



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Luxembourg



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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the PES in Luxembourg (ADEM – Agence pour le développement de l'emploi), conducted between April 17th and 19th, 2018. The team of six external assessors had two peer PES staff (from the German and Cypriot PES), two representatives from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three-day visit included meetings in ADEM's head office with senior management and staff from the directorates, and a visit to a local office in Diekirch (also visited in 2016) and a meeting with the Employers' service in the central PES office in Luxembourg-Hamm. The time and resources invested in the preparation for the Benchlearning visit by ADEM, particularly its internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

ADEM is directly under the authority of the Ministry of Labour, Employment and the Social and Solidarity Economy. It is led by a Board of Directors (a Director General and two Deputies) who are appointed by the government for a period of 7 years. While neither the social partners nor other government departments are directly involved in ADEM's management and supervision, an advisory board (the "Commission de Suivi" which has representatives from other government departments and the social partners) gives advice to the Minister on issues related to ADEM's reform.

The main objectives of ADEM are to:

- match offers and demands on the national labour market both by helping jobseekers to get employed as quickly as possible, and by helping employers in their recruitment process
- promote employment by improving the governance of employment policies in coordination with economic and social policies.

ADEM's main responsibilities are

- the provision of services to jobseekers including personalised support, counselling and vocational guidance; access to vacancies; training; the organisation of apprenticeships etc.
- the payment of unemployment benefits, and other benefits also financed by the Employment Fund (such as temporary/involuntary part-time unemployment benefits, allocations for re-employment etc.)
- the provision of specialised services for employers, including the pre-selection of job candidates, recruitment workshops, the organisation of on-the-job training, financial support and counselling services for new businesses.

ADEM has one Head Office and nine regional offices (7 agencies and 2 sites dedicated to job orientation/apprenticeships).

2. SHORT SUMMARY OF THE CHANGE AGENDA

ADEM's reform programme began in 2012 with the update of the legal framework under which it operates. It includes ALMP measures that react to rising unemployment, changes in the top management, and a significant increase in the number of PES staff. Moreover, the enhanced use of digital tools and services has been one of the Luxembourg government's main initiatives (known as "Digital first" and "Only once").

ADEM's three main pillars of reform were therefore identified as follows:

- better cooperation with employers
- a more personalised approach to counselling, taking into account the individual needs of the jobseekers
- improved internal organisation, and a more efficient use of modern digital technologies.

In 2016/2017 the 'more efficient use of modern digital technologies' was extended by announcing their intention to create "e-ADEM" that would allow customers to interact with the ADEM staff digitally.

While ADEM is proud of achieving various changes since 2012, which are clearly visible, it remains self-critical about its overall level of 'organisational maturity'. A decision was therefore taken not to limit its change agenda to specific changes that directly affect PES customers, but rather focus on three key areas that would lead to the creation of a stable platform for building up a mature organisation.

These areas are:

1. Evidence-based management

This implies using reliable facts and figures and measuring outputs as a basis for management decisions. The central elements and deliverables are:

- a data warehouse and reporting tools
- operational dashboards for the services provided by ADEM.

It is expected that by the end of 2018, ADEM staff at all levels will have reliable tools for monitoring and evaluating operational processes. This means that the caseworkers should have effective IT instruments supporting them in their day-to-day routines allowing them to have an overview of the results of their work. The managers are expected to acquire tools that enable them to monitor the work of their teams, and to further improve existing services, as well designing new ones.

2. Digitalisation

This is creating agile digital platforms that assure a quick 'time-to-market' for new initiatives. The following elements are in this segment of ADEM's reform agenda:

- a new central internal IT platform to replace the legacy application in place since the 1980s
- a platform for provision of services through the internet
- a data warehouse
- a knowledge management and collaboration platform
- a digital customer folder to replace paper folders

The supporting IT structure is expected to assure the collection and storage of comprehensive and high-quality individual-level data about customers. In this way, ADEM expects to gain a deeper understanding of its customers' profiles that would, firstly, assure better targeting for its services, secondly, accelerate a response to a faster changing environment with new initiatives, and, thirdly, improve core efficiency by reducing manual work.

3. Improved HR management

An improved professional HR management would ensure that ADEM staff have the right skills and professional environment to perform their tasks. Its focus includes the definition of the personal work plans and detailed training plans for all types of jobs within ADEM.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

The reform agenda maintains the momentum for change which follows on from the ADEM reforming process started by the government in 2012. This deserves full support. The more recent change agenda is fed from both internal and external sources. The feedback report from the first BL visit in 2016, and governmental requests for the extension of services (the integration of asylum, talent attraction, etc.) as well as the nationwide reform of public service, are the major external forces for change, while the Board of Directors is seen as a driver for internally generated reform projects, as is the self-assessment in the first BL cycle.

