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**PEER REVIEW AS AN ESSENTIAL PART OF THE RESTRUCTURING OF
NATIONAL STATISTICAL SERVICES - SWITZERLAND'S EXPERIENCE**

Transmitted by the Swiss Federal Statistical Office¹

Introduction

1. When the authorities of the Swiss Federal Statistical Office decided to launch the PRAXIS project for the restructuring of the Office and, therefore, of the national statistical system, they did so for a number of reasons, chiefly the following:

The consequences of radical changes in technology and society and of the globalization of markets and information;

The Office's critical operating conditions (rising demand for information, with no increase, and sometimes even a decline, in the resources for providing it);

The lessons drawn from the application of the new Federal Statistics Act of 1993;

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Changes due to the nature of the statistical information required (need for interconnected information representative of complex situations, and for speedier and more relevant information);

Growing competition on the information market;

New requests for information on new topics;

Improvement in staff skills;

Links with people in numerous fields, especially research.

2. The Office must have a strategy for meeting the new challenges, otherwise it will not be able to fulfil its function, which is of vital importance for the future, as a producer of statistical information in a democratic society.

3. The strategy that has been chosen comprises several parts, ranging from modernization of the basic infrastructure to the adoption of a modern corporate culture. A number of activities related to it have either already been completed or are in hand:

Detailed cost accounting was instituted in April 2000. It will yield not only detailed information on resource allocation, but also valuable indicators for use in managing the Office within the framework of a management information system;

Structuring of the Office's output has led to the compilation of a list of products, by-products and articles. Pilot applications are in progress and the Office will be organized on the basis of this new nomenclature with effect from early 2001;

Both the process of producing statistics and administrative processes are being subjected to in-depth analysis, the results of which will be used in restructuring and resource redeployment;

The establishment of a data warehouse has now reached the detailed-design stage. This new tool will enable the Office to concentrate and harmonize data from its various sources and make it available to the full range of users (both internal and external). With a view to facilitating integrated management, the Office intends linking management information to the warehouse;

A new dissemination policy based on investment in Internet technology is in the course of being implemented;

The introduction of quality management will ensure that information is more relevant and help to boost users' confidence in the Office;

In-depth research has been undertaken into the status of the Office with a view to determining whether and, if so, how it should be changed. One serious option would be to transform the Office into a national statistical institute independent of the Federal Government and having close links to research institutions;

A policy manual is being drafted for the purposes of supporting and strengthening the restructuring process and laying down guidelines for all of the Office's activities.

4. All of this work is being carried out using the Office's own resources (internal taskforces) supported by selected outside consultants.

PART I - OBJECTIVES AND OVERALL FRAMEWORK

5. The Office's senior management was conscious that, the efforts to take account of the outside environment and of other countries' experience notwithstanding, there was a risk that this process of reform would only reflect the views of inside observers. It also felt, however, that the task of "scrutinizing" the Office and the Swiss statistical system could not appropriately be entrusted to a business consultant, even if he was an expert from one of the firms that operates worldwide. This gave rise to the idea of entrusting the analysis of the Office and the Swiss statistical system to "peers": who is better able to assess the strengths and weaknesses of a statistical system than qualified representatives of the same branch from another country? Furthermore, "peer reviews" were already a familiar feature in other areas of government activities. It remained to find the qualified experts. The principal requirement was that they should be public-sector statisticians, but there were also other criteria to be borne in mind: fluency in at least one of Switzerland's national languages and familiarity with the structures of a federal State. It was with pleasure that the Office learnt of the willingness of Ivan Fellegi, Chief Statistician of Statistics Canada, and Jacob Ryten, former Assistant Chief Statistician of the same body, to comply with our request to undertake a "peer review": both men met all our requirements. The decision to have ourselves evaluated by colleagues from another country had to be explained in detail to the Office's staff. It was essential that they should not view it as the imposition by the management of the Office as a check on, or inquiry into the quality of their work. We were able to win their support for the exercise, and they were in fact very cooperative. We also felt it necessary to provide information about the objectives of the peer review to people outside the Office who were likely to be affected by it. We found them very open-minded and well disposed towards the exercise. We believe that this novel approach enhanced respect for, and trust in Switzerland's statistical service.

