



European Network of Public Employment Services

Benchlearning Initiative External Assessment

Malta

2016

Summary report



Written by ICON-INSTITUT Public Sector GmbH

May 2016



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate B — Employment
Unit B.1 — Employment Strategy
Contact: Ralf Holtzwardt
E-mail: EMPL-PES-SECRETARIAT@ec.europa.eu
European Commission
B-1049 Brussels

The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014¹. Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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

LEGAL NOTICE

This document has been prepared for the European Commission however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

¹ DECISION No 573/2014/EU

Benchlearning Initiative External Assessment

Summary report - Malta

Benchlearning Initiative External Assessment

PES of Malta

Summary Report

Index

1.	INTRODUCTION	2
2.	STRENGTHS	3
3.	CONTEXTUAL INFLUENCES	3
4.	CURRENT AND POTENTIAL GOOD PRACTICES IDENTIFIED DURING THE ASSESSMENT ...	4
5.	AREAS WHERE IMPROVEMENTS MAY FURTHER ENHANCE PES OPERATIONS AND OUTCOMES.....	5
6.	RECOMMENDATIONS.....	6

1. INTRODUCTION

This report outlines the results of the Benchlearning (BL) external assessment of the Employment and Training Corporation (ETC) in Malta, conducted between 29 February and 2 March 2016. The team of six external assessors comprised of two peer PES staff (Estonian and Croatian PES), two PES experts from the European Commission, and two experts from ICON-Institute (the supporting contractor). The programme of the 2.5 day visit included meetings at the ETC Head Office with senior management/directorates, a visit to a local PES office in Valletta, as well as meetings with other staff involved in direct service delivery.

The time and resources invested in the preparation for the Benchlearning visit by the ETC and in particular their internal self-assessment, were key to the success of the BL external assessment process.

The ETC has been in existence for 25 years and has been undergoing a review and updating its activities and general strategy over the last two years, which is still ongoing. The changing market situation is also taken into consideration, with an increasing demand for skilled labour, a considerable reduction of the unemployment rate, and an increasing share of long-term unemployed among all persons being registered. Hence legal amendments are currently being drawn up to the Employment and Training Service Act, and the name of the ETC will change to "Jobsplus".

Registration at the ETC is compulsory for receiving unemployment benefits. The ETC is not responsible for the calculation or disbursement of these benefits, which is done by the Department of Social Security at the Ministry for the Family and Social Solidarity.

The Employment and Training Corporation is a corporate body with a distinct legal entity. It falls under the remit of the Ministry for Education and Employment. The Ministry is in turn responsible for drafting public policy and legislation in the areas of labour market and training. It approves the ETC Operational Strategy (midterm), yearly work plan, budget and its allocation (thus influencing the number of staff) and confirms organisational structures/changes and job descriptions, if new positions are being created.

The ETC is led by a Board of Directors consisting of seventeen members including the chairperson. The members are appointed by the government and represent various social partners and stakeholders.

The Employment and Training Services Act, enacted in 1990, constitutes the legal basis for the establishment of the Employment and Training Corporation. It determines the functions to be performed by the ETC and its composition. The main objectives of the PES are:

enhancing employability by recommending policies and implementing initiatives,

assisting and training jobseekers to facilitate their (re-)entry into the labour market, and

promoting workforce development through skills and competency development and by assisting employers in their recruitment and training needs.

In other words, the ETC has the overall national executive responsibility for the delivery of counselling services to registered jobseekers, provision of active labour market services and employer recruitment services. It has a one-level structure where some of the divisions also have local representation in 6 local offices. The Head Office consists of 7 divisions under the supervision of the Chief Executive Officer and an Internal Audit. It is responsible for strategic operational planning, management, support functions, and also

for the delivery of services to customers. One of the divisions is responsible for activities on the island of Gozo.

