



Benchlearning Initiative External Assessment

Summary report – LLE Lithuania



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PES of Lithuania – LLE

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PES of Lithuania-LLE

Summary Report

1. Introduction

This report outlines the results of the Benchlearning (BL) external assessment of the public employment service (PES) of Lithuania (Lietuvos darbo birža - Lithuanian Labour Exchange - LLE) conducted on the 5-7 October 2015. The team of six external assessors comprised two peer PES staff (Austrian and Latvian 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 in LLE Head Office with senior management/directorates and a visit to a local PES office (Kaišiadorys) about 65 km from the capital Vilnius.

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

All recipients of unemployment benefits are obliged to register at the PES. While the State Social Insurance Fund Board is responsible for actual payment of unemployment benefits, the LLE is responsible for labour market services and active labour market measures. LLE tasks also include the registration of unemployed jobseekers; sourcing job vacancies; mediation of suitable job opportunities; provision of professional counselling services; referral to education and training for the labour market; implementation of active labour market measures; enhanced care for the placement of disadvantaged jobseekers and implementation of co-financed European Social Fund projects.

LLE is an executive agency under the auspices of the Ministry of Social Security and Labour. The LLE General Director reports directly to the Ministry of Social Security and Labour. LLE comprises a three level organisation with one Central Office, ten regional offices (Territorial Labour Exchange – TLE) having an own legal status and 50 local offices at municipality level.

The Head Office coordinates and manages the work of the subordinated offices. It offers technical, administrative and financial support to the Territorial Offices and defines guidelines to frame the activity of local units. Furthermore, it is in charge of monitoring and follow-up activities as well as the flow and the distribution of information within the organisation. The Territorial offices offer technical, administrative and financial support for the local units.

Social partners are important advisors for the LLE and they are involved in the implementation of ALMP-measures at all levels. At central level the Tripartite Commission is composed of representatives of trade unions, of employers' organisations and of the Ministry of Social Security and Labour and also of the Ministry of Economy and the Office of

the Government of the Republic of Lithuania. At the regional level, social partners are represented in the Tripartite Commissions established at each regional office (TLE). Furthermore, social partners are represented in the Youth Methodical Council and in the Commission of Social Enterprises Affairs.

2. Strengths

The main strength of LLE observed during the assessment visit, is that the PES staff are clearly motivated and dedicated to making the further development of LLE a success. During the visit, the assessors had the opportunity for several individual discussions, which indicated that everybody appears to be prepared to actively deal with the challenges ahead. In particular at the local level, the sense of responsibility for services provided and the team spirit are very strong assets. Supported by the management, mutual trust appears to be fostered between all levels. Performance dialogues in place facilitate that mutual trust. LLE presents itself as a well-developed and well-lead organisation with good communication between all levels.

Motivation of staff, mutual trust and a supportive managerial approach facilitate the openness for improvement and for innovation throughout the organisation. Internal improvements and creative thinking seem to be encouraged.

Although the LLE has limited resources for ALMP as well as staffing, the LLE manages to achieve a high degree of efficiency in the use of those resources. This is facilitated by a very well developed ICT-structure. However, front-line staff client ratio was reported during the visit to be very high and needs to be reduced (see recommendations below).

The LLE aims to provide the best possible services to customers and stakeholders and in that regard critically and regularly monitors its services and the organisational process. This is a positive approach to improvement. The Benchlearning Project has inspired the LLE to develop a Common Assessment Framework (CAF) internally in order to revise its organisational model and to identify areas for improvement. Although the establishment of a full quality management system has not yet started, recent internal audits show promising first results. The current implementation of a complete CAF can be seen as an essential first step towards the introduction of a powerful quality management (QM) system.

A particular strength of the LLE is the approach to the translation of objectives into quantified targets and this is carried out at national and local levels. Performance indicators are set by the Ministry of Labour for a three-year period. The internal LLE procedure in establishing the budget and the targets follows a bottom-up approach with negotiations at the different levels within the LLE. This procedure relies in part on labour market forecasting. After approval of the budget by the ministry, the resources are distributed among the TLE according to the needs of the local labour markets. A close link between targets of ALMP, operational activities, and budget is also ensured. The objectives are transferred into a detailed annual Activity Plan containing the organisational targets. The indicators are monitored regularly and the achievement of targets is discussed during regular meetings with all directors. Due to the well-designed monitoring system, each

member of staff is informed about their individual performance indicators and their contribution to meeting targets.

