming refers to the practice of program administrators selecting the most qualified candidates for program participation so as to increase the likelihood of program success. The analogy is to milk where the best part, the cream, floats to the top and can be skimmed off. Creaming is an issue in operating labor market programs because if only the most qualified people get assistance then the benefit to society of the programs is not as great as it might be otherwise. Highly qualified program entrants have a good chance of becoming reemployed even without the services offered in the program, while for less qualified applicants the program services might be the only realistic path to employment.

targets for a particular performance indicator. The example given in Figure 11 is for the Hungarian county Borsod-Abauj-Zemplen for the performance indicator: "cost per training program completer employed at follow-up."

In Figure 11 the national average performance indicator (PI) value is simply the unadjusted average of the PI values realized across the nation. The numbers listed under the heading *weights* are the amounts by which deviations in county values of PI from national average PI values change the county performance targets from the national performance targets for each particular factor. The weights in Figure 11 are based on hypothetical data. The example given shows a case where it is typical in the nation for a one percent increase in the percent of training participants who are aged 45 or over to decrease the average cost per employed trainee at follow-up by HUF 18,210 (monetary units--Hungarian Forints). Increases in the other factors--percent of trainees with 8 or fewer years of schooling, percent of trainees who are recent graduates, and the unemployment rate in the county--all tend to increase the average cost per employed trainee at follow-up.

Since the PI concerns average cost, in this example a lowering of the numerical performance target is a tightening of the standard, and a raising of the numberical performance target means the standard is relaxed. In the example, since Borsod county involved 0.36 percentage points more persons over 45 years of age in their training program than the national mean, and since that factor tends to decrease costs, the performance target for Borsod county is lowered by HUF 6,560. Since Borsod county had a larger share of retraining participants with low educational attainment compared to the national average, and since increases in that factor tend to increase costs, the Borsod county cost standard will be slightly relaxed for this factor. For the fourth factor, since the unemployment rate in Borsod county exceeds the national average by a significant margin, and since a high unemployment rate tends to raise the average cost per employed trainee at follow-up the performance target is significantly relaxed for this factor.

6.2 Development of the Adjustment Weights

The weights used in the performance indicators adjustment method work sheet are simply coefficients from estimation by ordinary least squares (OLS) of a multivariate regression model of the following type:

$$(1) \qquad y_i = b_0 + b_1 x_{1i} + b_2 x_{2i} + b_3 x_{3i} + b_4 x_{4i} + u_i,$$

where, x_1 to x_4 represent the four adjustment factors used to compute the weights which appear in Figure 11. The four factors are: percent of training participants aged 45 years and over (x_1), the percent of training participants who had 8 or fewer years of formal education (x_2), the percent of training participants who are recent graduates (x_3), and the county unemployment rate in percentage terms (x_4). Following is the result of estimating equation (1) on hypothetical data provided by the Borsod County Labor Center for the 20 Hungarian counties:

$$(2) \quad y_i = \underset{(116.6)}{152.3} - \underset{(17.3)}{18.2}x_{1i} + \underset{(2.3)}{0.1}x_{2i} + \underset{(12.2)}{9.6}x_{3i} + \underset{(2.8)}{8.6}x_{4i}.$$

Numbers in parentheses are standard errors, the coefficient of determination was 0.52. The F-statistic for joint significance of all parameters estimated of 4.06, indicated that taken together the parameters are non-zero in a test at the 95 percent confidence level. It is important to emphasize that the results given in equation (2) and also used in the example of Figure 11 were estimated using hypothetical data.

6.3 Refinement of the Adjustment Methodology

There are obvious problems with the adjustment methodology as presented. Clearly a sample size of 20 is too small on which to base such an important management method. Furthermore, before adjusting the performance targets, the OLS regression parameters will automatically place half of the counties above the national mean performance targets and the other half below.

It is being recommended that an adjustment methodology only be attempted after the first year of data collection which includes gathering of follow-up surveys. From these surveys large random samples may be taken with the PI being calibrated using micro data.[17] This procedure will involve linking unit costs to programs. In the future as the system matures, the adjustment factors used will change depending on changes in policy targets, and the methodology used for computing adjustment weights will be refined.[18]

7. Uses of management information

The system of PI described in this paper for active labor programs is quite similar to that used for the Job Training Partnership Act (JTPA) programs in the United States. Laventhol and Horvath (1988), and Ryan and Kauder (1990) are excellent detailed manuals for managing with a system of performance indicators. The main principles guiding these methods are summarized in Osborne and Gaebler's (1992) *Reinventing Government*, the closely read manual for analysts working on Vice President Al Gore's committee to improve the efficiency of the American federal government.

---

[17]A good discussion of methods for refining performance indicators is given in Richard W. West (1992), Development of Adjustment Models for PY 92 JTPA Performance Standards for Titles II-A and III, Menlo Park, CA: Social Policy Research Associates (June).

[18]A good guide on setting performance indicators was produced by the Office of Strategic Planning and Policy Development (1989) in the U.S. Department of Labor. It is called a Guide for Setting JTPA Title II-A and Title III (EDWAA) Performance Standards for PY 89. The Office of Strategic Planning and Policy Development also funded the report by West (1992).

7.1 Incentives: Rewards and Management Assistance

While the planning and evaluation methods developed for active labor programs will also have many unanticipated uses for management, it is expected that the five principal uses will be:

(1) To preserve decentralized decision making about allocation of funds to various programs and service providers.

(2) To promote superior performance by counties, local offices, and service providers through positive incentives.

(3) To help identify and correct poor performance through technical assistance and/or sanctions.

(4) To contribute information on performance to the funding allocation process.

(5) To ensure compliance with legal requirements of programs.

The emphasis among these uses is on positive incentives rather than punitive action.

7.2 Summarizing Performance Indicators: Four Examples

Table 8 presents a summary of some results of using PI for three hypothetical counties--A, B, and C--in Hungary. Table 8 lists the percentage deviation from the regression adjusted performance target for each county. Hypothetical values are included for all the PI listed Table 6 except for the program Retraining of the Employed. The presentation in Table 8 provides a convenient way to examine the various dimensions of performance for each separate program. The table also allows comparison across programs using PI with similar units of measure. It is possible to use the PI information in a variety of ways. Relying on the example from Hungary, in this section we briefly review four possibilities.

Following the guide to PI given by Figure 2, a summary indicator for the PI category *Cost of Reemployment* could combine information from six of the separate programs for which PI are listed in Table 6 to compare overall program performance across counties in Hungary:

(1) Average cost per course completer employed at follow-up (c)
(2) Average sum of assistance per person still self employed at follow-up (c)
(3) Subsidy per worker in regular employment at follow-up (c)
(4) Average PSE cost per worker in regular work at follow-up (c)
(5) Average cost of subsidies per new job created (c)
(6) Average cost per job saved (c)

While each of the six measures is slightly different, all of these performance indicators measure the average cost of final program success: reemployment. Averaging the percentage deviations from adjusted standards across the six measures yields the following simple average cost indicators: -4.0 percent for County-A, 17.5 percent for County-B, and -4.3 percent for County-C. It is reasonable to average these cost indicators because the objective for each cost indicator is to be below the target cost level--a negative deviation. In the example, counties A and C were in the acceptable range for cost effectiveness while county B significantly exceeded its cost target.

A natural next step would be to investigate the particular programs which contributed most to the high average cost for County B. A problem with this method is that programs operated at very high average cost for achieving outcomes could be offset by others which are operated very cost effectively. That is, the summary measure obscures important program specific performance information.

A natural alternative approach which could directly aid counties making their budget allocation decisions would be to compute the weighted average cost of alternative programs, where the weights are the ratio of clients served by that particular program to the total number of participants in all county employment programs. The result of this computation is the weighted mean cost across programs. This summary measure can be used to directly guide the counties in the optimal allocation of their county employment budget across programs. Reallocating participation to lower cost programs will lower the weighted mean cost and increase overall cost effectiveness of programs.

