



Benchlearning Initiative External Assessment

Summary report – NEA Bulgaria



Written by ICON Institut Public Sector GmbH

2015



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

This publication 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.

Benchlearning Initiative External Assessment

Summary report – NEA Bulgaria



Benchlearning Initiative External Assessment
PES of Bulgaria – National Employment Agency (NEA)
Summary Report

Index

Introduction	2
Strengths	2
Contextual influences	3
Current and potential Good Practices identified during the assessment	4
Areas where improvements may further enhance PES operations and outcomes	5
Recommendations	7

Benchlearning Initiative External Assessment

National Employment Agency of Bulgaria

Summary Report - Draft

1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the PES of Bulgaria (National Employment Agency – NEA) conducted between 16th and 18th September 2015. The team of seven external assessors comprised two peer PES staff (Lithuanian and Irish PES), three from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three day visit included meetings in the NEA Head Office in Sofia with senior management/directorates and a visit to a local PES office (Botevgrad) about 55 KM from Sofia. The time and resources invested in the preparation for the Benchlearning visit by the NEA and in particular their internal self-assessment, were crucial to its success.

NEA is an executive agency of the Minister of Labour and Social Policy. NEA is not responsible for the disbursement of unemployment allowances and/or other relevant social benefits. However, all recipients of unemployment benefits and of other relevant social benefits are obliged to register with NEA.

NEA is organised into nine Directorates. Apart from the headquarters in Sofia there are nine regional labour offices, 107 local labour offices and 145 branches. NEA is managed by an Executive Director and two deputies. In its work, NEA's Executive Director is supported by the Board, composed of two representatives of national employers' and employees' organisations. The regional offices coordinate and support the activities of the local offices. However, there are also around 30 municipalities that are not included in this structure.

2. Strengths

The Bulgarian PES is in the process of implementing reforms. In this context a supportive visit of a delegation from the EU took place in 2014. This was requested by the Bulgarian Government seeking assistance from the European Commission in order to address a Country Specific Recommendation (CSR) relating to increasing PES capacity, enhancing services for integrating members of the Roma community, and improving Management Information (MI) systems.¹ Assessors from the 2015 PES-BL-visit acknowledge that many of the com-

¹ Country specific recommendation 2014: "Improve the efficiency of the Employment Agency by developing a performance monitoring system and better targeting the most vulnerable, such as low-skilled and elderly workers, the long-term unemployed and Roma. Extend the coverage and effectiveness of active labour market policies to match the profiles of job-seekers, and reach out to non-registered young people who are not in employment, education or training, in line with the objectives of a youth guarantee. Improve the effective coverage of unemployment benefits and social assistance and their links with activation measures (...)" (COUNCIL RECOMMENDATION of 8 July 2014 on the National Reform Programme 2014 of Bulgaria and delivering a Council opinion on the Convergence Programme of Bulgaria, 2014 (2014/C 247/02).

ments and recommendations from the 2014 visit have been taken into account by the PES in the development of NEA 2015 Action Plan. This generally positive response, incorporating suggestions from the 2014 event, can be regarded as a strength of the NEA.²

A number of other strengths were identified during the assessment visit. One of these relates to the well-defined processes and implementation structures which help employees at all levels to understand roles, responsibilities and duties. The highly formal approach helps NEA to adapt when change is agreed. This demonstrates a strong centralised leadership model indicative of a well-led organisation. Highly formalised and centralised leadership also provides for rapid transmission of information, communication flows seem well developed.

Another strength is that employees seem committed and motivated, underlining that the NEA has a good reputation as an employer.

A further strength of the NEA is the high importance placed on providing services for employers, from strategic down to operational levels. Employers play a major role in the activities performed by the local PES. Local PES are not passive and actively offer job seekers' profiles to enterprises who might have relevant job offers.

3. Contextual influences

Institutional context

The mission of NEA is to implement the State policy on employment protection and the labour market, and act as a broker to facilitate job search and conduct vocational training. The overall objective of NEA is to limit unemployment. NEA implements programmes and measures described under the Law for Promotion of Employment and the ESF Operational Programme according to the HRD OP for the 2014-2020 intervention period. A National Employment Action Plan is annually agreed at the national level. This process involves the Ministries for Labour, for Education, for Economy and for Regional Development. Goals and quantitative indicators are prepared by NEA management within the framework of the National Employment Action Plan and approved by the Council of Ministers. NEA Management defines the goals for regional offices and the regional offices for the local offices, in each case in agreement with the directors of sublevel units.