Social partners and other stakeholders are represented on the Board of Directors, which is involved in the management, supervision and monitoring of the ETC. Stakeholders and private service providers are systematically involved in the service delivery to clients, for example in the context of focused training schemes or measures for specific target groups, like youth, persons with disabilities, etc.

2. STRENGTHS

The strategic plan for 2016-2018 reflects the changing environment in which the ETC is operating, with relatively low unemployment (both in absolute and relative figures) and a growing economy. It identifies the main challenges for the ETC and the important steps that have already been initiated since the new management team took over a couple of years ago for transforming the ETC into a modern PES. The design of the new PES, its structure, and the orientation towards employers and employment seem convincing and up-to-date.

The strategic plan also expresses the aim to evolve from a more reactive organisation to a proactive organisation, to increase customer orientation, to increase efficiency in customer interaction, to better monitor activities, and to increase evidence-based assessment. As a first step, a number of indicators have been introduced in order to improve monitoring. The definition of measurable targets is a big step forward.

There are a number of notable examples where analysis, planning, and acting are closely linked. The changing situation in the labour market, with a rising labour demand and a low supply, has led the ETC to take steps towards increasing matching efficiency. The ETC will, within the coming months, introduce a new competency-based matching system on their website. They are also taking different actions to improve their coverage of supply and demand.

The involvement and cooperation with stakeholders in different stages of planning and implementation is a strength throughout its operations. Relations to stakeholders as well as to private service providers are well regulated and monitored.

Core operational processes are well defined. They cover essential parts of the operations and are well known to the staff. Administrative processes have been revised and slimmed, resulting in a substantial reduction of time from request to answer. The ETC has substantially increased the number of job placements for disabled jobseekers. The political determination to enforce the law that imposes a 2% quota for the employment of persons with disabilities on enterprises with 20 or more on staff supports this effort.

A key strength of the ETC observed during the assessment visit is that the staff is clearly motivated and dedicated to making things better for their customers and is clearly focused on customer service. The case load has decreased in the last years and is now an average of 200 jobseekers per advisor. In their Friday meetings, the staff is continuously updated with useful information related to their work. There is also support from management for advisors who want to engage in further training.

3. CONTEXTUAL INFLUENCES

As executive state administration of the Ministry of Education and Employment a well working interaction between the Ministry and the ETC has been established. The ETC is actively involved in the design and development of legislative changes, of PES services, and of active labour market measures. The ETC consults and cooperates with a number of stakeholders in policy making and service delivery.

The contextual frame in which the ETC operates can be characterised as follows:

Budget

ETC funding increased considerably between 2013 and 2015, from EUR 14.3 million to EUR 23.2 million because of financial commitments related to the ESF. In 2015, around 61% of funding came from this source.

In general, the number of employees has increased between 2009 and 2015 from 219 to 292, albeit, with some fluctuations between the years. The increase in the number of employees has also been accompanied by an increased proportion of staff who works directly with the customers, from just over one-third in 2009 to two-thirds in 2015. In most cases, this has led to a considerable increase in staff time allocated to direct customer service.

Economic Context

The Maltese economy has demonstrated notable resilience during the financial and economic crises affecting most other European countries. Real GDP growth recovered relatively quickly following the 2009 recession. Economic growth has been stimulated by the improved competitiveness of some traditional sectors as well as the emergence of new labour intensive, export-oriented activities. As a result, the amount of new jobs generated in the post-crisis period is significantly higher than during the boom leading up to 2008. However, the labour market activity rate remains significantly below EU average, particularly among women. Education levels are still relatively low, which has consequences for the labour supply and its ability to be matched with the increasing demand for skilled workers. On the other hand, young NEET remain an important problem in Malta.

The growing demand for labour is reflected in a low unemployment rate—among the lowest in Europe. It is also accompanied by a growing number of unfilled job openings due to the mismatch between supply and demand in the labour market. The development indicates that labour supply will be a major challenge for the Maltese economy in the coming years. Today, the ETC already has difficulties in matching a number of vacancies. With view to the predominantly unskilled registered unemployed, it gets more and more difficult to respond adequately to those demands of enterprises for a skilled workforce.