A third approach to transforming the quantitative information in the PI system into qualitative information for management purposes is summarized graphically in Figure 12. This diagram assumes that the values of PI vary across counties so that there is some distribution of PI values. Within the distribution for each PI it will be possible to set up ranges of critical values and allow the computerized management information system to produce a report suggesting management action based on a county labor center value of a PI. The example depicted in Figure 12 suggests that PI values close to the national mean value would indicate performance classified as "normal" with the suggested management action to provide the average budget increase. PI values in the "success" range would yield X percent budget increase, while those in the "excellent" range would yield a Y percent budget increase. PI values in the "Conflict" range would result in an X percent budget decrease, while a PI value in the "crisis" range would result in management assistance being sent from

the NLC. This suggestion represents a qualitative approach to budget allocation. Description of a somewhat more technical and quantitative approach follows.

Drawing again on information from Hungary, a fourth example of how performance information may inform policy decisions is presented in Table 9. The method here is to select the cost for achieving reemployment for a particular program and dividing the cost of other programs through by that cost to clearly expose policy trade-offs. The reference cost selected for the example given in Table 9 is the average cost of reemployment through group retraining.[19] Since no adjustment methodology has been performed to account for differences in economic conditions, the counties are listed randomly in Table 9 with county names suppressed. Table 9, however, is based on actual performance data collected in Hungary for the first half of 1994. While the cost of achieving reemployment through group retraining differs across counties, Table 9 nonetheless clearly reveals the relative cost to the counties of the different programs.

7.3 Allocation of Funds

In both Hungary and Poland the allocation of money from the federal govermnent to the provincial and local governments for active labor programs is handled similar ways. Some money is reserved by the federal government for special projects such as rapid response to mass layoffs or targeted efforts in high unemployment regions. Another fund for active labor programs is distributed to the provinces by a formula which depends on a variety of factors including things like the number of registered unemployed, the number of long term unemployed, and the number of recent school graduates.[20] The provinces (called counties in Hungary and voivods in Poland) then decide on allocation across active labor programs within the province.

It has been proposed that one or two summary PI measures of the type suggested above in Section 7.2 be added to the algorithm for allocation across counties of the decentralized Employment Fund in Hungary. It was suggested that the performance factors be assigned a weight no greater than 10 percent. It is imperative that this be done to give importance to the PI system. If even 10 percent of the budget allocation depends on measures of program performance, a great positive incentive for efficiency will be created. To give stability to the planning process, it has also been proposed that the budget allocation process in each year be based on the previous year's allocation, and that not less than 85 percent of the previous year's allocation be guaranteed, with the selected algorithm used to distribute only the remainder of the fund. A similar recommenation has been made in Poland.

---

[19]In this example the average cost of reemployment through group retraining is a type of *numéraire*.

[20]An overview of the Hungarian budget allocation model is given in O'Leary (1993).

7.4 An Overview of the Evaluation and Planning Process

The following is an outline of the evaluation and planning process proposed for Hungary and Poland. In the outline the regional administrative districts are referred to as provinces rather than counties or voivods. The management system suggested calls for establishment of Master Plans which govern practices by the national and provincial employment organs. Once Master Plans are established they remain relatively unchanged from year to year. The annual cycle mainly involves Annual Plans and Quarterly Reports. The system outlined is under close consideration by the Ministry and the National Labor Center in Hungary; it has not yet received careful review in Poland.

(1) The Ministry sets general goals for employment programs.

(2) The Ministry includes their goals in a Master Plan for employment programs.

(3) The Ministry prepares and distributes *Guidelines for Preparing a Province Master Plan for Employment Programs.*

(4) Provinces state goals and procedures in their *Province Master Plan for Employment Programs.*

(5) Ministry and the National Labor Organization estimate the "Number of job seekers who actively use the employment exchange" for the planning year for each province. These estimates are communicated in the *Guidelines for Preparing a Province Master Plan for Employment Programs.*

(6) The *Province Annual Plan for Employment Programs* summarizes program activity and achievement of national program performance standards and province program targets, and describes the management, monitoring, and planning procedures used in the province. Provinces also include a financial forecast of the cost associated with planned activities.

(7) The planing department in the Ministry reviews the annual plans and prepares a *Ministry Annual Plan for Employment Programs* which is the basis for the employment programs budget request from Parliament.

(8) The Ministry reviews the province performance on the previous year's performance targets and specifies targets for the coming program year. The Ministry informs the province about funding available for employment programs in coming year.

(9) The provinces solicit retraining, PSE, and job creation investment proposals and prepare for the process of proposal review and project award.

(10) The provinces submit reports to the Ministry on program activity quarterly.

8. SUMMARY

This paper describes the context of active labor programs in post-socialist Hungary and Poland. It then proceeds to review the rules and aims of the active labor programs. Next the comprehensive and integrated management and planning systems, based on a set of performance indicators (PI) for these programs, is described. This is followed by presentation of the PI to be used for monitoring active labor programs together with a discussion of the politics of selecting and implementing the PI system. Also given is an explanation of how the PI will be used with administrative and follow-up data and the automated information system supporting management decisions.

The systems of PI are designed to monitor performance while allowing decentralized decision making and avoiding adverse incentives. The systems are intended to promote superior performance through positive incentives, and to help identify and correct poor performance through technical assistance and/or sanctions. The paper shows how the PI allow a standardized assessment of program performance across administrative districts. An example is given which shows how demographic data on clients and indicators of regional unemployment are used to adjust national standards for local conditions. Finally, the paper explains how information from the performance assessment may be used in the annual planning and budget allocation process for active labor programs.

Appendix A
Example Retraining Follow-up Survey

Course Code Number: _____
Description of course:

Local Office Number: _____

Name of Respondent:
Address of Respondent:
Postal Code:

Follow-up Survey for Retraining of the Unemployed

(Survey to be conducted 3 months after conclusion of the training course)

Please, give written answers in the spaces provided, and underline the appropriate answer where alternatives are offered.

A. How would you rate the quality of training organized for you by the Labor Center?

1. excellent
2. good
3. fair
4. poor
5. very poor

B. Could you get regular employment after the training?

1. Yes, I got employed
2. Yes, I got self-employed
3. No, I did not get employed

(If you answered c, please skip forward to question H.)

C. Are you now employed or self-employed?

1. Yes
2. No

D. When did you get your first job after the training course ended?

Year ____ Month _____ Day _____

(If first job was self-employment go to question F.)

E. Type of employment:

1. Indefinite term
2. Fixed term (a definite number of months)

F. Please describe your job or self-employment enterprise:

G. On your new job, what is the value of the skills learned in your retraining course?

1. extremely valuable
2. very valuable
3. valuable
4. of little value
5. worthless

H. If you are not currently employed, why are you not employed?

1. I wanted a job, but there were no vacancies
2. I wanted a job, but the wages offered were too low
3. I could not look for a job, because of health problems
4. I have been enrolled in school full-time
5. I have been doing military service
6. Other reason, explain:

I. If you are not employed and not an entrepreneur, what benefits do you receive?

1. Regular unemployment compensation
2. Unemployment compensation for new labor force members
3. Unemployment assistance for regular UC exhaustees
4. Neither 1, 2, nor 3.

J. Other comments or observations: _____

_____

_____

This survey was completed on: Day: _____ Month: _____ Year: _____

_____
Signature of respondent

REFERENCES

Barnow, Burt (1992), "The Effects of Performance Standards on State and Local Programs," in *Evaluating Welfare and Training Programs*, Charles Manski and Irwin Garfinkel, editors, Cambridge, Massachusetts: Harvard.

Dickinson, Katherine P., Richard W. West, Deborah J. Kogan, David A. Drury, Marlene S. Franks, Laura Schlichtmann, and Mary Vencil (1988), *Evaluation of the Effects of JTPA Performance Standards on Clients, Services, and Costs*, Washington, DC: National Commission for Employment Policy.

Garber, Alan M. and Charles E. Phelps (1992), "Economic Foundations of Cost-Effectiveness Analysis," *NBER Working Paper Series*, Working Paper No. 4164 (September).

Godfrey, Martin, George Lázár, and Christopher O'Leary (1993), *An Impact Analysis of Labor Market Programs in Hungary: A report based on the November 1992 International Labor Office survey of participants*, Geneva :International Labor Office.

Gora, Marek (1994), "Employment Policies and Programs in Poland," paper prepared for a conference on employment policies and programs in Eastern and Central Europe, Budapest: ILO/Japan Project on Employment Policies for Transition.

Green, Karen and Steve Aaronson (1992), *Performance Measurement in Federal Job, Training, and Education Programs*, Job Training 2000 Performance Standards Subgroup, U.S. Department of Labor, Washington, DC.