The LLE has introduced a monetary reward system which is combined with a non-monetary incentive system. A significant part of staff salary depends on the achievement of targets. The number of target indicators against which staff performance are regularly monitored ranges between 10 and 12 (including sub-indicators). The non-monetary incentive system includes silver and gold lapel pins for excellent work and also letters of appreciation from the Ministry of Labour.

Well-developed ICT systems are a particular strength and include a number of innovative features such as allowing on-line client registration into the back-office PES IT systems. Action Plans can be adjusted and renewed and interviews booked on-line. The client-focused multi-functional ICT system and client Portal is ahead of the curve when it comes to PES ICT systems in the EU PES network and is a standout strength of the LLE.

3. Contextual influences

The strengths of LLE in evidence during the assessment outlined above and current challenges, have developed within the particular context in which LLE operates. This context includes the fact that LLE is a public body under the auspices of the Ministry of Labour having its own administrative and financial autonomy and its own assets. The Ministry of Labour supervises LLE which is directly subordinate and accountable to the Ministry.

The budget available for LLE is mainly financed by three sources: governmental budget, social security contributions, and ESF. In 2015 ESF funds provide the main source of financing for the PES' budget. There is a shift in LLE's financing over the 2009-2015 period, with social contributions falling whilst ESF and (since 2015) funds from the government budget increased significantly.

Being part of the public administration, LLE has to comply with regulations pertaining to the employment of civil servants. This creates some limits on personnel resources such as a recruitment embargo on new staff and this in turn limits the scope to meet labour market challenges. On the other hand, the LLE can implement a bonus system for members of staff, as set out above.

The LLE has been operating in a difficult economic environment. However, the economic rebound of the financial crisis has recently started with a GDP-growth rate of 2.9% in 2014 and with an unemployment rate of 10.7% at the end of 2014 (albeit a reduction of more than 1%-point compared to 2013). At the end of 2014, the youth unemployment rate was at 19.3% and the long-term unemployment rate at 4.8%.

The national economic background presents significant challenges to LLE in its endeavours to improve the functioning of the labour market and getting jobseekers back to work, particularly the young, but also the unskilled, the disabled and the long-term unemployed. This is reflected in the current Recommendation from the Council on the 2015 National Reform Programme of Lithuania which inter-alia emphasises the need to *'Address the challenge of a shrinking working-age population by improving the labour-market relevance*

of education, increasing attainment in basic skills and improving the performance of the healthcare system; reduce the high tax wedge for low-income earners by shifting the tax burden to other sources less detrimental to growth.’¹.

4. Current and potential Good Practices identified during the assessment

As set out above, each organisational level of the PES is involved in the negotiation of the annual targets, the establishment of the budget, and the quantification of indicators to be achieved. The distribution of responsibilities over the organisational levels shows a well-balanced relationship between flexibility to tackle regional or local problems on the labour market on the one hand and the concise steering and control of the overall organisation on the other hand. This good practice approach to management by objectives is worthy of particular note.

The ICT system provides tools to track operational performance such as the well-developed “Managers’ Window” which includes a detailed and transparent monitoring system. The system is in general future-oriented and transparent for the actual achievement of targets at all levels including the individual level of single mediators and counsellors. A number of other good practice and innovative features are in place in the ICT systems such as allowing on-line client registration into the back-office PES IT systems. As outlined above action plans can be adjusted and renewed and interviews booked on-line. The extensive use of video-conferencing tools provides an effective and quick way to disseminate information and conduct discussions throughout the country and allows for involvement at all levels of the organisation. The latter is particularly innovative and worthy of study by partner PES.

Another clear example of good practice is the actual LLE focus on ‘good practices’. This is manifested by the strong emphasis on mutual learning between PES through the use of the PES-to-PES and mutual learning events for inspiration and examination of current PES practices, with a view towards practical reform solutions within the LLE. Internal benchmarking against such good practices is used for staff training in order to improve the organisation.

The LLE participates actively in networks with all relevant actors for implementation of the Youth Guarantee (YG), as the Ministry of Labour is the national coordinator of YG. In that regard the LLE can build on their long-standing active partnerships with relevant stakeholders such as employers’ organisations and in particular the municipalities. Furthermore a spill-over effect of the YG activities and initiatives is the increased connection with a wide range of partners that can be reinforced with a view to long-term sustainability of programmes.

Finally, the reward system for staff which combines monetary and non-monetary bonuses and incentives and is directly linked to their performance, is worthy of note. The system is well-balanced and encourages staff motivation.

