



# European Network of Public Employment Services

Benchlearning Initiative External Assessment

Luxembourg

2016

Summary report



*Written by ICON-INSTITUT Public Sector GmbH*

*July 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 2014<sup>1</sup>. 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.

---

<sup>1</sup> DECISION No 573/2014/EU

# **Benchlearning Initiative External Assessment**

Summary report – Luxembourg

**Benchlearning Initiative External Assessment**  
**PES of Luxembourg**  
**Summary Report**

**Index**

	<b>Page</b>
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 Agence pour le développement de l'emploi (ADEM) in Luxembourg, conducted between 9 and 11 May 2016. The team of six external assessors comprised two peer PES staff (Cypriot and Maltese 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 ADEM Head Office with senior management/directorates and a visit to a local PES office in Diekirch, a small city north of the capital Luxembourg.

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

The ADEM is an agency under the authority of the Ministry of Labour, Employment and the Social and Solidarity Economy without its own legal entity. The main objectives of ADEM are as follows:

- Implement legislation on employment policies, prevention of unemployment, and granting unemployment benefits;
- Support, guide, and provide counselling and training to jobseekers;
- Monitor the labour market, collect vacancies, and provide advice to employers on recruitment;
- Organise placements in apprenticeship training for young people and adults;
- Provide vocational guidance;
- Promote access to employment for young people and women;
- Advise, (re-)train, and promote integration into the labour market and job retention of disabled workers; and
- Monitor developments in the labour market.

Registration at ADEM is compulsory for receiving unemployment benefits. The ADEM is also responsible for the calculation and disbursement of these benefits.

The ADEM is led by a Board of Directors consisting of three members including the chairperson. The members of the board are appointed by the government. In 2012, the new appointed Board of Directors launched a comprehensive organisational reform, which is still ongoing. As part of the reform of ADEM, three targets have been pursued since 2012:

1. More individualised support for jobseekers
2. A greater focus on employers
3. Internal restructuring and digitalisation

ADEM has one head office and seven local offices. The Head Office is responsible for the design of services and processes, whereas the local offices deliver services.

Social partners and other stakeholders are not represented on the Board of Directors, and they are not directly involved in ADEM's management, supervision, and monitoring. The social partners are represented in the advisory board ("Commission de Suivi"). This advisory board is under the authority of the labour minister and has the mission to counsel him on issues related to the missions of ADEM.

## 2. STRENGTHS

An important prerequisite for reforms and developments is that staff at all levels is open-minded for changes and developments. In ADEM, there is a clearly perceptible intention to improve the services and the performance of the PES. This readiness for change is not only existent at the top level of the organisation, but also at the local offices. The staff from various branches of ADEM who met with the assessors all seemed to be rather happy with the evolution of their services. The staff seemed quite self-aware, spoke frankly, and expressed their views during the assessors' visit with professional authority.

The strong orientation to employers including a solid relation to employers' associations and the chambers is a further strength of ADEM, and one of the main characteristics of the Luxembourg PES. ADEM provides services for employers to:<sup>2</sup>

- search and hire jobseekers;
- train an apprentice;
- hire a disabled worker;
- hire a worker benefitting from an external redeployment decision;
- hire a young person;
- hire a third country national (work permit); and
- help find job protection measures to avoid layoffs.

The newly created employers' unit shows a relatively high performance and has all the elements needed to become a successful part of the organisation. However, it seems attached to the rest of the organisation as an add-on, and not as an integrated part of ADEM.

## 3. CONTEXTUAL INFLUENCES

As executive state administration of the Ministry of Labour, a well working interaction between the Ministry and the ADEM has been established. ADEM is actively involved in the design and development of legislative changes, PES services, and active labour market measures.

The contextual framework in which the ADEM operates can be characterised as follows:

### ***Budget and Staff***

ADEM's funding increased considerably between 2013 and 2015, from EUR 20.3 million to EUR 27 million. More than 99% of the PES funds come from the government budget.

In general, the number of employees has increased between 2009 and 2014, from 248 to 386, 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 half in 2009 to two-thirds in 2015. This has led to a considerable increase in staff time allocated to direct customer service.

---

<sup>2</sup> Source: <http://www.guichet.public.lu/entreprises/en/organismes/adem/>

### ***Economic Context***

Luxembourg's 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.

Given the high demand for qualified labour, Luxembourg must recruit from abroad, particularly from its neighboring countries. Recruiting abroad is necessary because although the domestic labour force shows an exceptionally high level of educational attainment, the domestic labour force cannot satisfy the demand for qualified labour. Today, cross-border commuters account for 45% (172,000 people) of total employees in the Grand Duchy (385,000 jobs). Within the cross-border labour market, commuters from the "greater region" around Luxembourg are crucial, as these groups do not necessarily show up in unemployment statistics. The labour market in Luxembourg is therefore atypical and largely dependent on immigrant workforce. This characteristic may develop further in the future since Luxembourg is required to maintain a very large active population in order to preserve its high social benefits.