6. With a view to:

Identifying and understanding the strengths and weaknesses of the existing Swiss statistical system, and of the Office in particular, by comparing it with acknowledged models and standards,

Benefiting from the experience and know-how of an internationally recognized, benchmark statistical institution, and

Elaborating proposals and recommendations for the improvement of the situation that the analysis revealed,

the management of the Office, in agreement with the Canadian experts, defined the scope of the peer review so as to include a large range of questions on the following topics:

(a) Legal foundations for government statistical activity

Relevance of the legal provisions

Problems and successes in applying them, with particular reference to the Office's mission;

(b) Institutional framework

Status and functions of the Office (and its Director) within the Federal Ministry of Home Affairs (to which the Office is attached) and the federal administration and in its relations with its principal partners (other federal ministries and offices, cantons and towns, researchers, interest groups)

Relations between the Office and the Swiss Parliament

Relations between the Office and the Federal Minister for Home Affairs

Role and functioning of statistical bodies, particularly the Federal Statistics Commission;

(c) Core values of government statistics

Recognition of the values (legitimacy, credibility) by higher authorities

Legal provisions, instruments and machinery guaranteeing the independence of statistical services, the confidentiality of data and the protection of privacy

Perception of the government statistical service's mission and performance by the Federal Government, the Parliament, the federal administration, the business sector, social partners and the general public

Delimitation of statistics' "public function";

(d) Priority needs and activities

Actors, processes and instruments for prioritizing information needs and the associated activities

Planning instruments (importance of the multi-year statistical programme) and allocation of the requisite resources;

(e) **Coordination of statistical activities**

Scope and limits of the Office's responsibility for coordination

Efficiency of coordination tools;

(f) **The Office's structure and services**

Planning and management tools

Human resources strategy

Work processes; range and quality of services.

7. To ensure that the peer review is fully perceived as an official activity, the authorities of the Office have given the Minister for Home Affairs, relevant members of her staff, and the national statistical advisory bodies detailed information about the reasons behind it. With a view to making the Swiss statistical system as transparent as possible, they have also undertaken to give the reviewing experts all the documents they request and unlimited access to all members of the Office's staff and to facilitate all the requisite contacts. The results of the review will form the subject of a formal presentation and of a series of seminars within the Office with a view to the implementation of the experts' recommendations. Above all, the authorities of the Office have, naturally, promised to publicize the results widely: a major press conference will be held when the Canadian experts' report comes out and they will be present at it. We believe that this strategy of giving the public access to a report on the strengths and weaknesses of the Swiss statistical system will enhance statisticians' credibility, even if the reviewers make significant criticisms in their document.

8. So far as we are aware, the decision to seek a peer review of our national statistical system has no precedent anywhere in the world: what is involved is indeed a peer review, and not an exercise ordered by authorities outside the statistical service because of concern about malfunctioning of that service. With the completion of the first phase of the work (December 1999-March 2000), it is becoming apparent that the exercise has a significance that may extend beyond the boundaries of the Swiss government statistics. The conduct of a peer review presupposes the design of a suitable methodology, and none formally or explicitly existed until now. The international statistical community might be interested in seeing the methodology that has been developed for our review become a standard tool for assessing any national statistical system.

PART II - IMPLEMENTATION OF THE PEER REVIEW

Caveat

9. Of course, this paper could have been far more interesting if it included the Reviewers' findings. But that is the subject of their Report. Rather, having discussed the motivation of the Review, the comments for now are limited exclusively to a description of process - the criteria, objectives and methods that were used in the Review.

What the reviewers did

10. What is it that users, wherever they are, wish to be sure of relative to a statistical office? Essentially of three things:

- that the office calculates its numbers correctly (for example, when it says that the economy grew at 3.5 per cent in the last quarter or that 4 in 100 members of the labour force did not find work in the week to which the survey relates, these numbers could not be improved upon if someone else undertook to estimate them);
- that the office does not waste resources measuring things that few wish to know but rather that what it does is helpful to settle public controversy, to assist those in authority to come to decisions, and to provide a sound basis for insights into how the economy and society work; and
- that the office uses the most appropriate methods to perform each of its calculations and that as a result it produces the best results one can hope for with its given budget and moreover that as recognized methods improve, the office appropriates them in order to do better with the same budget.