Hussmanns, Ralf, Farhad Mehran, and Vijay Verma (1992), *Surveys of economically active population, employment, unemployment, and underemployment: An ILO manual on concepts and methods*, Geneva: International Labor Office.

Laventhol and Horvath (1988), *Using Performance Management to Achieve Quality Program Results: A Technical Assistance Guide*, Washington, DC: National Commission for Employment Policy.

Lázár, Gyorgy, and Judit Székely (1993), "An Analysis of the Labor Market Position of Those Who Exhausted their Eligibility for the Unemployment Benefit," a paper prepared for the ILO/Japan Project conference November 3, 1994, Budapest.

Micklewright, John and Gyula Nagy (1994), "How does the Hungarian unemployment insurance system really work?" *Economics of Transition,* Volume 2 (2): 209-32.

Office of Strategic Planning and Policy Development (1989), *Guide for Setting JTPA Title II-A and Title III (EDWAA) Performance Standards for PY 89*, Washington, DC: U.S. Department of Labor, Employment and Training Administration.

O'Leary, Christopher J. (1990), *Evaluation Criteria and Planning Guidelines for Employment Fund Programs in the Republic of Hungary*, Kalamazoo, Michigan: W.E. Upjohn Institute for Employment Research (August).

O'Leary, Christopher J. (1993), *Innovation in Planning Hungarian Labor Market Programs*, Labor Market Analysis and Employment Policies Working Paper No. 61, International Labor Office, Geneva (December).

O'Leary, Christopher J. (1994) *A System for Evaluating Labor Market Programs in Hungary*, A report to the Hungarian Ministry of Labor, W.E. Upjohn Institute Technical Report No. 94-005, Kalamazoo (January).

O'Leary, Christopher J. (1995), *An Impact Analysis of Labor Market Programs in Hungary*, Staff Working Paper 95-30, Kalamazoo: W.E. Upjohn Institute (January).

O'Leary, Christopher J., and Andrew S. Targowski (1993), *MIS Guidelines for Employment Law Programs in Poland,"* Kalamazoo: W.E. Upjohn Institute for Employment Research.

Osborne, David and Ted Gaebler (1992), *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, Reading, Massachusetts: Addison-Wesley.

Ryan, Kenneth and Ronnie Kauder (1990), *Measuring Up: Planning and Managing with Performance Standards PY 1990*, Washington, DC: National Alliance of Business.

Singer, Burton (1986), "Self-Selection and Performance Based Ratings: A Case Study in Program Evaluation," in *Drawing Inferences from Self-Selected Samples*, Howard Wainer, editor, New York: Springer-Verlag.

Wandner, Stephen (1992), *Self Employment Programs for Unemployed Workers*, Unemployment Insurance Occasional Paper 92-2, Washington, DC: U.S. Department of Labor, Employment and Training Administration.

West, Richard W. (1992), *Development of Adjustment Models for PY 92 JTPA Performance Standards for Titles II-A and III*, Menlo Park, CA: Social Policy Research Associates (June).

Table 1
Labor Market and Economic Conditions in Hungary, 1989-94
(figures are in millions unless otherwise indicated)

Year	1989	1990	1991	1992	1993	1994
Population	10.398	10.365	10.345	10.324	10.294	10.261
Working Age Population	5.963	5.977	6.015	6.044	6.064	6.076
Armed Forces	-	-	-	-	-	-
Civilian Labor Force	5.102	4.962	4.816	4.652	4.497	4.320
Civilian Employment	5.078	4.916	4.589	4.096	3.826	3.752
Agriculture	0.820	0.770	0.660	0.458	0.349	0.328
Mining	0.100	0.085	0.073	0.053	0.042	0.039
Manufacturing	1.408	1.400	1.305	1.054	0.940	0.889
Power-Water	0.130	0.127	0.116	0.108	0.105	0.108
Construction	0.345	0.350	0.310	0.217	0.207	0.201
Trade-Catering	-	-	0.518	0.597	0.580	0.578
Transport-Communication	-	-	0.382	0.346	0.336	0.315
Financial Services	-	-	-	0.069	0.073	0.073
Health-Education	0.691	0.669	0.660	0.548	0.586	0.578
Public Administration	0.362	0.305	0.286	0.311	0.298	0.321
Other Services	1.222	1.210	0.279	0.335	0.310	0.322
Registered Unemployed	0.024	0.046	0.227	0.556	0.671	0.568
Self Employed	-	-	0.300	0.340	0.350	0.370
Registered Unemp. Rate(%)	0.5	0.9	4.7	12.0	14.9	13.1
Consumer Price Infl. (%)	17.0	28.9	35.0	23.0	22.5	18.8
Wage Inflation (%)	17.9	28.6	30.0	25.1	22.0	24.7
Real Wage Growth (%)	0.8	-0.2	-3.7	1.7	-0.4	5.0
GDP Constant Prices (%Δ)	-	-4.0	-10.7	-4.5	-0.9	2.0
Industrial Output (%Δ)	-	-8.5	-19.1	-9.8	4.0	9.2

Data from *Employment Observatory: Central & Eastern Europe*, No. 7, May 1995.

Table 2
Regional Unemployment Rates in Hungary, 1989-94

	1989	1990	1991	1992	1993	1994
Trans Danubian	0.4	1.1	3.9	10.0	12.5	11.4
Great Plain	0.5	1.0	5.0	12.1	15.4	13.6
North-East	0.8	1.7	7.2	16.2	19.5	17.1
North-West & Budapest	0.2	0.3	2.2	6.7	8.8	7.6
National Average	0.5	0.9	4.7	12.0	14.9	13.1

Data from *Employment Observatory: Central & Eastern Europe*, No. 7, May 1995.

Table 3
Labor Market and Economic Conditions in Poland, 1989-94
(figures are millions of persons unless otherwise indicated)

	1989	1990	1991	1992	1993	1994
Population	37.963	38.119	38.245	38.365	38.459	38.544
Working Age Population	23.157	23.278	23.402	23.539	23.693	23.872
Armed Forces	0.373	0.347	0.335	0.342	0.354	0.357
Civilian Labor Force	17.002	16.871	17.010	17.032	17.067	17.743
Civilian Employment	17.002	16.280	15.326	14.677	14.330	14.833
Agriculture	4.557	4.328	4.116	3.839	3.754	3.920
Mining	0.578	0.565	0.459	0.459	0.422	0.394
Manufacturing	4.173	3.947	3.657	3.282	3.040	2.970
Power-Water	0.182	0.137	0.138	0.142	0.167	0.276
Construction	1.321	1.243	1.065	1.066	0.861	0.839
Trade-Catering	1.515	1.626	1.530	1.682	1.997	2.137
Transport-Communication	1.222	1.056	0.999	0.968	0.866	0.835
Financial Services	0.172	0.181	0.179	0.199	0.226	0.241
Health-Education	1.950	2.002	2.039	1.906	1.881	1.875
Public Administration	0.195	0.193	0.202	0.229	0.262	0.268
Other Services	1.137	1.002	0.942	0.905	0.854	1.078
Registered Unemployed	0.000	0.591	1.684	2.355	2.737	2.910
Self Employed	4.270	4.424	4.600	4.850	4.641	4.534
Registered Unemp. Rate(%)	0.0	3.5	9.9	13.8	16.0	16.4
Consumer Price Infl. (%)	251.1	585.8	70.3	43.0	35.3	29.5
Wage Inflation (%)	291.8	398.0	70.6	38.8	33.8	34.7
Real Wage Growth (%)	11.6	-27.4	0.2	-2.9	-1.1	1.9
GDP Constant Prices (%Δ)	0.2	-11.6	-7.0	2.6	3.8	5.0
Industrial Output (%Δ)	-	-24.2	-11.9	3.9	7.3	11.9

Data from *Employment Observatory: Central & Eastern Europe*, No. 7, May 1995.

Table 4
Regional Unemployment Rates in Poland, 1990-94

Year	1990	1991	1992	1993	1994
North-East (Polnocno - Wschodni)	9.5	16.4	18.6	22.0	22.2
Central-East (Srodkowo - Wschodni)	6.1	10.9	11.2	13.2	14.7
South-East (Poludniowo - Wschodni)	5.9	11.1	13.0	14.2	14.9
Capital (Stoleczny)	4.3	8.9	10.5	13.5	13.3
Central (Srodkowy)	7.9	14.9	15.9	18.8	18.0
South (Poludniowy)	4.0	8.3	9.7	10.9	11.5
North (Polnocny)	6.4	14.0	17.1	19.6	20.0
Central-West (Srodkowo - Zachodni)	6.7	12.8	14.9	16.9	17.5
South-West (Poludniowo - Zachodni)	7.3	13.9	15.7	18.3	19.1
National Average	3.5	9.9	13.8	16.0	16.4

Data from *Employment Observatory: Central & Eastern Europe*, No. 7, May 1995.