The three top priority areas of the ADEM change agenda are in line with a wide reform programme launched six years ago. They are all equally important and they complement one other, so the external assessors encourage ADEM to continue with their modernisation agenda.

Although ADEM is still working on a strategy paper, and there is no defined vision statement, the assessors' team had the impression that the ultimate aim of ADEM's reforming process is ambitious, and can be summarised as "becoming a mature, modern and self-confident organisation, unique in regard to its high-tech solutions and quality services for its customers". All individual change projects are consistent with this target and they have the full commitment of the ADEM Board of Directors. This is a sound basis for implementing reform and an essential determinant of its success.

Important work has been undertaken on the design of individual projects, and more new ones are in the pipeline, including

- project workspaces for structured change implementation
- 'virtual team' projects
- projects on customer appointment and registration
- skillset projects for counsellors

The refined HR management, together with the creativity and pro-activity of the staff, seems promising. When improved process management is added to this, it can lead to great results in ADEM's performance. On these grounds, recent steps towards more transparency can be accepted by staff as positive rather than 'frightening'.

A real breakthrough has been achieved in establishing a well-balanced and bilaterally beneficial partnership between ADEM and employers. A renewed agreement on bilateral cooperation has the jointly shared aim of reducing the imbalance between job vacancies and the available profiles of jobseekers. It includes jointly generated and implemented initiatives such as the "Jobelo! programme", the labelling of certain businesses as a "partners for employment", and a House of Entrepreneurship. Together these confirm that ADEM has gained the trust of employers, and that ADEM's reputation in Luxembourg significantly improved. This also proves that major progress can be achieved when employers and PES share ownership of the process.

The political and institutional environment in which ADEM operates and undertakes its reform is unique. It is an exceptional PES that has autonomy in determining its objectives and targets, and it does not feel under budgetary pressure. This should be viewed as a huge opportunity for the PES management when implementing the reforms, and it also creates a huge responsibility not to lose impetus and keep up a reasonably fast pace of change.

4. ASSESSMENT OF CHANGE MANAGEMENT

ADEM well understands the changes that are currently necessary, and it has clearly delineated the milestones, the challenges and the core elements. There is, however, room for improving its decision-making process.

A number of reform projects have been launched since the last Benchlearning site visit, and another set of complex change projects are going to be run in parallel. At the same time, ADEM has not yet developed an overall strategic vision which could serve as a "compass" to steer the organisation through the change process. The vision would help assess how a change project could contribute to achieving the overall modernisation. However, a formal and continuous evaluation of the reforms is not in place, which means it would be difficult to identify and initiate the necessary further adjustments after the intermediate results.

In the process of ADEM's modernisation, improving organisational maturity should not be the ultimate aim of all the changes, but only an intermediary step. ADEM's strategy should clearly identify the desired end results, also in quantitative terms, and answer the question *What would ADEM like to stand for?*

A technically well-structured project management approach based on the PDCA-cycle is in use by highly dedicated ADEM staff in a number of individual specific and time-bound projects. Nevertheless, this practice is not fully applied to the organisational development as a whole. Assessors believe that it could be extended to the broader change process. In regard to communicating the changes, some staff user feedback occurs due to the small size of the organisation, but it tends to be piecemeal as systematic feedback loops are not foreseen. More space for feedback loops and corrective action, as well as for testing and experimenting with innovations, could further enhance the "acting" phase of change implementation in the future.

In general, informing everyone involved in the change process about the progress the organisation has made as a result of the staff's efforts will help create a more open attitude to change within the organisation. Establishing regular dialogue formats, both 'bottom-up' and also horizontally, could foster a continuous discourse on changes, improvements and sharing success between departments of the central office and the local teams.

ADEM sees digitalisation as a cornerstone of its modernisation, and it relies heavily on modern IT systems and tools. Here, the golden rule that 'a process follows the strategy and IT follows the process' should be followed. The assessors had the impression, however, that because of a pending decision with regard to the IT platform, some other improvement projects are also suspended for operational processes. It was understood that there have been quite long delays for some of them, so the risk of losing staff commitment is high.

5. SUGGESTIONS AND RECOMMENDATIONS

The assessor team wanted make ADEM's specific situation, its achievements and its challenges as comprehensible as possible, so the team decided to visualise them using the picture of a modern, unique and splendid 'building' - a real piece of art of contemporary architecture. The associations in this picture should reflect a balanced combination of ADEM's self-confidence and ambition.

If a future ADEM is seen as a modern and exceptionally beautiful and stable construction, then it should be well-covered with an elegant roof – a vision of ADEM, clear and compelling, targeting the desired goal of all its endeavours, and the value that it will add to Luxembourg as a state.