11. It is possible, albeit with some difficulty, to ascertain whether what a statistical office does is generally speaking relevant and helpful. And one can track whether an office keeps abreast of the most recommended methods for each of the applications with which it is concerned. Unfortunately, it is most difficult to invite outsiders to verify that the statistics estimated are correct and indeed the best one can hope for, with the methods at play.

12. But there is an indirect way of answering all questions, even the first one. If a sample of the staff appears to be competent and well motivated, and if the basic mechanisms exist, those that make it possible for a statistical office to work as it should, the probability must be high that everything else is also in good order of repair. Any Peer Review fighting limited time would concentrate on the indirect method in order to pass comment on the office reviewed. If the findings suggested that the basics were sound, the Review would have achieved its objectives particularly if it also suggested improvements in existing procedures and mechanisms were in order.

Getting the political level involved

13. It is not sufficient to receive terms of reference in this case from the Director of the Statistical Office. For a Review to be effective the level above must be engaged in at least three ways. Firstly, it must be aware and supportive of the effort, which means committed to act on the advice received. Secondly, an opportunity must be created for those at the level above to communicate their concerns and establish the basis of a dialogue with the reviewers. And lastly, once the Report is delivered, the findings must be made public in addition to engaging the political level. A failure to do so would imply that the process lacked a fundamental element to its integrity - the capacity to cause beneficial change.

The standards

14. Some are fundamental and others are appropriate to the occasion; some are ideal and others are practical; some rest on attitudes and beliefs and others on mechanisms and devices to promote certain goals. In the case of this Review the practical standard used was provided by the analytical description that one of the Reviewers (I.P. Fellegi) gave of the workings of the Canadian statistical system.² Allowing for differences in legal constraints, administrative practice, scale of operations and matters of public concern, the Swiss statistical system was reviewed to find out whether it had appropriate mechanisms to deal with those problems that are present in any statistical office. For example, were changes in users' concerns detected and acted upon, was the machinery required to list priorities and rank them effective and understandable to the staff, was there an ongoing pressure to become more efficient, were there means of ensuring that resources were reassigned to those activities which were likely to yield the greatest payoff and so on ?

15. Standards such as the Fundamental Principles of Official Statistics were in the background as the Reviewers made practical attempts to find out whether the staff could perform objectively, impartially and with the required neutrality.

Of the opinion in which the system - and by implication, the office - is held

16. The Reviewers interviewed a sample of concerned users of statistical information, chosen because together they accounted for critical aspects of Swiss public life. Thus there was a lawmaker and a banker, a public sector economist and a counterpart from the private sector, a policy analyst from another government department, a statistician from the cantonal authorities, and an academic distinguished by contributions to quantitative economics. Some of the interviewed were intimately aware of the workings of the Office of Federal Statistics through their membership of the Statistical Commission that advises the Minister responsible.

17. The interviews were extensive and focused on the opinions held about the office's capacity to provide an effective service, its adaptability, the reliability in which its data outputs are held, the quality and concern of the staff, the assessment of the leadership provided by the director, and on the views held about the institutional adequacy of the system. Annex I to this paper includes the outline of the interview. While this outline was followed in spirit in all cases, it was inevitably adapted to the circumstances, interests, and perspective of the interviewee.

18. Interviewees were asked to recommend changes to the system - additions, modifications or redistributions of responsibilities - to the agents within the system and to their interaction with government and with the rest of society. There were no restrictions placed on the advice given, that is to say it could range from modifications in the law, in existing institutions or in the behaviour of the OFS and of other members of the Swiss statistical system.

² I. P. Fellegi: Characteristics of an Effective Statistical System, 1995 Morris Hansen Lecture, Washington Statistical Society.

Of the morale, motivation and competence of the OFS's staff

19. Selected members of the staff were subjected to interviews of the same depth as the panel of outsiders. Of course, the questions - more importantly, the concerns of the Reviewers - were different (the actual interview outline is provided as Annex II to this paper). The reviewers were looking for four key subjective elements:

- whether the staff had a shared sense of commitment, purpose, and direction;
- whether the staff realized that it operated in a service organization which by definition should be sensitive to users' wishes;
- whether the staff were subject to undue pressures that might prevent it from fully respecting the Fundamental Principles; and
- whether the staff felt sufficiently involved in the process that allowed the office to adjust to changes in user demand - in other words, to the way in which resources were reassigned to reflect changing priorities.