Table 5

Active Labor Programs in Hungary and Poland

Active Labor Program	Hungary	Poland
Placement Service	Yes	Yes
Retraining	Yes	Yes
Self Employment Assistance	Yes	Yes
Wage Subsidy for Hiring	Long Term Unemployed	Recent Graduates
Public Service Employment[1]	Yes	Yes
Job Creation Investments	Yes	Yes
Work Sharing	Yes	No
Early Retirement Subsidy	Yes	No

[1]Poland also has Intervention Works projects operated by private sector employers.

Table 6
Performance Indicators for Active Labor Programs in Hungary

1. Retraining (Article 14)

Retraining of Unemployed

Average cost per course completer employed at follow-up (c)
Proportion of course completers who are employed at follow-up (r)
Average cost per training program entrant (s)
Proportion of entrants who successfully complete training courses (p)
Average monthly earnings of course completers employed at follow-up (p)
Proportion of employed course completers working in occupation of training at follow-up (p)

Retraining of Employed

Average cost per course completer employed at follow-up (c)
Average cost per course completer still employed at firm of training at follow-up (c)
Proportion of course completers who are employed at follow-up (r)
Proportion of course completers still employed at firm of training at follow-up (r)
Average cost per training program entrant (s)
Proportion of entrants who complete training courses (p)
Average monthly earnings of course completers employed at follow-up (p)
Proportion of course completers working in occupation of training
at follow-up (p)

2. Self Employment (Article 15)

Average sum of assistance per person still self-employed at follow-up (c)
Proportion of persons still self employed at follow-up (r)
Average subsidy per subsidized self-employed (s)
Average added employment resulting from self employment assistance at follow-up (p)

3. Wage Subsidy for Hiring Long Term Unemployed (Article 16)

Subsidy per worker in regular employment at follow-up (c)
Proportion of subsidized workers who are in regular employment at follow-up (r)
Average monthly cost of wage subsidy per subsidized employee (s)
Average duration of subsidy per subsidized employee (p)

Table 6--Continued

4. Public Service Employment (Article 17)

Average PSE cost per worker in regular work at program exit (c)
Proportion of PSE workers in regular work at program exit (r)
Average monthly cost per PSE worker (s)
Average monthly earnings of PSE workers in regular work at program exit (p)
Average duration of PSE employment for program leavers (p)
Average duration of PSE employment for program leavers who gain regular employment (p)

5. Job Creation Investments (Article 17)

Average cost of subsidies per new job created (c)
Proportion of placements still employed at follow-up (r)
Among jobs promised the proportion actually created (p)
Among jobs created the proportion filled by persons from target groups (p)

6. Part-time Employment (Work Sharing) (Article 18)

Average cost per job saved (c)
Proportion of jobs at risk which are saved (r)
Average cost per job at risk (s)
Average number of months employees are subsidized (p)

7. Early Retirement Subsidy (Article 19)

Average cost per person entering early retirement (s)
Average monthly early retirement subsidy per person (s)
Employment fund share of early retirement commitments made in the calendar year (p)
Average months until regular retirement (p)

8. Employment Exchange (Article 47-53)

Average number of referrals per job placement (r)
Average number of days until reemployment (p)
Average cost per employment exchange visit (p)
Average cost per employment exchange registrant (p)
Average number of days until vacancies are filled (p)

Table 7
Performance Indicators for Labor Programs in Poland

A. Unemployment Compensation

A.1 Administrative cost per recipient (p)
A.2 Average compensation for a month unemployed (s)
A.3 Average duration as a proportion of entitled duration (d)
A.4 Average days receiving unemployment compensation (p)
A.5 Average earnings replacement rate (p)

B. Placement Service

B.1 Referrals per person reemployed (r)
B.2 Average cost of finding reemployment for one person (c)
B.3 Average cost per employment exchange visit (p)
B.4 Average number of days until a vacancy is filled (p)
B.5 Average cost of gaining one new job vacancy listing (p)

C. Retraining

C.1 Proportion of course completers employed at follow-up (r)
C.2 Average cost per course completer employed at follow-up (r)
C.3 Average cost per training program entrant (s)
C.4 Proportion of entrants completing training course (p)
C.5 Average monthly earnings of course completers working at follow-up (p)
C.6 Proportion of employed course completers working in occupation of training at follow-up (p)
C.7 Proportion of course completers still employed at firm of training at follow-up (for retraining of employed) (p)
C.8 Average cost per course completer still employed at firm of training at follow-up (for retraining of employed) (p)

D. Small Business (Loans to the Unemployed for Start-up)

D.1 Proportion of persons still self-employed at follow-up (r)
D.2 Amount of money granted per person still self-employed at follow-up (c)
D.3 Average amount of money granted per loan (s)
D.4 Proportion of the maximum allowable amount of money given on the average loan (p)
D.5 Loan repayments received as a proportion loans given (p)
D.6 Additional persons hired per person still self-employed at follow-up (p)

Table 7--continued

E. Job Creation (Loans to Employers)

E.1 Proportion of persons still employed at follow-up (r)
E.2 Loan amount per person employed at follow-up (c)
E.3 Average loan amount per new job place (s)
E.4 Average loan as a fraction of maximum allowable amount (p)
E.5 Loan repayments received as a proportion loans given (p)
E.6 Proportion of promised new job places actually created (p)

F. Public Works

F.1 Proportion of workers gaining regular employment (r)
F.2 Cost of subsidy per employee gaining regular employment (c)
F.3 Average cost of subsidy per employee (s)
F.4 Proportion of unemployed refusing to take part (p)
F.5 Proportion of maximum allowable amount of money spent on the average public works project (p)
F.6 Fraction renewing eligibility for unemployment benefit (p)

G. Intervention Works

G.1 Proportion of workers gaining regular employment (r)
G.2 Cost of subsidy per employee gaining regular employment (c)
G.3 Average cost of subsidy per employee (s)
G.4 Proportion of unemployed refusing to take part (p)
G.5 Proportion of maximum allowable money spent on the average intervention works project (p)
G.6 Fraction renewing eligibility for unemployment benefit (p)

H. Graduates Subsidies (Wages for recent graduates)

H.1 Proportion of participants in regular jobs at follow-up (r)
H.2 Cost per participant in regular job at follow-up (c)
H.3 Average monthly cost of wage subsidy (s)
H.4 Average duration of subsidy as a proportion of maximum allowable duration (p)
H.5 Proportion of all registered unemployed graduates participating in the program (p)
H.6 Average monthly wage subsidy as a proportion of maximum allowable cost (p)
H.7 Average duration of subsidy per subsidized employee (p)

Table 8: Percentage deviation of actual values of county performance indicators from the adjusted standards