4. CURRENT AND POTENTIAL GOOD PRACTICES IDENTIFIED DURING THE ASSESSMENT

The ETC's strengths, outlined above, are supported by some potentially transferable good practices. These include the following:

- The mid-term Strategic Plan 2016-2018 is well elaborated. It links an analysis of economic and political development to the objectives of the ETC, identifies the necessary changes to achieve them, and contains a plan for the implementation of these changes.
- The NEET-census: Being unique so far in the European context, the census was carried out with support from the educational sector and the social services and draws a complete picture of the NEET-problem in the country.

- The involvement of stakeholders is well planned, organised, and implemented. It is closely linked to the strategic plan.
- The sponsorship scheme for staff training and education (e.g. academic courses at tertiary level).
- The CHIT-system which ensures an automatic renewal of the registration of a jobseeker and the information of jobseekers about their obligations (e.g. application to indicated job offers) by scanning individual fingerprints.
- Flexible working arrangements (e.g. teleworking, reduced hours, part-time work, etc.) and family-friendly measures for ETC staff (e.g. childcare facility in the head office).
- Weekly training meetings for employment advisors.
- Tight budget monitoring, flexible, and quick reactions with regard to necessary changes in budget, transparency about expenditures.
- Setting up the competency-based matching system based on cooperation with other PES.

5. AREAS WHERE IMPROVEMENTS MAY FURTHER ENHANCE PES OPERATIONS AND OUTCOMES

The Strategic Plan 2016-2018 is well elaborated and based on a convincing analysis of the prerequisites for the coming two years. Particular attention has been given to improving performance as well as to the capacity to rapidly adapt the ETC's strategy and organisation to changing conditions. The need to change activities and organisational settings, which have been defined, will probably take longer than estimated in order to be fully implemented. The timespan needed might also exceed the period covered in the strategic plan. In order to guarantee sustainability in the process, a long-term plan in addition to the mid-term plan could help to better combine short-term success with long-term improvement.

Due to the political tradition in Malta, it appears that a challenge will be to reach a balanced view between government and opposition on the achievements and the future of the ETC. To the assessors, this appears to be a risk for the sustainability of the ETC's recently launched reform process. Increased political independence and a stronger orientation towards labour market requirements could be steps towards securing sustainability of the reforms.

The ETC has taken some important steps towards performance based management in its analysis of targets and indicators. However, targets need to be more focused and it is evident that they are not yet known to the majority of the staff. A restricted number of targets focusing on crucial outcome accompanied by a distribution of relevant data amongst employees and to the entire organisation could improve management and help increase efficiency. Development of processes, methodology, etc., to improve performance will also provide a more stable foundation.

The establishment of well-defined core operational processes has been mentioned as a strength for the ETC. However, the processes are often fragmented and they do not always support each other in the way they should in order to be efficient and to provide the customer with closely connected services. It seems crucial to the ETC's success that processes should be more customer-oriented. An example of this is the process of registering as a jobseeker. Until now, the process has been split into two phases (first registration and then matching support), where the waiting time for matching-support could be 4-6 weeks. From the customer's point of view, both jobseekers and employers, there

is normally no reason why matching should not start immediately at registration to facilitate immediate (re-)entry into the labour market.

Another example when processes do not support each other is when the employment advisor does not find any suitable candidate for a vacancy and informs the employer of this without taking any further initiative. In such a situation, an option could be to offer a candidate a traineeship or introduce them to the work exposure programme. However, this demands a link to the advisors who work with these programmes. Closer cooperation between advisors with different tasks seems to be appropriate for improving efficiency and customer orientation. Moreover, closer cooperation between advisors who work with employers and those who work with jobseekers would also improve matching quality.