The assessors believe that ADEM's vision could be linked to establish it as a *resilient organisation*, i.e. an organisation that is able to properly react to crisis

and external challenges, rather than as a “*controllable organisation*”. The major attributes of resilient organisation¹ are as follows:

- a shared vision and clarity about the ultimate purpose/aim of the organisation
- full understanding of the external environment and its ability to influence it
- a leadership culture that enables a reasonable handling of failure and mistakes
- behaviour based on positive attitudes and values that are shared by all members of the organisation
- a culture of knowledge and information sharing and mutual learning
- a culture of evaluation and continuous improvement
- the ability to anticipate change, and to behave pro-actively

This vision would serve as a basis for a clear mission statement, and the corresponding values which ADEM intends to stand for in the future. In the assessors’ opinion, a strategic document with a clear and persuasive roadmap to the future would be crucial for the systematic management of changes. This would also help convince all the staff to buy into the modernisation process, and consolidate their efforts to make it a success. The strategic documents of the Estonian, Austrian and the Flemish PES are well worth studying in this context.

A motto proposed by assessors “we are ADEM – we are unique” not only reflects ADEM’s ambition but it also signals that all staff, at all levels, are ready to contribute to the construction of the ‘ADEM building’. Other inspiring ideas can be sought out in the strategic papers of the Estonian and Slovenian PES.

The roof of the ‘ADEM building’ rests on several pillars among which three are three load-bearing and therefore the most important. These are (i) digitalisation, (ii) the empowerment of and solutions for jobseekers, particularly for the long-term unemployed, and (iii) holistic process management and quality management. All are described in more detail below.

The first pillar of the ‘ADEM building’ is digitalisation. The experience of some European PES (e.g. the Netherlands, France, and the Flemish region of Belgium) shows that to make full use of the potential of digitalisation, a well-thought out digitalisation *strategy* is needed. It should express the central goal of the process, clarifying actions to achieve the goal and mobilising resources to execute the actions. The pattern and the scope of the benefits achieved through digitalisation can vary but, inter alia, it would end up in a reliable integrated IT system with:

- a management information system (MIS), assuring the traceability of the efforts and achievements of all relevant actors using it (see more below)
- an electronic document management system and e-folders to reduce the administrative burden on the front-line staff. The Austrian, German, Lithuanian and Slovenian PES can serve as valuable exchange partners in this context.
- a database accumulating evidence of the success of ALMP measures applied to certain groups of jobseekers that would make possible setting up a recommender system for jobseekers. “People like you successfully applied for...” works in the Flemish PES, while “people like you also work as ... in ...” works in the Danish virtual job centre.

Other interesting and promising e-services implemented by peer PES include e-counselling offered by the Slovenian PES and ‘Innovation Lab’ offered by the Flemish PES. Both are worth exploring. The ‘Personal work folder’ launched by the

¹ Attributes for organisational resilience as according to ISO 22316:2017

Dutch PES, as well as its experience in *"do-it-yourself"* approach and dealing with *the digitally illiterate* clients could be also of great interest and assistance.

The second pillar of the 'ADEM building' is the *empowerment of, and solutions for, jobseekers, particularly for the long-term unemployed*. ADEM has begun the implementation of a tailor-made jobseeker support model that is based on the new profiling tool launched in 2018, leading to three major groups of jobseekers depending on their distance from the labour market and the corresponding level of intensity of the support needed ('regular', 'medium' or 'intense'). In this context, the piloting of this new approach for customer appointment, and the registration, as well as the skillset project for counsellors, deserves overall support.

Counsellors need to empower jobseekers in an atmosphere of trust with a participatory approach when searching for the best possible individual solutions. This requires counsellors to:

- focus on the strengths of the jobseekers instead of their deficits,
- share all the data/documents created about them with them,
- and become an advocate of their willingness and ability to be productive members of organisations.

A clear "work-first" approach rather than a "training-first" approach is recommended for jobseekers with regular and medium profiles. Jobseekers with a high risk of falling into long-term unemployment, i.e. the complex cases, require specific treatment. This implies the lowest caseload of counsellors with the highest frequency of contacts, primarily face-to-face, and a case management strategy which is implemented, together with external partners, to enable an individualised approach to tackle their problems in a holistic manner. It is, however, essential that profiling is repeated, e.g. after six months.

Though ADEM does not currently monitor or measure the efficiency of its ALMPs, designing packages of the most relevant, successful measures for different segments of jobseekers as suggestions/proposals for the counsellors would facilitate their work. The most promising intervention/action strategies and ALMP measures for the "moderate risk group" can be identified systematically using a randomised controlled trial (RCT). The Danish PES have a sound experience of conducting RCTs and would be happy to share their results. ADEM could also learn from the Flemish, German and Swedish PES, who would be useful partners for advice.