Performance Indicators	Measurement	County-A	County-B	County-C
1. Retraining				
Avg cost per course comp. (cc) emp at follow-up (c)	%	-17.0	-8.8	-3.6
Prop of cc who are employed at follow-up (r)	%	7.7	-12.2	2.1
Avg cost per training program entrant (s)	%	-10.1	-13.4	4.5
Proportion of entrants who complete training (p)	%	1.6	3.8	0.3
Avg mo. earnings cc employed at folow-up (p)	%	4.0	4.1	2.9
Prop of emp cc wrk in occ. of trn at follow-up (p)	%	5.4	-4.2	-2.9
2. Self-employment				
Avg sum-assist per pers self-emp at follow-up (c)	%	-9.5	12.3	-9.6
Prop. of persons still self-employed at follow-up (r)	%	12.2	-22.9	13.4
Average subsidy per subsidized self-employed (s)	%	1.3	-10.8	7.3
Avg added employ from self-emp asst at follow-up (p)	%	-30.4	20.9	-38.5
3. Wage subsidy for hiring long-term unemployed				
Subsidy per worker in reg. employ at follow-up (c)	%	-1.9	60.6	20.2
Prop subsidized wkrs in reg emp at follow-up (r)	%	20.9	-31.1	-12.8
Avg mo cost-wage subsidy per subsidized employee (s)	%	1.4	2.7	-6.0
Avg duration-subsidy per subsidized employee (p)	%	7.1	-3.7	12.6
4. Public service employment				
Avg pse cost per worker in reg work at prgm exit (c)	%	-2.9	0.4	-23.7
Prop pse workers in reg work at prgm exit (r)	%	25.9	1.7	8.3
Avg monthly cost per pse worker (s)	%	0.8	8.8	-7.3
Avg mo earn of pse wrkrs in reg work-prgm exit (p)	%	-2.6	10.6	-14.4
Avg duration pse employment for program leavers (p)	%	-10.4	9.4	-9.6
Avg dur. pse employment for prgm lvrs in reg wrk (p)	%	-1.1	-15.8	-12.8
5. Job creation investments				
Average cost-subsidies per new job created (c)	%	-6.9	-9.1	16.9
Prop of placements still employed at follow-up (r)	%	4.0	0.2	2.6
Among jobs promised-prop actually created (p)	%	-1.6	3.1	-13.3
Among job created-prop fill by prsn frm trgt grp (p)	%	-13.2	9.6	8.3
6. Work sharing				
Average cost per job saved (c)	%	14.2	49.6	-26.1
Proportion of jobs at risk which are saved (r)	%	-20.9	-38.3	-2.8
Average cost per job at risk (s)	%	8.1	9.3	-20.1
Avg number of months employees are subsidized (p)	%	-13.5	-4.2	33.7
7. Early retirement subsidy				
Avg cost per pers entering early retirement (s)	%	-4.7	3.5	12.9
Avg monthly early retire subsidy per person (s)	%	-3.3	1.3	6.7
Employ fund share-early retire commit in cal yr (p)	%	1.6	-1.5	7.2
Average months until regular retirement (p)	%	2.2	-1.0	10.7
8. Employment exchange				
Average number of referrals per job placement (r)	%	-9.4	-13.3	-13.4
Average number of days until reemployment (p)	%	4.5	-6.3	-0.6
Average cost per employment exchange visit (p)	%	2.0	-0.2	-3.2
Average cost per employment exchange registrant (p)	%	-6.9	10.4	-2.5
Average number of days until vacancies are filled (p)	%	-0.5	9.4	-3.3

Table 9

Relative Cost of Reemployment for Various
Active Labor Programs by County in Hungary
First Half of 1994

	Train Group	Train Indiv	Self Empl	Wage Sub	PSE Month	JCI	Work Share	Early Retire
County A	1.00	0.17	0.34	0.66	0.07	1.20	0.31	0.00
County B	1.00	1.87	0.33	1.82	0.14	3.33	0.00	7.25
County C	1.00	0.15	0.49	0.83	0.12	4.96	0.16	3.96
County D	1.00	1.46	0.38	0.31	0.07	0.74	0.09	2.80
County E	1.00	0.31	0.24	2.80	0.11	1.76	0.43	2.73
County F	1.00	0.47	0.27	0.00	0.07	1.57	0.00	3.64
County G	1.00	0.21	0.29	0.93	0.06	0.00	0.00	0.00
County H	1.00	0.00	0.15	0.16	0.03	0.70	0.03	2.05
County I	1.00	0.18	0.17	0.53	0.05	0.69	0.09	1.76
County J	1.00	0.20	0.32	0.56	0.06	1.68	0.62	2.36
County K	1.00	0.10	0.13	0.30	0.06	1.16	0.00	2.20
County L	1.00	0.18	0.28	0.70	0.06	1.04	0.03	5.90
County M	1.00	0.13	0.23	0.56	0.05	1.26	0.00	3.81
County N	1.00	0.12	0.32	0.69	0.09	1.12	0.26	2.87
County O	1.00	0.55	0.35	0.51	0.07	1.96	0.00	3.53
County P	1.00	0.25	0.59	1.15	0.11	1.87	0.00	0.41
County Q	1.00	0.20	0.28	0.45	0.06	1.14	0.13	0.00
County R	1.00	0.18	0.28	0.46	0.06	1.17	0.19	4.92
County S	1.00	0.00	0.35	1.74	0.12	1.23	0.00	5.76
County T	1.00	0.36	0.19	0.46	0.05	0.00	0.14	3.70

The columns report program average costs relative to average group retraining costs for: group retraining, individual retraining, self employment, wage subsidies, public service employment (PSE) average monthly stipend, job creation investments, work sharing, and early retirement.

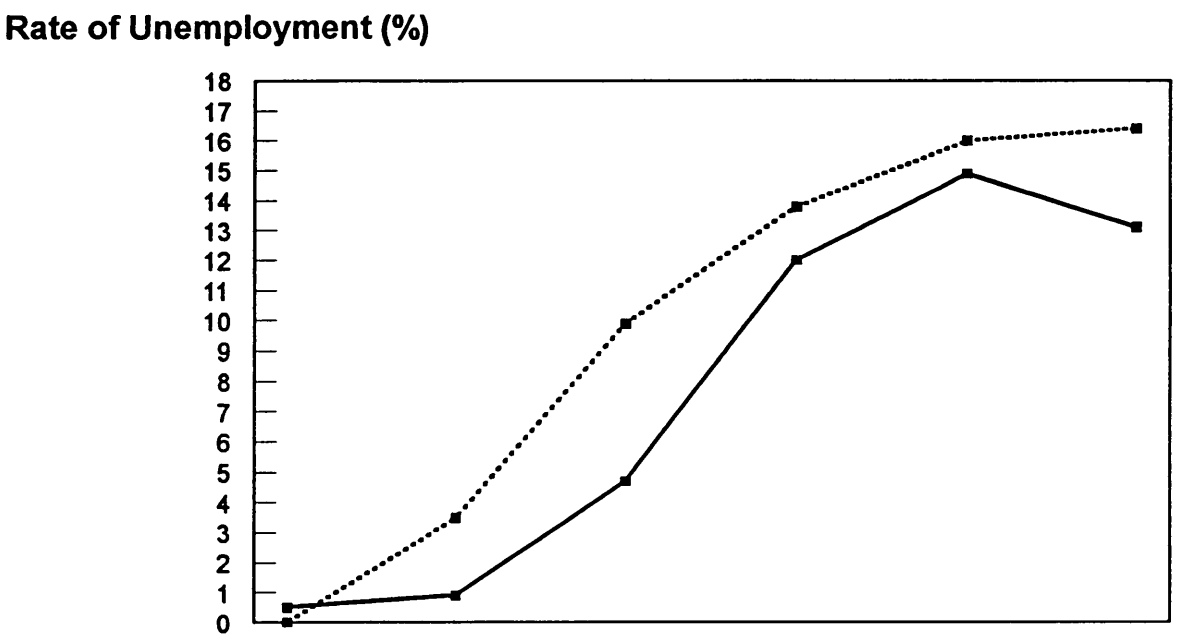
Data from follow-up surveys in all counties for programs completed in the first half of 1994.

Costs listed are for reemployment except for PSE and early retirement. For these programs the costs listed are the average stipend per month of PSE work, and average total costs for an early retirement.

For anonymity counties are listed randomly.