Targets include reducing the unemployment rate, collecting job vacancies in the primary labour market and conducting employment exchanges between employers and jobseekers. Other targets refer to providing employment, apprenticeships or training for unemployed young people aged up to 24, within four months of their registration and conducting specialised youth workshops. NEA also aims to develop social dialogue at national, regional and local levels by working with social partners, protecting and regulating the labour market through registration of companies and promoting labour mobility through EURES. In addition, NEA aims to limit youth unemployment and inactivity through the implementation of the Youth Guarantee and related national activities and at strengthening the capacity of the organisation, as highlighted in the CSR of 2014.

² Nevertheless it has to be mentioned that CSR addressing the PES capacities have not yet been implemented. It even appears that further cuts are possible in the future.

Major constraints to NEA's autonomy result from its current legal and institutional setting and budgetary constraints, especially concerning operating and running costs. It is important to note that ALMP budgets have varied considerably over recent years – with an increase of 76.9% between 2012 and 2013 and a decrease of 38.1% between 2013 and 2014 – whereas the budgets for operating and running costs of NEA have remained stable over time. Irrespective of NEA's increasing tasks, for example in relation to the implementation of the Youth Guarantee, the number of total staff has remained stable over time (at around 2.400 employees).

Economic context

Bulgaria has experienced moderate GDP growth rates since 2010. However the positive economic trends have not been accompanied by an employment growth which steadily decreased after 2009 before turning positive in 2014, with a slight 0.4% increase. The unemployment rate increased from 2008 reaching its climax of 13.0% in 2013 before reducing to 11.4% in 2014. A particular problem of the Bulgarian labour market is youth unemployment: Since 2010 the unemployment rate of young people has exceeded 20% (2014: 20.2%). Furthermore roughly a third of young people (2014: 29.6%) are NEETs (not in employment, education or training). Youth unemployment therefore remains among the main challenges for the Bulgarian labour market policy. The first steps made in the implementation of the Youth Guarantee are promising. Assessors identified a sound process for delivery of Youth Guarantee through the National Youth Guarantee Action Plan incorporated within the overall National Employment Plan. Nevertheless the actions taken need to be intensified in order to achieve a substantial and sustainable reduction of youth unemployment in the country.

4. Current and potential Good Practices identified during the assessment

NEA strengths as outlined above are supported by a range of potentially transferable good practices. These include the following:

- The clear orientation towards meeting employers' needs has led to sound communication, cooperation and beneficial exchange between local PES and employers. This strong demand-side model can be of interest for PES in countries in which employer engagement orientation is not well developed. In addition, within ALMP an interesting system has been introduced for the integration of unemployed in the primary labour market based on direct subsidies to enterprises. Subsidies depend on employers' former results in integrating the unemployed: the more successful the enterprise has been previously in terms of creation of sustainable employment, the higher the financial subsidy for future integration projects.
- The NEA strong human resources development approach that includes yearly individual annual training plans, contributes to a relatively stable staff (fluctuation is below 7% per year) and helps to maintain a high satisfaction among employees. The strong focus on

staff development includes initial and continuing training for staff and is supported by colleague coaches who mentor new staff. NEA's human resources strategy has in recent years been supported by pilots designed to test new approaches including the integration of mediators, psychologists and other specialised staff operating in the jobseeker service provision process. The very positive results obtained have encouraged NEA to increase the number of such specialists in the organisation. A staff reward system is also in place and awards are given in the context of an annual forum, and this healthy competition among staff is supported by the strong staff development approach of the NEA.

