



European Network of Public Employment Services

Benchlearning Initiative External Assessment

Greece

2016

Summary report



Written by ICON-INSTITUT Public Sector GmbH

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PES of Greece

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1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the Manpower Employment Organisation (OAED) in Greece, conducted between 13 and 15 June 2016. The team of six external assessors comprised two peer PES staff (Croatian and Norwegian PES), three PES experts from the European Commission, and one expert from ICON-Institute (the supporting contractor). The programme of the 2.5-day visit included meetings at the OAED Head Office with senior management/directorates and a visit to a local PES office in Agias Paraskeuis in the suburbs of the capital Athens.

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

The OAED is an agency with its own legal establishment under public law as an entity supervised by the Ministry of Labour, Social Security, and Solidarity. OAED is the main body responsible for implementing governmental policies for promoting employment and combating unemployment in accordance with EU guidelines and Greece's National Employment Strategy. The responsibilities of OAED are extensive and comprise the following:

- Unemployment insurance (unemployment benefits and allowances)
- Active Labour Market Policies such as job matching, counselling services, labour market integration of persons who are socially excluded, employment promotion programmes, vocational training programmes, self-employment and entrepreneurship programmes, etc.
- Vocational education and training structures
- Housing policy (e.g. housing loans, interest rate subsidies, rent subsidy)
- Family policy (e.g. maternity, social tourism, etc.)

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

The OAED is led by its Governor, who is President of the Management Board. According to the principle of tripartite representation, the Board is composed of representatives of the social partners and of public authorities. The social partners also provide the two vice presidents of the Board. The Governor is the chief managerial and executive officer responsible for the implementation of all relevant laws, regulations, and decisions.

The OAED has a three level structure with the head office in Athens, and seven regional offices. Employment services and social insurance services are delivered by the 118 local employment promotion centres (so-called KPA2). Regional directorates and local offices implement the head office's decisions and guidelines. Furthermore, OAED runs 89 different educational and vocational training units² and is also in charge of 25 day nurseries.

In 2012, OAED signed a cooperation agreement with the Task Force for Greece and three European PES (Germany, Sweden and UK) for a substantial and comprehensive modernisation programme for the PES. This resulted in the programme "Re-engineering of OAED's Business Model", hereafter called the re-engineering pro-

² Amongst these units are 51 apprenticeship vocational schools, 29 vocational training institutes, 5 vocational training centres and training centres for disabled and mentally handicapped people.

gramme. A key aim of the re-engineering programme is the establishment of a new service and policy delivery model, which includes:

- More and improved services to jobseekers and employers;
- Support to new groups of entitled beneficiaries;
- Customer prioritisation and service segmentation;
- Effective and cost-efficient ALMP; and
- Digitalisation and diversification of service-delivery channels.

Several preparatory and piloting activities have been carried out in the meantime. The first stage of 31 local offices has implemented first reform elements, such as a reception service and an employer's service. However, several key features of the re-engineering programme will be implemented in the near future. It is planned to complete the programme implementation in 2017.

2. STRENGTHS

The Greek PES operates within a difficult economic and political context, and is in the middle of a fundamental reform process. However, some positive aspects which could assist the further reform path are still clear from this period of transition, and can be mentioned as follows:

- An important prerequisite for reforms and developments is that staff at all levels has an open-mind towards changes and developments. In OAED, there is a clearly perceptible intention to improve the services and the performance of the PES. This readiness for change is particularly evident at the local offices. The front-line staff of OAED who met with the assessors seemed quite self-aware, and expressed their views during the assessors' visit with professional authority. Hence, this open-minded attitude should be encouraged at all levels.
- OAED has already made several positive experiences with new approaches in the field of partnerships. This capacity for innovation might be supportive in further reform steps and used as an argument to convince parties resistant to change. The same is true for the fundamental capacity for analysis, which could be useful in the further reform progress. For instance, during the re-engineering, the organisation identified and described in detail 32 core processes.