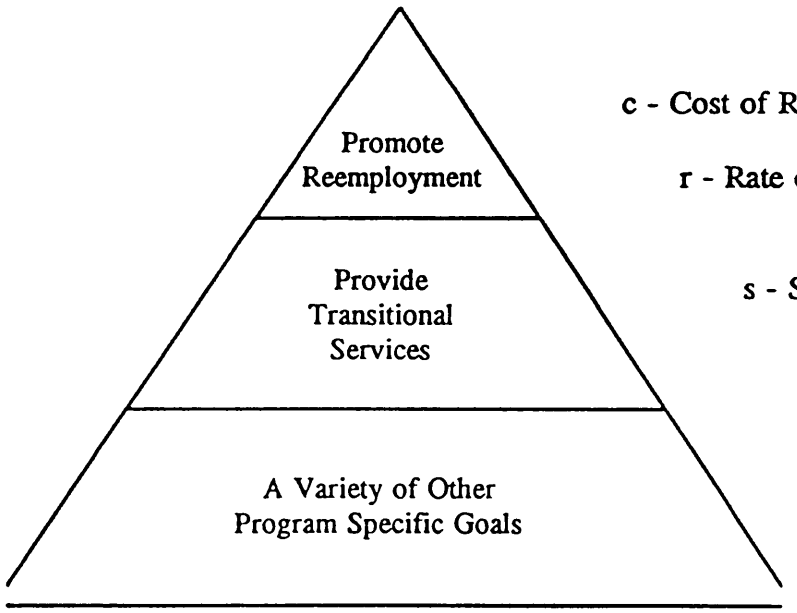
Figure 1

Registered Unemployment Rate
Hungary and Poland, 1989-94



Year	1989	1990	1991	1992	1993	1994
Hungary	0.5	0.9	4.7	12.0	14.9	13.1
Poland	0.0	3.5	9.9	13.8	16.0	16.4

Figure 2
Hierarchy of Goals for Active Labor Programs
Guided by Performance Indicators



c - Cost of Reemployment

r - Rate of Reemployment

s - Support Cost

p - Program Specific Goals

Figure 3
Classification of Performance Indicators
for Active Labor Programs in Hungary

	Categories			
Program Name	c	r	s	p
1. Retraining	x	x	x	x
2. Self Employment	x	x	x	x
3. Subsidy for Long Term Unemployed	x	x	x	x
4. Public Service Employment	x	x	x	x
5. Job Creation Investments	x	x		x
6. Part-time Employment	x	x	x	x
7. Early Retirement			x	x
8. Employment Exchange		x		x

Categories of Performance

c - Cost of Reemployment
r - Rate of Reemployment
s - Support Cost
p - Program Specific Goals

Figure 4

Goals for Labor Programs in Poland
Stated by the TOR 2 Advisory and Steering Committees

Unemployment Compensation/Unemployment Insurance:
- temporary benefits for jobless persons.
- motivating beneficiaries for reemployment.

Placement Service:
- finding appropriate reemployment for job seekers.
- motivating registrants to search for jobs.
- maintaining a steady supply of job vacancy listings.

Retraining:
- providing professional skills to persons having no profession,
- over the long-term, to adjust the skill structure of labor resources to the changing needs of the economy.
- getting trainees reemployed.

Loans to the Unemployed for Small Business Start-up:
- promoting development of small business,
- enabling the unemployed to gain reemployment through self employment,
- creation of new jobs,
- relieving the Labor Fund from payment of unemployment compensation.

Loans Employers for Job Creation:
- promoting reemployment through creation of new jobs,
- supporting the expansion of local businesses,
- fostering privileged economic sectors (branches),
- relieving the Labor Fund from payment of unemployment compensation.

Public and Intervention Works:
- reducing long-term unemployment,
- developing local infrastructure to support creation of new jobs,
- providing workers with new skills,
- promoting reemployment by ensuring readiness to start work.
- creating the opportunity for permanent employment,
- supporting the development of local businesses,
- fostering privileged economic sectors (branches),

Wage Subsidies for Hiring Recent Graduates:
- facilitating employment of recent graduates,
- supporting the acquisition of practical job skills by graduates thereby increasing their chances of finding permanent employment.

Figure 5
Classification of Performance Indicators
for Active Labor Programs in Poland

	Categories			
Program Name	c	r	s	p
A. Unemployment Compensation			x	x
B. Placement Service	x	x		x
C. Retraining	x	x	x	x
D. Self-employment	x	x	x	x
E. Job Creation Investments	x	x		x
F. Public Works	x	x	x	x
G. Intervention Works	x	x	x	x
H. Wage Subsidies for Graduates	x	x	x	x

Categories of Performance

c - Cost of Reemployment
r - Rate of Reemployment
s - Support Cost
p - Program Specific Goals