- The recently introduced new communication strategy was developed in the context of the multi-country EURES initiative. The strategy focuses on a variety of communication channels. Its development using a PES/EURES multi-country approach is worthy of study by other peer PES

5. Areas where improvements may further enhance PES operations and outcomes

Recommendations to improve the functioning of the Bulgarian PES have been made in the 2014 CSR. Despite some progress, these recommendations still need to be implemented. A key component of the recommendations is that the PES develop its own strategic management approach and vision. A clear PES view on how it should operationalise national legal requirements within its service offering can improve its strategic management approach. The PES draft roadmap for development is an encouraging start. In this context, the recommendations resulting from the 2014 support visit to the Bulgarian PES continue to be of relevance but only parts of them have been addressed so far. In particular, a convincing strategy for the integration of vulnerable groups into the labour market is missing. Young unemployed are of major interest for PES-services and supporting ALMPs within the Youth Guarantee, as are persons belonging to the Roma minority, older unemployed, low-skilled unemployed irrespective of their age, illiterate jobseekers etc. But their needs have not been adequately addressed.

It is clear that the NEA is still in an early stage of reform and the implementation of changes to the general organisational structure and strategic management system. As far as the team of assessors could observe during the PES-BL visit there is little current flexibility in the system. In that regard the top-down approach in combination with the highly formalised procedures, limits the capacity of the organisation in general and of individual officers to react to unexpected/unplanned developments and to agilely use all opportunities for jobseeker integration. Since individual PES-employees and local PES in general have limited autonomy, the potential for creativity, innovation and development to systematically support a culture of organisational change is limited. This needs to be addressed.

The process for obtaining bottom up feedback (both formal and informal) needs to be strengthened. The objective must be a cultural change in strategic management approach, with a shift from a situation characterised by "management of rules" to one that is determined by "management by objectives" and in which all levels of the organisation actively participate.

Evidence-based policy and strategic planning is as yet not well developed. The Bulgarian PES is very strong in terms of monitoring and controlling, but evaluations to inform management decisions has so far been limited to ESF-funded operations and/or to single instruments. The effectiveness and efficiency of specific processes and particular service delivery channels has not been scientifically analysed as yet. A more holistic performance assessment system, with targets constructed to take into account feedback from PES operational delivery issues, is also needed to feed into top-level indicators.

Another major issue identified by external assessors is the need to include the customer's perspective in service design, especially considering the needs and expectations of jobseekers. In order to inter-alia address this, a survey of existing practices amongst advisers in their interaction with jobseeker clients is on-going. This is being done by introducing the concept of using a 'mystery client' where the quality and content of interviews are evaluated by the NEA. The initiative is designed to assist in the identification of areas for improvement in services to jobseekers. So far however, the interaction between PES officers and jobseekers is determined by formal requirements, based upon legal regulations and manuals for specific procedures. Customer needs are not adequately considered, and an example of this is the rather superficial and mechanistic initial analysis of jobseekers' strengths and potentials at registration. There is no systematic customer profiling, and very limited customer segmentation. The level of services and support offered to jobseekers is largely determined by the extent to which an individual wishes to co-operate with the PES. There is little ownership of specific cases by individual counsellors. The reintegration agreements are not real individual action plans (IAPs) because of the lack of profiling and segmentation. "Case ownership" with – as far as possible – one local PES officer maintaining responsibility for an individual, needs to be considered, with an overall review of case management systems.

In general, PES employees have limited specialisms and are therefore not always adequately prepared to meet the needs of specific target groups requiring particular approaches and the development of related particular stakeholder networks and contacts. In order to address this, inter-alia in relation to the 'Youth Guarantee', the NEA have trained a significant number of adviser staff as trainers who have then have provided training in 'advocacy skills' and 'working with difficult clients and those with special needs.'

The input of stakeholder groups is largely limited by the formal committee and set membership structures (though it is possible for some new groups to obtain formal partnership status). This may restrict policy inputs from important and relevant interlocutors.

A channel strategy needs to be developed, as the Bulgarian PES has not yet elaborated how different service channels should be adopted to meet the different needs of customers.

Notwithstanding an overall very positive approach to employer engagement, little use is made of the potential for employers themselves to place vacancies directly into the PES vacancy system without the need for an intermediary. The current PES approach is somewhat labour-intensive for both parties, does not allow staff much time to market the services and often leaves little room to engage with new employer customers.

Finally, the extent to which ALMPs are orientated towards subsidised jobs may limit the contribution which the PES can make towards sustainable employment growth. The extensive use of this measure could risk short-term gains for the PES at the expense of poorer longer-term outcomes for clients. .