3. CONTEXTUAL INFLUENCES

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

Budget and Staff

OAED's budget increased between 2009 and 2011 from 2,339 million Euros to 3,917 million Euros. In the subsequent years, the annual amount fluctuated considerably, but did not return to the 2012 maximum. The latest available figure has the budget at 2,880 million Euros for 2015. However, these figures include also benefits. The expenditures for ALMPs are figured with 600 million Euros for 2015, i.e. nearly one-fifth of the whole budget. The main source of funding is from social security contributions (approx. 62%). The share of government funding has gone up since 2013, and now makes up approximately 26% of the budget.

The number of employees increased between 2009 and 2012, from 3,570 to 4,178, but then decreased to 3,511 in 2015. There are 552 teachers in the various training units. Currently, a recruitment process is under way for hiring 360 new counsellors.

Being part of the public administration, OAED has to comply with nationwide regulations for the recruitment of staff. Until recently, OAED had no influence on the selection procedure for new employees. For the above mentioned recruiting process for 360 counsellors, OAED has had the opportunity to formulate the selection criteria for the first time, but the ownership of the selection procedure remains with the external body, which acts for all parts of the public sector nationwide and is independent in fulfilling its tasks.

Economic Context³

In the autumn of 2009, the sharp increase in the Greek budget deficit led to soaring interest rates, loss of access to international capital markets, and economic adjustment programmes with the EU, European Central Bank and International Monetary Funds. Under the programmes, public debt was restructured, and a large fiscal adjustment and structural reforms were introduced. Tax and benefit reforms strengthened the budget and the long-term sustainability of the pension system. However, the sharp fiscal adjustment aggravated the depth of the depression, and in 2015 GDP was 26%, below its 2007 peak.

Following the deep and prolonged depression, the economy is projected to grow again over the course of 2016 and 2017, but a full recovery will take time. Competitiveness has improved markedly, but exports and investment remain weak. Tax and benefit reforms have materially improved the budget position, but the burden of adjustment has been uneven and public debt is still very high.

The unemployment rate, at 25%, is still high despite a moderate decline since 2013. While the depression has pushed many people into unemployment, benefits from job creation in general materialise only gradually, especially for low-income individuals and in the context of depressed aggregate demand. As a result, many workers, and especially youth, have become long-term unemployed and fallen into poverty. As the economy expands again, a key challenge will be to get the long-term unemployed back to work.

The main problem for the Greece PES is the lack of registered vacancies. Traditionally, it has a very poor reputation amongst employers who do not inform the PES on the (limited number of) vacancies. The PES has tended to focus almost exclusively on administering subsidised employment programmes. The local PES visited by the assessors showed only 17 registered vacancies, including working places financed/subsidised by programmes, but at the same time approximately 17,750 registered unemployed.

4. CURRENT AND POTENTIAL GOOD PRACTICES IDENTIFIED DURING THE ASSESSMENT

As already mentioned above, the current situation of OAED is problematic in several respects, limiting the capacity for providing good practices. Nevertheless, OAED's strengths as outlined above are supported by some potentially transferable good practices:

- In the area of apprenticeships, several projects, campaigns and other activities were developed in order to increase the acceptance of apprenticeships amongst employers and young jobseekers, and also to motivate young people to start an apprenticeship.

³ Main source of this section is OECD: OECD Economic Surveys Greece, March 2016, Paris.

- In the relatively new field of building partnerships, some interesting projects and joint actions have been recently carried out with "new" stakeholders, such as a joint publicity project carried out in seven bigger cities together with chambers.

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

To achieve the modernisation of OAED as envisaged under the re-engineering programme, a fundamental change in administrative culture, from a former passive attitude in executing law, regulations and orders toward proactive behaviour in delivering services to customers, in particular to employers, is required. This is a huge challenge and requires acceptance and support from the whole staff. A change in the traditional management approach is absolutely crucial.