20. Under ideal circumstances the sample of those interviewed should reflect however roughly the staff's hierarchical structure as well as its variety of disciplines and subjects of interest. In actual practice striving for a truly representative sample would have resulted in much too long a process. Besides, at the point when the opinions solicited get to converge there is probably not much more additional information that the process can yield.

Of finance and personnel

21. The most precious resource of a statistical office is its staff. But to acquire, develop and keep staff the office must pursue an active personnel policy. The adaptability of a statistical office is vastly improved if the means to move resources and to price inputs and outputs are provided by its systems of financial management. This is why personnel finance and planning are the nerve centers to which very special attention must be paid in the course of the Review. There is not much that one can say ex-ante about these matters other than that law and regulation must not constitute an obstacle to rational decisions. Rather they must perform as helpful instruments to effective management. Naturally, a statistical office is part of a national public administration and is not independent enough to set its own practices in such matters as compensation, revenue management, hiring and firing and so on. The Review process was designed to keep separate what is imposed - while recognizing the resulting constraints - from the office's practice and to concentrate on the latter to see how much room for manoeuvre there is left for the office's management.

Group interviews and confidentiality rules

22. Bilateral interviews are essential because the interviewed can speak freely particularly if - as was the case - they are offered ironclad confidentiality protection. Nonetheless, there are limits imposed by the format. It shows no interaction among the staff; it is not sharp enough to help detect rivalries or antagonisms; and it does not show up the potential for collective action.

To a limited extent, the Peer Review made use of the two techniques even though most of the effort went into bilateral interviews. There was however one occasion in which the Reviewers met the third level of management as a group and provided them with three subjects of common interest (see Annex III) for discussion.

The last act

23. The findings must be delivered to someone. The point about a self-started Review is not that they be delivered to the Director of the Office but rather to his political audience on the one hand and to the society in which he operates on the other. The report must therefore be made public. The act of making it public which also entails that it be taken into consideration is made incomparably easier if the Report is delivered to the same group of people who were made aware of the process at the outset.

Conclusions

24. The process is viable. There are no doubt other forms of carrying it out but the one adopted in this case appeared to be efficient. Frankness and openness are indispensable requirements. A staff uneasy about communicating concerns to the interviewers would make the process incomparably more difficult. An unconcerned public with the issue of sound statistical information would have made the process impossible.

ANNEX I - EXTERNAL INTERVIEWS

Introduction

External interviews are divided into the following three sections:

1. Matters of fact in which the identity of the interviewee (and possible biases) is ascertained; the nature of his concerns, how they are translated into needs for quantitative information; and how those needs are communicated to the statistical office.
2. Matters of opinion in which there is a probe into how the interviewee views and rates the past performance and future prospects of the statistical agency in the light of his experience. This is the heart of the interview and serves to establish how the BFS (and for that matter the rest of the statistical system) has responded to and indeed anticipated demand - the speed and the quality, the detail, the ancillary information provided etc. The questioning is aimed at establishing whether in the interviewee's mind the system has succeeded in convincing outsiders of the neutrality and objectivity of its information.
3. Matters of advice in which the interviewee is asked to share with the interviewers his thoughts on how to improve the serviceability of the statistical system, through what measures, budgetary, institutional and personal and attempt to see the order in which such reforms should be introduced - according to the interviewee.

In what follows the headings are explained and so is the direction in which the interviewee is steered. Loaded words are avoided. For example, there is no mention of the word "integrated". And yet it is important to find out whether perceived lack of integration is a determining factor in the opinion in which the BFS and the rest of the system is held. Nor is there any mention of the word "analysis". And yet it is important to know from the interviewees what is their attitude towards explicit analysis. These impressions can only be gauged during the interview by leading the interviewees without actually placing words in their mouth.