6. Recommendations

Since the NEA has already started a process of reform, the assessor team actively encourages the management and staff at the central level to continue strengthening their efforts in implementing recommendations from the 2014 support visit. Furthermore we suggest the following additional ideas for improving management and performance of NEA:

- An overarching national PES strategic vision plan should be developed (and set out in a planning document-see below) thus providing a context in which the PES the service offering can be further configured and developed, in order to deliver outcomes as set out in the National Employment Plan.
- In relation to strategic management, we suggest a transformation of the existing performance monitoring system into a performance *management* system through a stronger linkage of results to operational activities according to the PDCA (Plan-Do-Check-Act) cycle. A greater emphasis on labour market analysis should be introduced in the process of defining and setting of targets.
- We also recommend that systems are introduced to encourage more the potential and creativity of PES officers, in order to enhance staff ownership of the organisation's objectives. While an annual forum is organised to reward employees and departments for excellence and best performance, a formalised performance assessment approach coupled with a non-monetary incentive system, linking individual and local office objectives and national targets could enhance commitment and input at all levels and increase staff responsibility for operational results.
- In order to improve operational processes we suggest making stronger use of well-designed customer surveys, focus groups and other systematic input from the customers. The new jobseeker 'mystery shopper' approach goes some way towards addressing this point. A frequent interaction of the PES with its customers (jobseekers and employers) will certainly help to improve operational processes and promote the value on customer engagement. Furthermore a customer segmentation process such as placing jobseekers into different target groups could be greatly enhanced by adding related specific functionalities to the IT-system. This could be achieved by collecting more differentiated information on jobseekers related to their entire employment career, to their educational background, their formal and informal competences etc. More specific and differentiated information could also help PES officers to significantly improve the quality of their matching.
- With regard to the quality of services provided to the customers, we suggest a more clear definition of the quality of services linked to specific processes to achieve tar-

gets and objectives. Quality assurance mechanisms beyond the formalised compliance checks should also be established for services to jobseekers provided by third parties such as training centres.

- We also recommend the elaboration and implementation of a multi-channel strategy for service delivery. Open and easy to access information about vacancies is crucial and the NEA should therefore act to increase the visibility of and access to vacancies information, thus facilitating direct contacts between employers and jobseekers. This would also increase the possibility for employers and jobseekers to meet without any intervention from PES staff where appropriate. Staff could then concentrate their time on situations when personal interaction is necessary and provides added value. In addition, a channel strategy could also help to improve cost-efficiency in the organisation and increase the general availability of PES services to the public.
- We strongly recommend the establishment of a fully functioning holistic profiling system. Since different models of holistic profiling have been implemented in other European PES, the Bulgarian PES are encouraged to carefully review these models, implement some as pilot projects in a limited number of local PES and evaluate results and transferability to the Bulgarian context. On basis of these results, a standard model of holistic profiling could then be implemented in all local PES. Such profiling systems can support customer segmentation and help to provide better and targeted PES services to jobseekers. It would also be necessary to elaborate distinct integration strategies for the different target groups identified
- In order to strengthen already functioning employers' services we recommend additional actions – such as regular and personal contacts between employers and local PES- aimed at increasing PES attractiveness to employers as well as reaching a higher share of employers in those groups offering vacancies best suited to the needs of the PES client base. The NEA should become the partner of choice for such employers.
- To improve the strategic decision making process we suggest the elaboration and the implementation of a multi-annual evaluation plan covering all PES-activities and processes. In this context, a platform – e.g. steering group – should be created for the discussion of evaluation results and of how recommendations resulting from the evaluation process can be integrated in strategic planning and policy making. The regional and local levels of the organisation should actively take part in the evaluation process.
- In order to foster change processes within the organisation we recommend the development of a concept for change management. A systematic and scientific evaluation approach, including carefully analysed pilot projects, will contribute to change processes within NEA.
- We also suggest that NEA considers a new approach to engagement with social partners and partnerships in general, beyond the existing formal liaison arrangements.

The objective should be to increase social partner input to discussions on PES strategic management and service provision.

- With regard to human resources management, we suggest building upon recent staff development initiatives and that enhanced targeted training and other qualification measures be made available to PES officers based on the systematic identification of staff training needs related to the target groups they serve.