Employers normally tend to prefer one point of contact with PES. This person should organise and follow-up with all services to the employer. Some of the organisational characteristics of the ETC seem to go in the opposite direction, which would demand the employer to interact with a number of different representatives from PES. In addition, this might also be a particular challenge for the proposed implementation of „new initiatives“ as it may multiply the channels through which public organisations supervised by the Ministry for Education and Employment (including inter alia ETC, Lino Spiteri Foundation, MCAST) get in touch with employers for the acquisition of jobs, internships, apprenticeships, trainings, etc.

6. RECOMMENDATIONS

The overall direction of the reform programme is well linked to the challenges that the ECT will face in the coming years. The assessors are convinced that the different steps will lead to an improved performance. In consequence, our general recommendation is to continue the reform process. Thus, our more specific recommendations are aimed at further supporting this reform process and improving performance. In this context, a more elaborated profiling and segmentation is crucial for better targeting the jobseekers' needs. Furthermore, a closer cooperation with employers seems to be an important success factor for improving the conditions for better tailored services. Assessors are also convinced that the efficient use of resources will be a favourable result of better monitoring. In detail, the following recommendations are given for the different organisational levels and services:

Organisation and Governance

- **Continue the reform programme.** The ETC has been developing in a positive direction in the last years and there are several signs of improvement. Some organisational changes have recently been introduced that need special attention. One is, as already mentioned, the organisation of the „new initiatives“, which is meant to improve performance but could also complicate a unified service delivery as – looking from the outside – parallel organisations seem to have implemented. Another is that service delivery for certain groups of jobseekers is performed by partners. This will require close monitoring and evaluation.
- **Common Objectives and Responsibilities.** Encourage the Board of Directors to develop a common view in terms of objectives and responsibilities, which is important for the sustainability of the reforms that are introduced within the organisation.

Profiling, Segmentation and Action Plan

- **Meeting labour market requirements.** The profiling of jobseekers, detailed knowledge of what qualifications employers ask for, relevant training programmes and very strong cooperation with employers are necessary elements in meeting the development of the labour market. The economy is now developing well. However, the demand for qualified labour will further increase and the current risk of bottlenecks and will become a limiting factor for economic growth. One way of meeting the increasing demand for labour is to encourage and support employers to hire more migrants. The EURES is one instrument appropriate for this. Better integration of women into the labour market is also encouraged.
- **Initial profiling.** Consider the possibility of carrying out initial profiling at the first registration as a jobseeker.
- **Increase accountability.** Define duties and responsibilities of customers as well as quantified targets in the individual action plan, which should follow a clear integration strategy. The individual action plan should also include duties and responsibilities of the ETC.
- **Improve segmentation of customers.** Reduce the number of segments in which customers are classified, and clearly relate them to the set of services and ALMP-instruments.
- **Tailored services to employers.** Classify employers into different segments and link each type of employer with tailored services, distinguishing the main-stream services (e.g. publishing vacancies and job matching) with specific services (such as recruitment drives, trainings, etc.).

Monitoring

- **Better communication of monitoring results.** A visual presentation of data on performance might help to give a better overview of the overall performance of the organisation.
- **Breakdown of performance to operating staff.** Provide individual staff or teams with measurable outcome and performance indicators and help them to identify their contribution to the overall ETC achievement. Establish regular performance dialogues between ETC management, local jobcentres and employment officers

Evaluation

- **Continue and further develop regular evaluation.** ETC can build upon important and relevant experience in this field. Ensure that evaluation supports strategic and managerial decision-making.
- **Introduction of counterfactual impact evaluation and implementation analysis.** Implement counterfactual impact evaluations and implementation analysis, especially where new instruments/structures are established. So far, the subject of evaluations has exclusively been single instruments of ALMP. It is recommended to also include the evaluation of processes in the evaluation activities.
- **Make better use of pilot projects.** Use pilots before implementing new schemes, initiatives, programmes, etc. This may be organised in addition to or instead of sound ex-ante analysis.