On the other hand, it is very difficult for low and unskilled workers to find a job. Despite the relatively low unemployment rate (6.4% in 2015), the share of long-term unemployed remains relatively high and the chances for those with several disadvantages are separated from the labour market with little chance of finding a job.

The growing demand for labour is 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 become a major challenge for the Luxembourg economy in the coming years. Today, ADEM already has difficulties in matching a number of vacancies. Approximately one-third of job offers remain without any suitable candidate. 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**

ADEM's strengths, outlined above, are supported by some potentially transferable good practices. Firstly, the relation to employers and their federations shows several aspects of potential good practice at the strategic and at operational level, in particular:

- The agreement with the Employers' Federation. It is a general agreement with the setting of common targets, but also includes operational guidelines, e.g. commonly agreed upon procedure for filling vacancies.
- Anticipation of coming recruitment needs; cooperation with the Ministry of Economy on coming investment and labour needs.
- Consequent focus on employers: the approach of emphasising quality aspects in placements in general.
- Direct connection to employers' organisation. Some of the counsellors in employers service department are assigned by sectoral employers' organisations and some have been recruited directly by ADEM. All of them have professional experience in the private sector.
- Counsellors' specialisation to a limited number of sectors to improve knowledge on the demands and job profiles in the respective sector.

- Organisation of the co-operation by single contact points for employers and use of an employers' dashboard.

Secondly, there are further examples of good practice at the operational level such as:

- Development of a comprehensive service delivery approach towards the needs of young persons. In particular, the intensive co-operation with other stakeholders in singular cases and at the local level is noteworthy.
- High degree of freedom for counsellors to detect jobseekers' needs and react to them individually.
- ADEM has started writing standard descriptions for each service, the so-called "one-pagers". A sample shows that PES is on the right track, although a formal quality management system has not yet been chosen.
- Tools to communicate with jobseekers and employers have been introduced recently, including the new online JobBoard matching system. Furthermore, the new software "CROSS" for mediation and matching is competence-based.
- ADEM has the possibility to transfer money from the annual budget that was not spent during the current fiscal year to the next fiscal period. Hence, the money is not lost.

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

The need for a comprehensive reform of the organisation and its services is well-founded. The new management started reforms at nearly all levels of the organisation and areas of operation. However, during the visit, the assessors got the impression that the current situation shows a degree of uncertainty. This is the result of several observations during the visit, such as the aforementioned lack of integration of the employers' service. But there are further factors that can be summarised as follows:

- The new Board of Directors has been in place for three years, but they still partially see the PES being the organisation they inherited and not the one they created. This surly also reflects the out-side perception. This perception however, will not last very long, and the current management team will be considered responsible for the current and future deficiencies in the organisation. In that respect, it appears rather urgent that the PES management puts all its good ideas on paper and produces an operational plan indicating what is to be achieved alongside a corresponding timeline. The plan also offers an opportunity to highlight the priorities for the PES, its commendable commitment to customer orientation, and SMART criteria for actions to be undertaken.
- The fact that the Ministry does not determine the objectives and targets for the PES should be viewed as a huge opportunity for the PES management itself to determine the strategic direction that the organisation will be taking and to generate the political support of the Ministry and other stakeholders for such a direction.
- The current state of the reform seems to be concentrated in the Board of Directors. However, it did not become clear during the visit whether there is a commonly shared picture. The staff apparently is not aware of the steps and intentions of the reform. This is another point to stress the necessity to put the plan on paper.
- The lack of a written plan potentially induces additional risks. The staff spoken to by the assessors was not aware or involved in the development of their services.



There is little commitment and ownership of the new structures. Staff completes their tasks as they are used to following instructions, but had difficulties explaining the rationale behind the functions. This is a crucial issue because the involvement of staff is indispensable to making the reform a success.

- The PES now seems to consist of three different layers, the old staff and functions, the newly created services (call center, employer service), and management. From the assessors' perspective, it would be worth making every effort to create one organisation out of the existing fragments as the current situation is not favourable for implementing change.
- One key issue for change and innovation is mutual trust, the team of assessors is convinced that it would be worth the effort to invest into measures improving the already existing level of trust and resilience within the organisation to cope with the challenges resulting from reforms.
- Finally, the organisation could gain from providing more systematic feedback on success of individual actions (apart from the employer service).

## 6. RECOMMENDATIONS

There is a chance to link the overall direction of the reform programme to the challenges that the ADEM will face in coming years. As a result, the assessors' general recommendation is to continue the reform process and give the reform a clear, transparent, and coherent structure. The assessors are convinced that a well-designed plan will be a crucial boost for the further implementation of the reform. However, a clear statement about where the PES wants to stand in five years' time and a simple change agenda, which is approved and supported by the audit board, could help to strengthen the mandate to proceed with the PES reform.