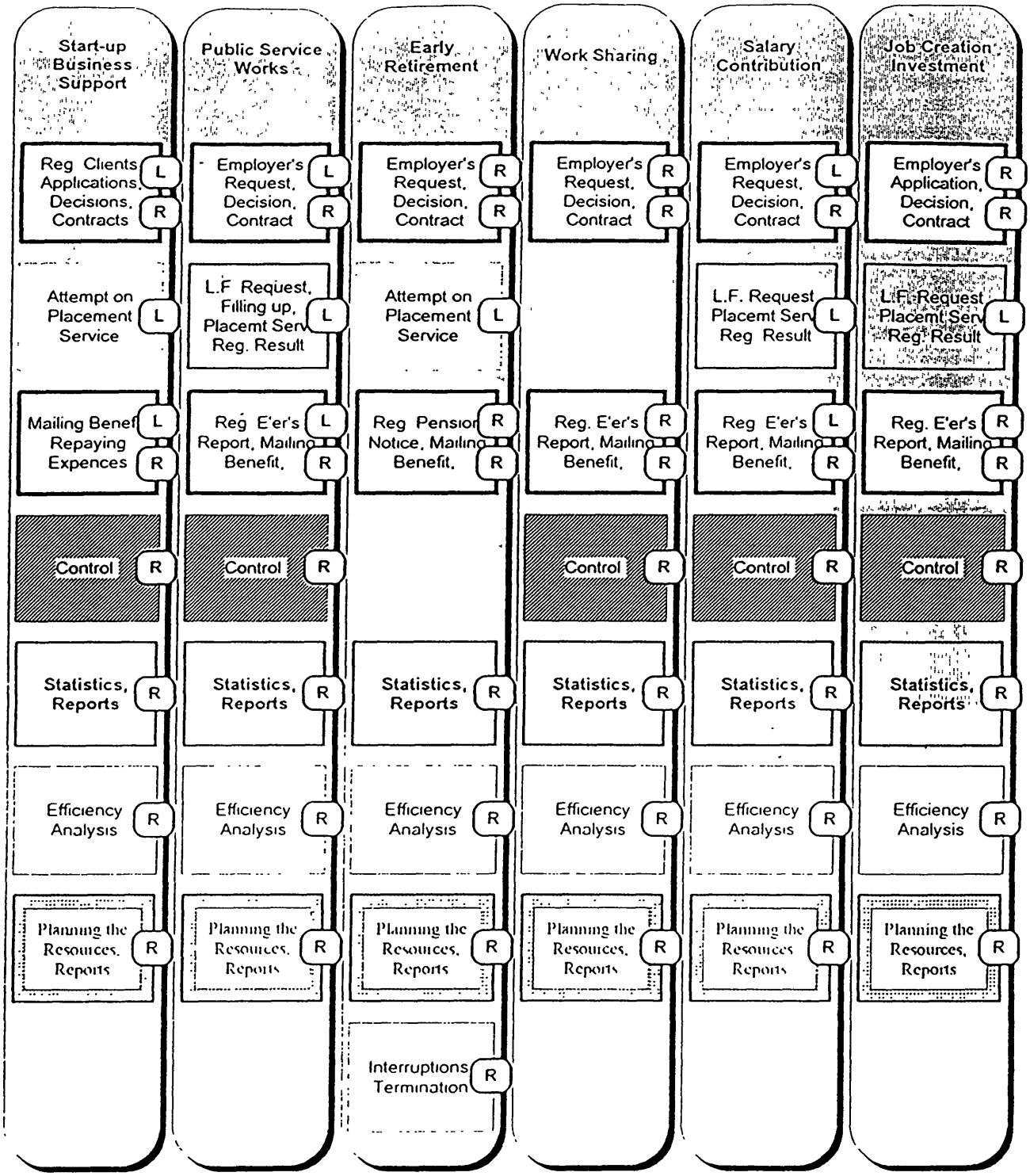


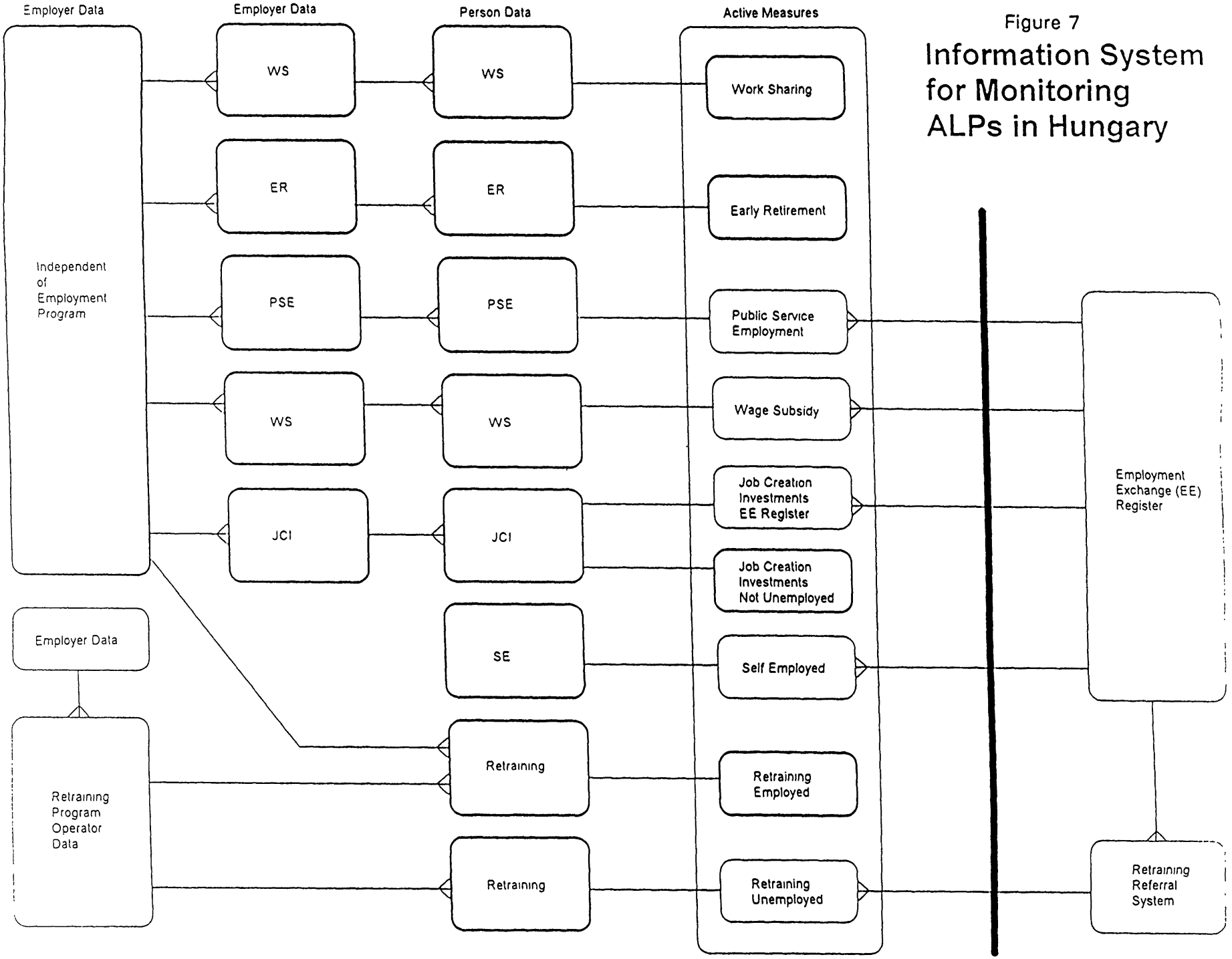
Figure 6

Service Blocks of the IT System of the Employment Fund
(Suggestion on Dividing Functions)

Source: Labor Market Information and Analysis Department, Hungarian National Labor Center.

Figure 7

Information System for Monitoring ALPs in Hungary



Source: Labor Market Information and Analysis Department, Hungarian National Labor Center.

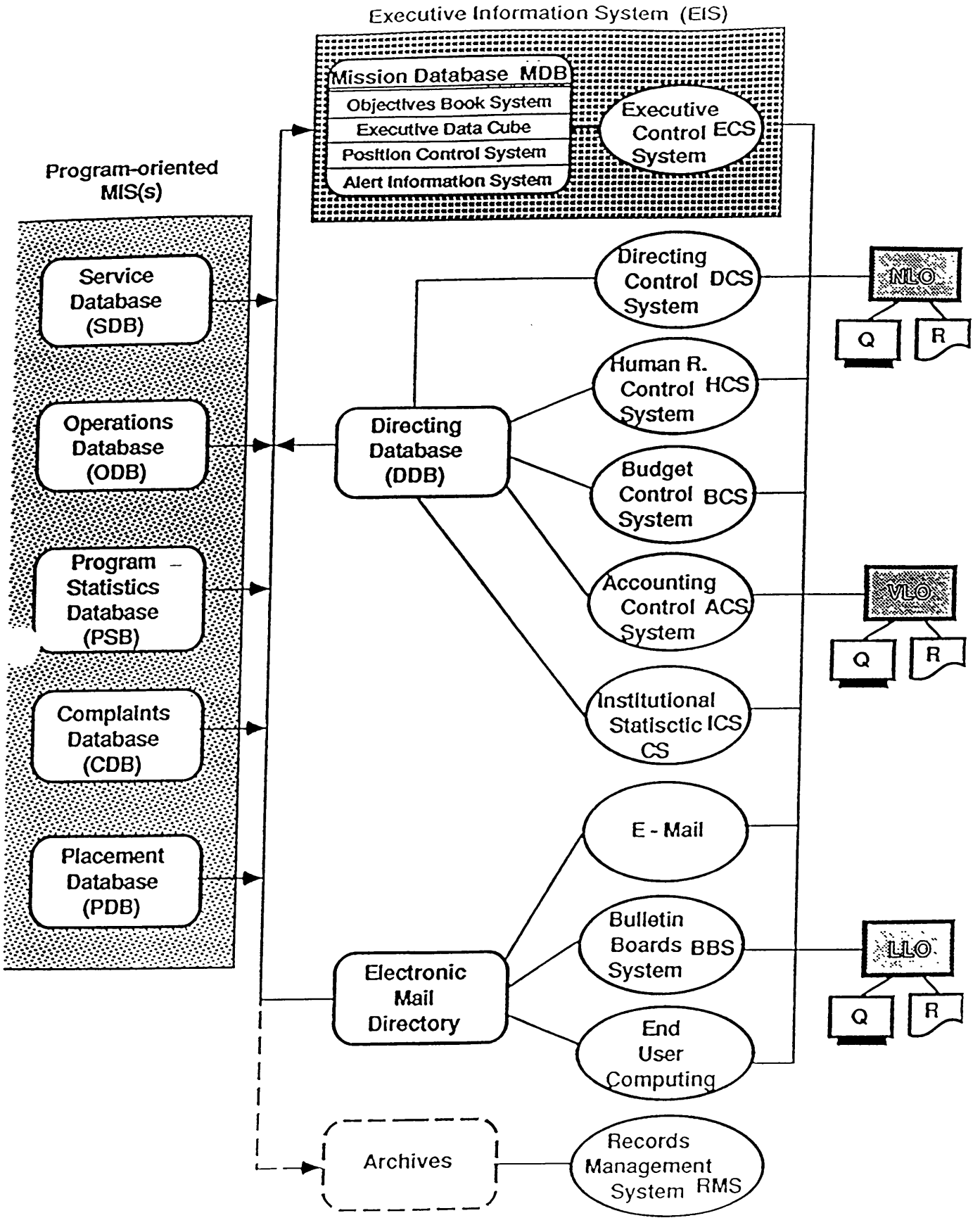


Figure 8: The Architecture of Administration Oriented MISs
(Q - query, R - reports)

Source: O'Leary and Targowski (1994), Figure III-5.