Holistic process management and quality management is the third pillar of the 'ADEM building', and it fully corresponds to one of the main attributes of a resilient organisation – the culture of evaluation and continuous improvement.

Indeed, service quality is not just a matter of following defined procedures, it needs to be built on holistic process management, and it has to be embedded into a continuous improvement process. ADEM's current achievements should be strengthened. Avoiding a 'silo' approach is essential when working on the definition and standardisation of processes and sub-processes on the time and logic which are needed to satisfy the specific needs of clients. Every process should be seen as an 'end-to-end' process, rather than a set of stand-alone processes, so that the process goes directly from the needs of the client to the concrete provision of services for them. This requires the involvement of more than one single department/division in an organisation. Interfaces between departments, between the processes, as well as the interfaces between the head office and the regional/local offices need to be clarified. In this regard the Austrian and the Flemish PES approaches are worth studying.

Holistic process management and quality management are both based on the "action follows strategy" principle. This means that all processes should be linked to strategies and visions. The communication of these relationships will help staff

get a clear picture of the organisation's aims. Furthermore, outlining a process map and visualising process steps for the staff should help create better understanding. It should also help process reviews and continuous improvement activities. The Austrian PES can offer orientation and inspiration on these issues. The same holds true for the (semi-standardised) customer expectation surveys and focus groups with customers, which are useful tools for gaining a deeper understanding of clients' expectations and their specific needs. This can be supplemented by the systematic analysis of customer reactions (complaints etc.). All these tools can serve as a valuable basis for the definition of quality objectives and their translation into missions and practical actions for front-desk staff. In this context, the approaches of the Estonian PES and the Flemish PES are also worth considering.

Solid foundations are crucial for every building that wants to be safe for a long time. In the 'ADEM building', solid foundations would be created from using and setting up evidence bases and performance management.

Establishing the fundamentals of performance management, and developing an awareness of performance at all levels of the organisation remain a major unfinished task in the ADEM. Accountability, i.e. the acknowledgment and the assumption of responsibility for all decisions and actions by all actors within the employment service system, is lacking as a core element of performance management. However, it can be achieved if an accepted system of measuring success is set up. It is advisable to start with a mutual agreement on "royal indicators" when establishing this sort of measurement system. The Danish, Estonian, German and Dutch PES can be helpful partners for exchange on this issue.

While trying to create a new culture of performance monitoring and measuring in ADEM, it is crucial to get a clear idea of how to make use of data, how to interpret figures, how to extract the information from those figures and how to thereby create knowledge. To avoid the mistake of focusing solely on the technical aspects of data, it would be wise to hire people with a social science background that can help to formulate the right research questions and help interpret the data.

To generate evidence on "what works and for whom", a systematic knowledge generation strategy needs to be developed, and the experiences of the Norwegian PES could be helpful here. Furthermore, the systematic screening of existing evidence (also the evidence from other countries), and its translation into useful information for staff in job centres, could be helpful. The Danish PES's "jobeffekter" web-page is worth studying here. The same holds true for the systematic piloting using RCTs in Denmark, the Dutch "frontrunner offices" and the Swedish "greenhouse technique". All of these approaches aim to create new and hard evidence on which services are the most promising for which clients. This can be further supported by strategic cooperation with academia (as in Germany).

Finally, to make the 'ADEM building' attractive and pleasant to work in, the empowerment of staff and strengthening communication within the organisation across all levels is essential.

Plenty of ways and approaches on how to utilise the expertise of staff, and how to provide them with ownership regarding PES reform, are now available via the EU PES network. For example, a "club of enthusiasts" established in the Lithuanian PES is an interesting example of spreading the reforming ideas from the headquarters to the frontline staff in informal way. The assessors' team would also recommend considering experiments to create a "culture of openness" with new ways to foster bottom-up innovations, by opening up an "ideas room" in the

regional/local offices, or perhaps introducing “three empty chairs” at all management meetings for interested staff.

Another promising idea for involving staff and fostering horizontal exchange within the organisation can be found in the French PES, which, among other things, has established an internal social network for its staff. EmployID, a project that supports networking and mutual learning as well as extending staff training at all levels of the organisation in the Croatian and Slovenian PES, could also be worthwhile examples to study.

Finally, ACTIRIS, the Brussels Regional PES, has set up a participative and systematic process for involving staff at all levels in its strategy development. This could be another source of inspiration for ADEM as it is associated with many positive outcomes, including a visible team spirit within the organisation, a high degree of self-reflection and awareness among all the staff of the need for changes, and a pronounced sense of commitment and dedication among the staff.

We believe that ADEM can definitely succeed in this process, building on its success, which is a combination of deep-rooted national traditions, modernity and cosmopolitanism.