The introduction of Quality Management techniques, such as the empowerment of staff, genuine devolution of decision-making authority, including exploring the scope for devolved budgets, developing traditional managers into leaders, and re-orientating the organisation from an administrative to a customer service philosophy, would help improvement. Although there is a clear willingness to change and introduce previously absent concepts (such as performance recording and staff objectives), these changes alone (though welcome) will not deliver fundamental improvements in the absence of a change in the management philosophy. The organisation remains a "command and control" entity, albeit with a much greater emphasis than was previously the case on communicating with staff.

Attempting to deliver the re-engineering programme whilst leaving current assumptions unchallenged, i.e. organisational hierarchy, management tiers, organisational structure, levels of responsibility/accountability, will, at best, only produce limited results. The introduction of a middle manager role in local PES offices is an example of a good initiative that could be undermined due to the fact that the role is essentially informal – i.e. not officially recognised in administrative arrangements. This may result in staff choosing not to accept the middle manager's authority.

Limiting the review to local processes may prevent the identification of considerable potential for savings on administration by critically evaluating the role of headquarters and regional office functions.

OAED contend that many areas are outside of their control, with decision-making responsibility frequently vested at the Ministry level. The law is frequently cited as an obstacle to change. Whilst the intensely legalistic nature of Greek public administration is not disputed, the specific legal issues preventing a particular alteration to procedures are not identified. Hence, a change request to the responsible authority for this is not submitted.

Some progress has been made in rationalising procedures, i.e. for handling customer complaints/appeals; however, processes are still generally intensely bureaucratic and riddled with laws and regulations.

With regard to increased performance, the assessors are convinced that the following areas demand special attention within the reform process:

- **Design of the new PES and performance management:** The principles of the new service and policy delivery model of the re-engineering programme are not yet systematically linked to local and individual staff objectives and targets for the operational services. Furthermore, there is a lack of systematically developed models for management and service delivery, e.g. for the orientation towards employers. The existing elements are not systematically linked and the challenge is to identify some decisive elements for improvement.

Furthermore, there are no efficiency and outcome-oriented targets in place, and there is no performance dialogue established across the various levels of the organisation. Consequently, the organisation is not currently driven by performance-related goals. Those existing elements that could provide the basis of a Quality Management System do not effectively support achievement of labour market related goals and objectives.

- **Leadership:** The attitudes and behaviour of staff are mainly driven by a traditional understanding of public administration, the delivery of laws, regulations and orders. Subsequently, the focus is on problems and not on solutions, and the current leadership model is mainly based on bureaucratic procedures, especially emphasizing control, but it is not based on operational targets. The lack of a performance management system also impedes the development of effective and efficient services.
- **Room for manoeuvre:** The room for OAED specific change activities seems to be limited, until a systematic approach is taken in challenging centrally-driven bureaucratic procedures. Furthermore, the prevailing attitude is to wait for new laws or regulations (i.e. on Active Labour Market Programmes – ALMPs) before new activities are started. However, a proactive approach requires optimum exploitation of the actual existing room for manoeuvre, and challenging established conventions to secure more operational autonomy. Whilst it is accepted that OAED currently have limited input and control of the process for determining when specific labour market interventions, especially ALMPs, should be introduced, the mechanics of the system are very unclear. OAED could seek more input. Similarly, the organisation of an effective Quality Management System, or the introduction of non-monetary incentives for staff could enhance prolonged staff motivation and the quality of delivered services.
- **Flexibility:** The flexibility in reorganising work flows or in the re-distribution of staff and resources seems to be limited, although the existing processes are identified and described in detail. Though the assessors recognised some good ideas, in particular at the local level, the reform elements can only be effective if the whole range of possibilities of new interpretations of workflows, work organisation and organisation of service delivery is taken into account. A lean management programme should be considered for reducing non-value added processes. An organisational review could extend the good start made on improving some aspects of local service delivery by also identifying the scope for reducing decision-making spans and removing tiers where possible (including at regional/national levels), delegating authority (including for elements of budgets), and piloting mapping some processes from a customer perspective, rather than a bureaucratic and administrative one. This requires the PES to introduce a resource distribution model. Currently, there is no methodology to determine the allocation of staff to particular locations, or to evaluate the relationship between a given business volume and staff numbers by function and/or location.
- **Capacity:** The PES openly acknowledges its severe capacity constraints, but has no current intention to engage in delivery partnerships that might alleviate these pressures and improve/broaden the scope of customer service. The absence of any alternative proposal to address this problem is a weakness at present. Potentially, if the PES could review its policy towards working with other service providers, e.g. from private/NGO organisations, it might be able to improve its results.
- **Vacancies and jobseekers:** The lack of vacancies is the big challenge for the PES. At present, most of the employers only offer their vacancies to OAED to receive subsidies. As long as this situation persists, the performance of the organisation and its role in the labour market will remain very limited. The current situation is characterised by an urgent need for employer orientation and for collecting more open (i.e. non-subsidised) labour market vacancies.