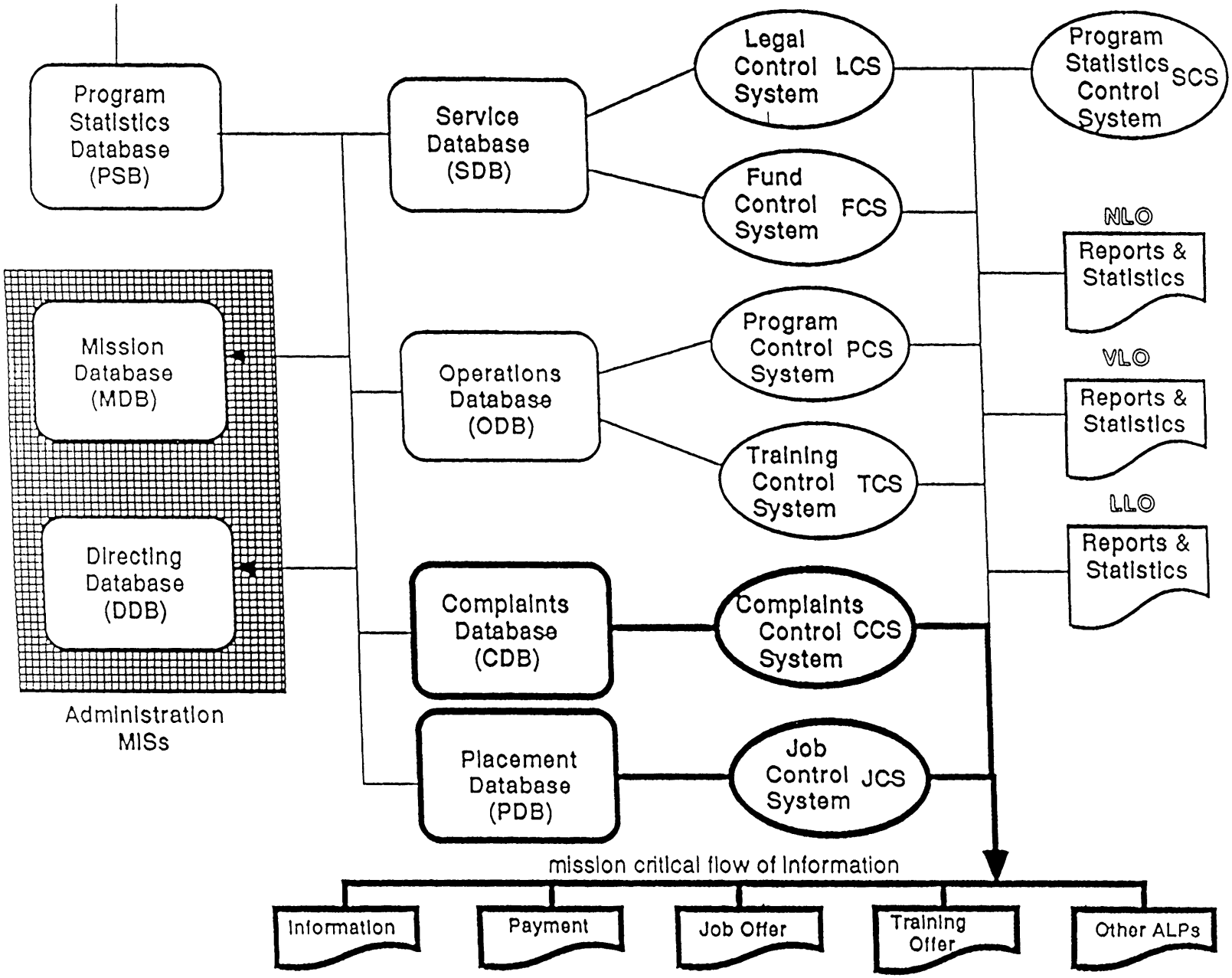


Figure 9: The Architecture of Program-oriented MISs

Source: O'Leary and Targowski (1994), Figure III-4.

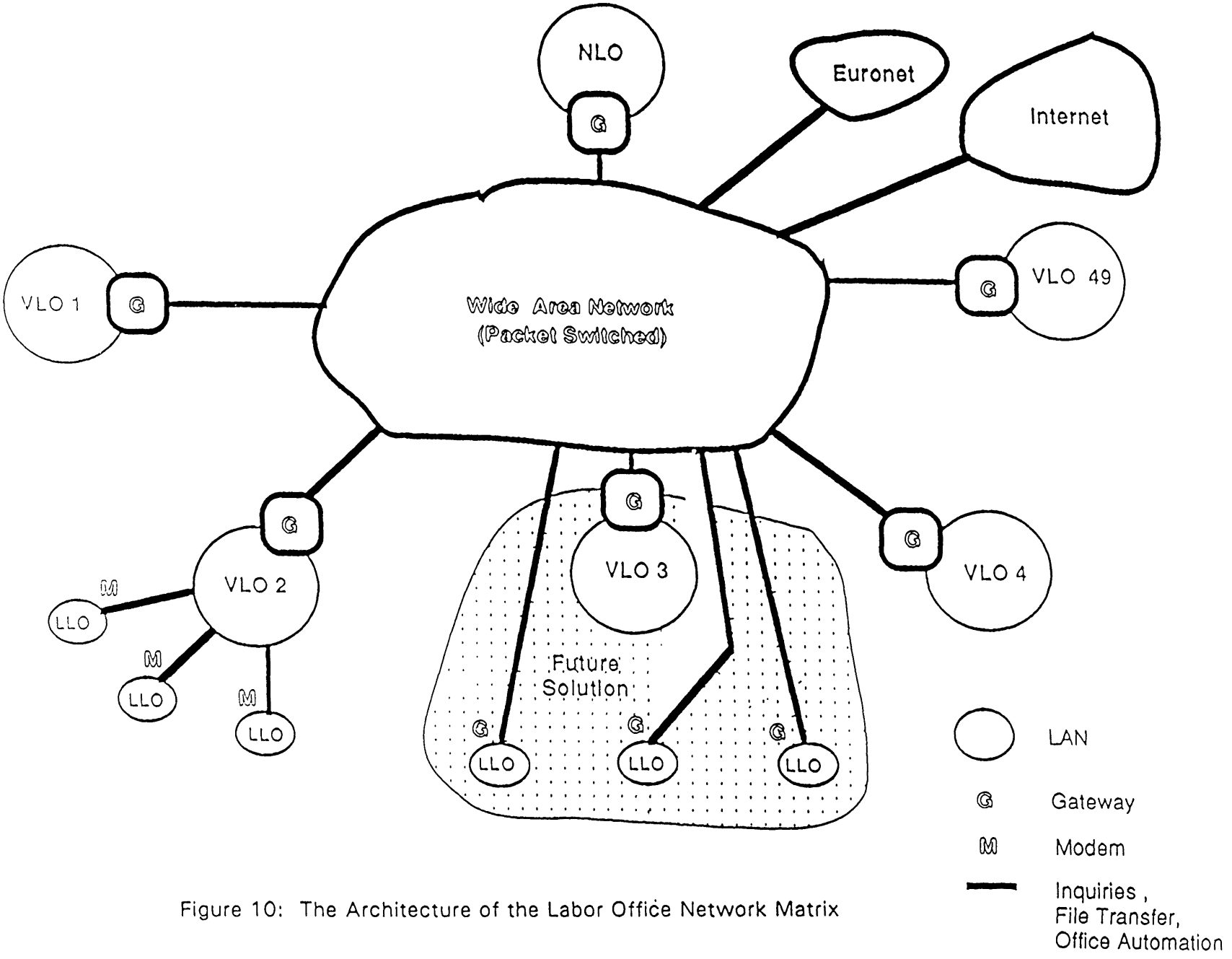


Figure 10: The Architecture of the Labor Office Network Matrix

Source: O'Leary and Targowski (1994), Figure V-4.

Figure 11
Sample Performance Indicators Adjustment Worksheet

PERFORMANCE INDICATORS WORKSHEET			A. COUNTY NAME Borsod-Abauj-Zemplen		B. COUNTY NUMBER #5
C. PERFORMANCE PERIOD Calendar Year 1992	D. DATE CALCULATED 6/15/93	E. PERFORMANCE INDICATOR Average Cost Per Training Course Completer Employed Follow-Up			
F. COUNTY FACTORS	G. COUNTY FACTOR VALUES	H. NATIONAL AVERAGES	I. DIFFERENCE (G minus H)	J. WEIGHTS	K. EFFECT OF COUNTY FACTORS ON PERFORMANCE INDICATORS (I times J)
1. % AGE 45+ (RT14)	4.9	4.54	0.36	-18.21	-6.55
2. % SCHOOL ≤ 8 (RT15)	25.4	19.16	6.24	.139	0.87
3. % NEW GRADS (RT16)	7.3	8.35	-1.05	9.60	-10.07
4. % UNEMP RATE (II1)	17.9	12.17	5.74	8.59	49.28

L. TOTAL	33.53
M. NATIONAL AVERAGE PERFORMANCE INDICATOR	256.85
N. MODEL-ADJUSTED PERFORMANCE INDICATOR (L + M)	290.38
O. ACTUAL PERFORMANCE LEVEL	241.1
P. % DEVIATION OF ACTUAL FROM MODEL ADJUSTED PERFORMANCE LEVEL ((O-N)/N)*100)	-16.97

Figure 12
Management Response to Performance Indicator Values