



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Austria



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PES of Austria

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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Austrian PES (Arbeitsmarktservice Österreich – AMS) conducted between March 20th and 22nd, 2017. The team of six external assessors comprised two peer PES staff (German and Luxembourgian 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 AMS's head office with senior management/directorates and a visit to two local offices (in Baden and Vienna). The time and resources invested in the preparation for the Benchlearning visit by AMS and in particular the internal self-assessment were crucial to its success. The team gratefully acknowledges these efforts.

AMS is an autonomous public body, has a wide brief and delivers a wide range of employment services. All recipients of unemployment benefits are obliged to register with the PES and AMS is responsible for the calculation and disbursement of unemployment benefits and unemployment assistance together with some other allowances. AMS tasks also include 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 and enhanced care for the placement of disadvantaged jobseekers. Currently, AMS has one Central Office, nine regional (level of the Austrian Federal States) and 98 local offices. The government (the Ministry of Labour, Social Affairs and Consumer Protection together with the Ministry of Finance) sets the main objectives and also decides on the overall budget available for AMS. Furthermore, it is responsible for the supervision and assessment of AMS.

At the national level, an Administrative Board is responsible for strategic decisions. It has nine members including three governmental representatives and six representatives of the social partners. The Administrative Board appoints the heads of the Board of Directors and all nine managers of the regional offices. The Ministry of Labour, Social Affairs and Consumer Protection approves these appointments. The Federal Office is managed by a Board of Directors. The federal level is responsible for the implementation of labour market policies and programmes, general management issues (including budgetary questions), the coordination of activities between AMS and other governmental or state institutions and the provision of support for the regional and local offices.

At the Federal State level, there is a regional directorate made up of the manager of the regional office, representatives of the social partners and sometimes a representative from the state government. The regional offices are bound by the decisions of the regional directorate and the guidelines set at the federal level. The managers of the regional offices are responsible for the appointment of the heads of local units. The local offices are responsible for the practical implementation of services. Each local office has an advisory council which consists of the managing directors of the local office and representatives of the social partners. The local directors are bound by the guidelines set at the federal and the regional level and also the decisions of the local advisory councils.

2. SHORT SUMMARY OF THE CHANGE AGENDA

From the first BL cycle it became apparent that AMS is a very mature PES with a very high degree of self-reflection embedded in a clear, precise and systematic approach to organizational development. AMS itself had already identified some

areas for improvement in 2015 which they had started working on after that. These include

- the modernisation of the IT-systems, and closely related to this, the introduction of a competence-based matching tool (the so-called job-platform) and
- the development of a new segmentation model for jobseekers according to their proximity to the labour market based on an econometric profiling system.

In addition to these, several further projects have been initiated since the last visit. Many of them are closely related to the areas identified for improvement and the suggestions in the first visit's feedback report. Among these are

- a project to increase the effectiveness and efficiency of training and qualification courses,
- the integration of strategic risk management into the already sophisticated and further refined quality management system,
- the implementation of a knowledge management system to ensure the transfer of know-how and foster the creativity of all staff,
- the introduction of an internal social network ("Connections"),
- a reduction of the number indicators in the 'Balanced Score Card' to avoid redundancies and increase its acceptance amongst staff,
- the re-establishment of a staff exchange programme between the different hierarchical levels to increase know-how and foster internal flexibility,
- the centralisation of specific tasks on the level of the regional offices to release staff capacities at the local level, and
- the digitalisation of the benefit applications files to save resources, improve the quality of decision-making and increase transparency.

Hence, AMS has an ambitious change agenda with many different projects directly addressing the most important areas for further organisational development. In Section 5, we provide some suggestions and ideas to complement these activities. These suggestions may help to round off the new organisational model implied by the change agenda of AMS.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

As described above, many change projects have been launched by AMS in the recent past. Some of them are the result of, and are embedded in, AMS's elaborate process of continuous improvement. These can therefore be seen as part of a consistent pursuit of AMS's evolutionary approach. Others, however, involve considerably more fundamental changes so these can be characterised as "revolutionary". Taken together, the changes constitute a well-balanced, coherent and consistent mix between evolutionary and revolutionary elements in AMS's "journey" to its future.

The fundamental idea and ultimate aim of this journey is the establishment of an organisational model which gets the best allocation of scarce resources to those

customers that will benefit most. This should be achieved by the comprehensive use of e-channels for service provision, and a targeted distribution of human resources towards the jobseekers who both need support to find a job and at the same time show appropriate potential that they will succeed in getting one. Due to the external conditions which confront AMS (increased labour supply partly due to immigration, skills mismatch, increasing long-term joblessness and stagnating human resources), there is no alternative to this approach from the perspective of the external assessors.