There is also some room for improvement with regard to the demand side of the labour market. Currently, the unemployed in most cases attend local offices in order to apply for benefits and allowances, but not to obtain jobs. It is understood that there is only a limited number of jobs and work placement programmes available, and that participation in ALMPs is not decided on by the local PES office, which has the role of referring jobseekers to opportunities so that they can apply themselves. However, it would be a great improvement if some systematic process for referring specific jobseekers to the limited number of opportunities based upon clear criteria, rather than the existing client demand-lead system.

- **Strategic planning:** The PES has no strategic or capacity management plans proposing how it should best utilise its resources to deliver the mandate given to it by the Ministry. This serves to re-enforce a passive approach and leaves OAED vulnerable when new functions/requirements are allocated to it in the absence of any method to evaluate the impact on existing service delivery.

Summing up the main areas where improvements are essential are:

Performance Management – Quality Management – Customer Orientation

6. RECOMMENDATIONS

The overall direction of the re-engineering programme should be closely linked to the challenges that the OAED will face in coming years. As a result, the assessors' general recommendation is that the reform process should be continued; however, improvements envisaged under the re-engineering programme should be seen as a first phase in a transition to develop a customer-focused, quality, learning organisation. For this, it is absolutely necessary to ensure that OAED takes full ownership of the reform process and of all of its elements, identifying all opportunities to challenge and revise legal and central administrative impediments to reform. OAED must develop its own strategic management mandate to transform it from a purely passive agent administering policy decisions into a proactive agency. Based on this general advice, the more specific recommendations are aimed at further supporting this reform process and improving performance:

Governance and Organisation

- **Become aware of performance and establish a performance management system.** In this context, regular performance dialogues between management, local offices, and employment officers should be established. Furthermore, the budgetary cycle should more intensively consider labour market related aspects. The existing top-down approach in planning, executing and checking financial resources should be combined with a bottom-up discussion strand, in order to introduce knowledge and labour market intelligence on regional and local employment situations.

In this context: Cascade performance targets to operating staff. Provide individual staff and teams with measurable outcomes and performance indicators and help them identify their contribution to the overall achievement of targets.

- **Conduct a full resource management review.** Through applying output and productivity assumptions, the business process glossary could provide the basis for a dynamic resource allocation system. This would establish a baseline for dialogue concerning OAED's required delivery for a specific budgetary input. Similarly, a capacity model should be developed enabling OAED to illustrate the

broader staffing/Human Resources/IT implications of proposals for new activities. Whilst OAED clearly suffers from an inadequacy of resources, the absence of any evidential basis to determine what is really needed undermines arguments to enhance funding, especially in an extremely challenging macro climate.