Matters of fact

1. Identity of interviewee

The first part of the interview is to find out who is the interviewee and how he fits into the hierarchical structure of the organization to which he belongs. This implies finding out how far is he from the top; what is the level in the statistical organization that he would define as his counterpart; how long has he had dealings with the statistical office; with which other statistical organizations does he have regular or significant dealings etc. The intention is to gather enough information to attach a weight to the answers he will give to subsequent questions.

2. Issues that concern the interviewee

Next are the questions that make the interviewee tick. For example, is he concerned above all with finding out what are the quarterly national accounting growth rates? Does he follow the labour market and immigration patterns? Are his interests short term? Does he operate in the mode of a researcher? Is he an intermediary, acting on behalf of someone else (a Minister's assistant) etc? Is he someone that is more concerned with methods than with results? Is he someone that is more concerned with issues relating to good governance, integrity, viability etc. of the statistical rather than with issues that are strictly speaking statistical? The intention is to steer the remaining questions to those matters that are of interest to the interviewee.

3. The interviewee and the BFS - demand (1)

It is important to ascertain something more specific about what the interviewee expects from the BFS. This is done along two axes: one relating to quality in the widest sense of the word and the other to the precise nature of the issues of interest. More explicitly: on issues of quality is the demand mostly concerned with timeliness or accuracy or detail of supporting information. On issues of nature of information: are they microeconomic; regional or cantonal as opposed to national; structural as opposed to conjunctural etc. The purpose is to construct a composite picture of what the interviewee considers the ideal output from his point of view - in a static framework.

4. The interviewee and the BFS - demand (2)

In addition to "static" demand, it is necessary to find out what in the interviewee's mind is the ideal capacity of innovation and of proactive supply that a body such as the BDS should have.

5. The BFS's response - in the eyes of the interviewee

After finding out who the interviewee is, in what mode he operates and what he would like to see the BFS (and the rest of the statistical system) produce, it is necessary to ascertain how the BFS's actual supply is seen both in itself and in the context of the total supply of the statistical system. While the purpose is not to constitute a catalogue of sins, a balanced picture of the interviewees' requirements should include a reference to how many and in which cases they are not met.

6. Mechanisms of adjustment - in the eyes of the interviewee

If the supply of statistical information is not ideal - as one supposes it is not, at least as a point of departure - the next question is how has the interviewee attempted to bring into balance supply and demand. Specifically, what he has done, using what channels of communication,

how persistently and with what rates of success. The interviewee's awareness of the levers at his disposal and the frequency with which he used them are weighting factors when we come to assess his opinions and advice.

Matters of opinion

This section is divided into three parts: institutional, personal, and professional. The first is to determine *adequacy*, the second *suitability* and the third *competence*.

Adequacy

The question is whether in the eyes of the interviewee, the institutional set-up is adequate to produce usable statistics or is the inadequacy of the set-up a factor in preventing supply from rising to the expectations of demand. There are several aspects of the institutional set-up. They are divided into four categories: institutions vis-à-vis respondents; institutions vis-à-vis the user community; institutions that bind together the statistics producing agencies into one system capable of producing timely and integrated statistics; and institutions that allow for a correct relationship between the head of BFS and the political community. The knowledge of the interviewee will play a determining role in the direction taken by this part of the interview.

Suitability

Personalities cannot be ignored. They may or may not be suitable. What must be known is whether in the opinion of the interviewee the current set of senior people is suitable, why and why not. And if the interviewee could replace them (or had to replace them) what attributes would he deem to be the most important and why. There is also the matter of interaction. If in the opinion of the interviewee there should be an institutional change are the current people best suited to bring it about or to live with it once implemented - and if not, why not?

Competence

Is the current leadership of the BFS (and of the other agents who are members of the Swiss statistical system) competent? If they are not, what is lacking? Is there any evidence that they are or are not recruiting young professionals in their own image? Does this mean that the future will have all the shortcomings of the past?

Recommendations

Outsiders cannot be expected to provide detailed recommendations about the organization and internal workings of a statistical office unless of course they are *alumni* of a

statistical office. But they can - and very often do - entertain opinions about how the office, or the statistical system could be made more effective if only any one of the following, for example, were altered:

1. The programme priorities;
2. The system if there is one to make priority choices explicit;
3. The board of administration (or Statistical Commission);
4. The relations with the executive and legislative arms of government;
5. Relations with peer organizations abroad or in the international arena.