¹ Council Recommendation of 14 July 2015 on the 2015 National Reform Programme of Lithuania and delivering a Council opinion on the 2015 Stability Programme of Lithuania (2015/C 272/18).

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

Suggestions for improvements are as follows:

1. While the LLE is quite self-critical, this attitude is a strong asset in terms of openness and willingness for organisational changes. Among staff there is a core group of highly motivated persons who can form the basis for the establishment of a task force for change. This task force could act as the main driver of organisational changes. This could effectively support the top management in leading the organisation through the structural changes.
2. The need for further improvement of performance management and in particular the introduction of a quality management system is already recognised by the LLE's management. The envisaged standardisation in terms of definition, mapping and structuring of all processes supports the organisation's way to a process-oriented managerial approach. The use of quality driven approaches and the 'Plan, Do, Check, Act' approach can facilitate the organisational development towards a modern public institution. Most of the check and act phases of the current process-management show room for improvement as these activities are underdeveloped and should be systematically integrated at all levels. Improvement measures in this area should be incorporated into the full implementation of a quality management system. A closer look at process-standardisation in other PES might be helpful in this context. Potentially helpful experiences have been gathered by several PES e.g. in Austria, Belgium (Flanders), Germany, and Slovenia. Furthermore, the recently agreed co-operation of the Baltic PES can be used as a framework for mutual information and exchange of experience as well as the providing of assistance in the development of process-standardisation. The introduction of a process-oriented management model together with the implementation of a quality management system implies a basic structural re-organisation which will take some time.
3. A marketing strategy could enhance knowledge and the use of the different channels, in particular the e-services. This may lead to a reduction of the very high workload of the staff. For example on-line registration is a great service for clients and is currently used by 15% plus of clients. It would be useful to consider how to market the service more in order to increase the usage. This would also have the benefit of releasing staff for work with clients more distant from the labour market

6. Recommendations

The main general recommendation must be for the LLE, like many other PES, to proceed with the current path of change and innovation. Investment in a well-functioning and performing PES pays off in terms of labour market and economic development. Matching by PES of jobseekers with jobs, engagement with employers, improved career perspectives for jobseekers; all contribute to a well-functioning labour market. It is therefore important that the Ministry of Labour provide an adequate budget for PES and that there is a degree of

freedom to invest this budget by PES in order to enhance its performance. As already indicated, the LLE management and staff know the key issues and are taking steps in the right direction towards a fully modernised PES. The recommendations in detail are as follows:

1. The introduction of a quality management system (QMS) and the development towards a more process-oriented management is a main issue of the LLE. This requires a comprehensive, complete, coherently conceptualised and systematically elaborated plan of action. In that regard the following is recommended:
 - Build on the existing elements and fragments. Several good elements and tools of a process of quality management are already in place. Therefore, a systematic and comprehensive analysis of the status quo should be an essential part of the approach.
 - Linkage to the goals and objectives of LLE. The future quality management as well as the process definition must be strongly linked to organisations' overall objectives and targets.
 - Guarantee of complete and permanent support by the top-management of the PES. This is particularly important for LLE because of the upcoming change in the top-management.
 - Permanent and continuous consideration of client-orientation. By definition, a QMS requires a client-orientation, i.e. without customer-perspective there is no QMS. Therefore, the customer perspective has to be comprehensively taken into account.
 - Take staff with you along the way. Make changes transparent and communicate them to the staff. Involve staff in the development of processes and the quality management, whenever it seems appropriate. An internal communication plan for members of staff and an external plan for the different groups of stakeholders (including the supervising ministry) may be helpful. These plans should form a part of the "master-plan".
2. It may be useful to provide further staff development so that more in-depth guidance and counselling training is made available to staff, in particular for new members of staff. Provision of a backup advice and support service for staff could help them to deal better with difficult clients and with the heavy caseloads.
3. As caseloads are too high, the contracting out of some services e.g. for the LTU via local employment initiatives should be considered.
4. Examine the approach to client segmentation such as moving it away from the front-line registration to the second stage and to have all advisers cover the second interview with an approximately equal workload.
5. The further development of design and delivery of services for jobseekers and employers should be more evidence-based through the systematic use of the results of ex-ante and ex-post evaluations, the performance management and the (future) quality management outcomes and by the complete use of the PDCA cycle.
6. Partnerships should be critically reviewed by carrying out systematic monitoring and evaluation of their benefits.