- **Introduce an effective Quality Management System (QMS).** The experience of management and front-line counsellors could be used as starting points for an organisation-wide discussion and a subsequent agreement on a common interpretation of “quality”.⁽ Furthermore, the existing inventory of the current 32 core processes could be used as a starting point for the development of a plan (which has to fit in the re-engineering programme) for the implementation of the new, more intensive “quality-orientation”. Missing elements should be constructed and added. The elements can be brought together in a cycle that promotes continuous quality improvement. Feedback from front-line interaction with clients on both the demand and supply sides of the labour market should be introduced into the QMS cycle.
- **Generate more trust within the organisation.** Reduce bureaucratic routines and procedures as much as possible and replace them with an organisational model and workflows based on the responsibility and accountability of individual members of staff. Involve staff systematically and comprehensively in further organisational developments, such as the development of a QMS (e.g. by defining quality for face-to-face contacts with customers). The establishment of thematic working groups could support the involvement of staff. These should include feedback from front-line junior staff as delivery experts, not as passive recipients of information about pre-agreed changes. A cultural change programme, involving staff at all levels is needed. This should investigate the scope to introduce empowerment, budgetary devolution, local management autonomy, risk management, lean management techniques, and internal/external customer focus.
- **Introduction of a strategic plan.** Such a PES strategic plan over a three year cycle, incorporating annual business plans for the year ahead, could provide both greater external transparency and accountability, and a more considered and proactive approach to negotiations with central authorities, especially over future resource bids.

Service Delivery and Evaluation

- **Evidence-based design of services.** The design of the services within the re-engineering programme should be evidence-based and follow a clearly formulated model or strategy. The service delivery model should offer a clearly defined, target-oriented “menu” of services for each segment of customers on both sides of the labour market, taking into account the needs of the labour market. The development of the existing processes list into a dynamic and consequently customer-oriented process model should be used as a starting point. Furthermore, a more extensive use of pilot projects could support the design of services.
- **Channel strategy and resources.** The development of a channel strategy for the different groups of clients may enable better utilisation of OAED's limited resources. For some groups of customers (which have to be identified carefully on the basis of a defined methodology for profiling), specific channels of transactions should be offered, e.g. digitally, by phone, or face-to-face.

⁽ 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.

In this context, it is noteworthy that such a strategy requires the adequate allocations of investments and of resources, e.g. the adequate personal manpower for the different services. With regard to the recruitment of the 360 new counsellors, OAED should take the opportunity to use these additional human resources for the establishment of a powerful and effective employer service.

Ultimately, decisions must be taken on how best to deploy the limited resources, this inevitably, as in virtually all public sector delivery organisations, requires elements of prioritisation. Rather than theoretically offering services to all who want them, in the absence of sufficient resources to even partly meet such an objective, OAED should introduce explicit standards of service intensity for particular categories of clients, commensurate with available staff to deliver these.

- **Introduction of minimum standards.** In the context of quality management, minimum standards for the transactions with customers should be formulated together with front-line staff. For instance, the definition of a maximum numbers of days between registration and the first interview, and the information that should be included in the individual action plans in order to ensure holistic profiling, increase the quality of service delivery and the credibility amongst customers.
- **Proof the advantages of in-house services.** If the policy remains to restrict delivery to in-house services and products, prove the advantages of this approach. External delivery of services might be more economical, more appropriate for customers' needs, or given that very significant increases in staffing are likely in the short to medium term, a more open approach to working with delivery partners might actually enable services to be delivered to some customers who, given the current capacity constraints in the PES, receive very little, if any, assistance at present. Furthermore, new ideas and methodologies may be forthcoming from external providers. Therefore, a critical self-evaluation of the self-produced services should be carried out as a basis for further decisions in this respect.
- **Develop regular evaluations.** OAED should consider undertaking ex-ante and ex-post evaluation of major projects and programmes on a regular basis. Such an evaluation plan should also consider the priorities of the organisation and the way results are disseminated. 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. This might be assisted by setting up a steering committee for evaluations.

Staff

As already mentioned above, the promotion of a performance culture among staff is crucial. Further recommendations regarding staff are:

- **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, are worth considering.
- **Conducting a survey.** A survey amongst all staff allows the organisation to make better use of experience and expertise of (front-line) staff. A confidential and systematic survey will also be able to identify the factors for their motivation and satisfaction.