The purpose of this section of the interviews is to elicit from the interviewees their view as to what they would do or what they think should be done in order to improve the effectiveness of the system.

ANNEX II - INTERNAL INTERVIEWS

Introduction

The Peer Review internal interviews concentrate on the following three questions:

1. Are there codified procedures (policies) in the BFS, which are widely known, and applicable in the same circumstances by all at all times?
2. Contrariwise, does each section work out its own set of procedures and forms of interacting with its clients – users or producers of data - and applies them regardless of what is applied by the colleagues next door?
3. Is there resistance against being centrally managed?

The purpose is to determine the strength of corporate feeling. If strong it implies that the foundations on which to build a more effective system are equally strong.

The questions below are not applied literally. They are there to suggest a line of reasoning.

Facts: the process

1. Who are the people you do business with (alone or through intermediaries)?
2. How often do you see them?
3. How do you know what they want?
4. How do you know they are happy with what you gave them?
5. How do you tell them that you need more resources to comply with their wishes?
6. Do you discuss joint financing?
7. How do you go about persuading your management that they should provide with resources to comply with your interlocutors' wishes?
8. How much discretion do you have over the resources that were given to you?
9. How do you cost your new outputs?
10. How do you mobilize parts of the infrastructure which you may need?
11. What do you do if you made a gross mistake in your cost estimates?

12. When was the last time you had to attempt to increase your budget to meet new demand?
13. As far as you know do your colleagues proceed in the same fashion?
14. How are your resource problems settled? Bilaterally? Multilaterally?

Facts: the pressures

1. Do your users ask you for advance information (ahead of anyone else)?
2. If they do what do you do?
3. Do your users inquire into unpublished or unpublishable details?
4. What do you do if the quality of the results appears unacceptable?
5. Do you consult with colleagues to find out if your procedure is consistent with theirs?

Facts: the product

1. Once complied with, what do you do with your output: hand it over; take your time to analyse it; verify whether it discloses what it should not; examine it for consistency with other statistical indicators; or a bit of everything? Give examples.
2. Are there any limitations on what you can do with your statistical outputs? Are they imposed by others explicitly or by yourself? Give examples if relevant.
3. Is there a process that forces you to have your outputs reviewed by others? If so who are the others?
4. If there is no obligatory process, do you take the initiative?
5. Is the rule the same for your colleagues?
6. Give relevant examples or review procedures – method and outcome.

Opinions: on your work

1. Are you troubled by the gap between what you think is expected of you and what you believe you can do with the resources that were given to you?

2. Does the gap (if there is a gap) affect the reliability of what you produce? The timeliness? The amount of publishable detail?
3. Are you the only one who holds that view or do your colleagues and your Director share it?

Opinions: on your office

1. What do you think of the way resources are allocated?
2. What do you think of the way institutional consistency is promoted?
3. What do you think of the manner conflicts within the institution are solved?
4. What do you think of the manner in which external conflict (difference of opinion) is handled?

Opinions on your office in the context of the statistical system

1. Your office is perhaps the most important element of the Swiss statistical system but not the only one. Is this to be deplored or applauded? Why?
2. If deplored, is the office going about it the right way to increase its relative importance?
3. Give examples of missed opportunities – if any?

For an interview with a group of middle managers

1. Have you had collective meetings in the past?
2. Give examples of the topics you discussed.
3. What do you regard as the greatest threat facing your office?
4. If your office - the BFS - were faced with the obligation to shrink what should it do less of?

5. Does the office have an opportunity to:

- (a) Expand;
- (b) Diversify;
- (c) Hit the headlines;
- (d) Become more influential in the long run.

Give examples

6. Is the office going about exploring its opportunities in the right way? If not, why not and what is the right way?

ANNEX III - GROUP INTERVIEW

Three questions for general discussion by a group of section heads

1. What are the matters of concern to your office about which you wish to get more information than you get at present and why and in what way?
2. What are the matters of concern to your office about which you would wish to have office-wide policies or regulations and about which you are currently expected to determine your own behaviour?
3. What are the matters that you would like to manage at your level and which are currently managed centrally?