Based on this general reflection, the more specific recommendations are aimed at further supporting this reform process and improving performance. The following recommendations are given for the different levels and services:

### ***Governance and Organisation***

- Continue the reform programme. Under the new top management team, ADEM has been developing in a positive direction over the last years. But further development of the reforms now need a clearly structured, comprehensive, and coherent plan, including a flexible roadmap showing the next steps and next stages of reforms to be achieved.
- Try to have the design of the future PES approved by the Board of Directors and by the Minister. In order to underline the importance of the design of the future PES and also the masterplan to realise it, it would help to have the approval by the Minister and other relevant stakeholders. This will ensure the further support of the Ministry and stakeholders, and will also demonstrate the meaning and the importance of further reforms to them and staff.
- Develop awareness of performance. To identify the current and future performance expectations, objectives need to be translated into targets and indicators to illustrate the operational challenge to government, management, staff, and stakeholders.
- Introduce an adequate Quality Management System. The experience of management and of front-line counsellors might be used as starting points for an organisation-wide discussion and a subsequent agreement on a common interpre-

tation of "quality".<sup>3</sup> Furthermore, a comprehensive inventory of the current situation could be conducted in parallel, leading to a plan (which has to fit in the above mentioned masterplan) for the implementation of the new, more intensive "quality-orientation". Missing elements could be constructed and added. The elements can be brought together in a cycle that promotes continuous quality improvement. Feedback from the front-line interaction with clients on both the demand and supply sides of the labour market would be brought back into the QMS cycle.

- Generate more trust within the organisation. As mentioned above, trust is a crucial resource in the further journey of reforms. Therefore, expectations and wishes, but also doubts and fears amongst staff deserve more consideration in the process. Confidence-building among "new" and "old" staff at all hierarchical levels can be achieved through staff involvement in the design of the future PES (see above), and through dialogue with staff regarding quality of services.
- Integrate the single organisational elements into a common organisation. The integration of the single units should become an important goal of the reform process. This can be achieved by creating working groups that work together on several aspects of the reform and review the process interfaces between the units to eliminate any barriers.

### ***Service Delivery***

- Streamline services. Improve the core processes to avoid redundancies between the service lines (jobseeker-employer). In this respect, it might be helpful to review the distribution of service functions between the central unit and local office. Furthermore, the processes for jobseekers should be reviewed in order to ensure the regular re-evaluation of profiling/segmentation, and that the distinctions between the tracks are sharpened.
- Introduce minimum quality standards. Whilst the individual counsellors enjoy a broad scope of action and are independent in their decision-making, the variation of quality of services is very high. Therefore, minimum standards should be introduced in order to ensure that jobseekers in particular receive the same minimum standards of services.<sup>4</sup> Staff should be involved in establishing the definitions of minimum standards through the discussion and creation of a common understanding of quality.
- Prove the advantage of self-producing services and products. External delivery of services might be cheaper and more appropriate for customers' needs. Furthermore, new ideas and methodologies may be forthcoming from external providers. Therefore, a critical self-evaluation should be carried out as a basis for further decisions on the self-design and delivery of services.
- Increase accountability and responsibility of training measures. Whilst ADEM is responsible for the fight against unemployment, the overall responsibility for training and other ALMP-measures should completely lie with the PES. External support and expertise is already welcome in the stage of designing the measures. However, it must be clear that PES has the overall responsibility and must

---

<sup>3</sup> For this case, it should be considered that the concrete interpretation of "quality" may differ between organisational levels. For instance, the head management might have a relatively abstract understanding that displays a very managerial perspective. Otherwise, officers directly serving clients should have a distinctive customer-oriented understanding. But, it is necessary that all interpretations of "quality" fit into the same overall framework.

<sup>4</sup> The introduction of minimum standards must be linked to the introduction of a QMS, as mentioned above.

be capable of addressing unemployment in a flexible, effective, and efficient manner.

### ***Monitoring and Evaluation***

- Improve monitoring and communication of results. A visual presentation of data on performance might help give a better overview of the overall performance of the organisation.
- Cascade performance targets to operating staff. Provide individual staff or teams (or at least local offices) with measurable outcomes and performance indicators and help them identify their contribution to the overall ADEM achievement. Establish regular performance dialogues between management, local offices, and employment officers.
- Develop regular evaluations. ADEM should consider undertaking ex-ante and ex-post evaluation of major projects and programmes on a regular basis. Furthermore, it is also recommended to include the evaluation of processes in the evaluation activities. The evaluations can be carried out by external organisations, but there should be some basic internal evaluation capability in order to prepare, monitor, and assess the work and deliverables of external evaluators.

### ***Staff***

- Promote a performance culture among staff. A performance management system would help to replace the culture of “classical” administrative execution of tasks needs. Furthermore, the implied involvement of staff in the development of a performance and success-oriented organisation would support the transformation.
- The change in culture could also lead to increased staff awareness of the cost-effectiveness of services. Through practical training, counsellors would learn more about the results of their own work and on the costs of the different measures available. This recommendation is not seeking the discontinuation of “expensive” measures, but is instead emphasising the goal of getting the (relative) best value for money.
- Develop a system of non-monetary incentives. As there is no room for financial incentives, non-monetary incentives like positive feedback generated automatically through the IT system in addition to awards for the staff and local offices (comparable to the AMS award in Austrian PES) are worth considering.