Not all of the change projects have yet been fully implemented. This is not surprising given that the last BL external assessment was less than two years ago. On the two major projects, however, AMS has encountered difficulties which constitute major risks for the future of the organisation. The new IT system and the new job platform have both been on hold due to technical and contractual problems with the IT provider. This is disappointing and cumbersome, especially for those staff in everyday contact with the clients. However, AMS has apparently drawn proper conclusions from this experience and it is expected that this problem will be solved in the near future.

By contrast, and considerably more problematic, is the fact that the implementation of the new and completely developed segmentation model for jobseekers has been stopped by the Administrative Board of AMS. Given the above mentioned external conditions and an objectives system which clearly focuses on the efficiency of service provision, AMS very much needs a systematic and effective tool for the targeted distribution of scarce resources. This tool would also be of great help to front desk staff in contact with clients. These employees are currently confronted with an enormous workload and most probably apply a form of "implicit segmentation" using a somewhat heuristic approach. Given this situation, the external assessors would much appreciate it if the discussions on the segmentation model were resumed soon.

4. ASSESSMENT OF CHANGE MANAGEMENT

Within AMS, change is a systematically managed process supported by strong, trusted and committed leadership with many examples of good practice. The whole process of change management, from the initialisation of change, its design, the mobilisation beforehand, its implementation and finally its reinforcement is exemplary and is characterised by a strong bottom-up approach. Some important elements characterising the management of change in AMS are highlighted below. These good practices are worth studying by peer PES.

AMS attaches a high importance to reviews in all areas and at all stages of processes and at every change steps. Consequently, the effects of changes on existing processes and process interfaces are assessed on a regular basis and the results are communicated in a very creative manner. Comics, for example, are used to explain new (or adapted) processes to staff and stakeholders. Furthermore, for large or important projects, there are steering groups and working groups, and sometimes dedicated accompanying projects and "resonance groups" are also established. The latter are used to monitor the perception (the 'resonance') of the project by the employees affected by the planned changes. Furthermore, the impact of change on different staff groups is assessed systematically in advance. An internal "social network" called "Connections" has been established recently which includes communities on all projects. Major reforms are communicated by the Board of Directors. Where necessary, several feedback loops are used to initiate corrective actions. The anchoring of all projects is regularly and systematically monitored. All projects are evaluated, there are regular dialogue formats with all staff and the staff feedback is

systematically taken into account. Good practices are systematically shared and success is made visible as well as rewarded. In general, the highly self-reflecting attitude of AMS facilitates the successful management of change. Finally, AMS stands out for its high level of customer orientation reflected by the active involvement of clients in the design of new services and products. In this respect, there are similarities to the Swedish "greenhouse technique" and an exchange of experiences with the Swedish PES might be helpful for future refinements of this approach.

In addition, the development of a clear and compelling projection/image (e.g. for the year 2030) could further support change management through the visualisation of the reform projects' contribution to making up this projection/image. This could also be helpful in working to overcome the entrenched habits among stakeholders which currently does not always seem to be particularly easy.

5. SUGGESTIONS AND RECOMMENDATIONS

From the perspective of the external assessor team, a major challenge for AMS are the large, target group-oriented government programmes which are at odds with the strategic performance management of AMS. These do not only define the objectives but they also lay down the ways by which they have to be met. This comes down to a model of "input-steering" which reduces AMS to a pure execution agency and, as a result, it neglects the undisputed expertise of AMS in providing efficient and bespoke employment services. It goes without saying that providing intensive support for specific groups of jobseekers is an undisputed legitimate political objective. However, prescribing *how* these objectives should be met, not only creates a substantial bureaucratic burden on AMS but it also runs the risk of devoting a substantial amount of human resources to a specific group at the expense of others where resources could be more efficiently invested.

From an international perspective, the attempt to make specific target groups a priority for public employment services is neither new nor limited to Austria. In many cases, this – at least implicitly – implies enlarging the range of tasks carried out by public employment services and thereby changing their original character. Typically, (often only vaguely defined) social service requirements are added to the work done by public employment services. These requirements are frequently inconsistent with a modern efficiency-oriented target system for public *employment* services and so there is a risk that staff become overburdened as they attempt to square this circle.

Against this background, the assessor team is convinced that AMS should develop a forward-looking and constructive position clarifying the extent to which the organisation is willing and able to accept such an (implicit) enlargement of their tasks and the associated change in its character. In this respect, the envisaged future organisational model (see above), especially the implications of the new segmentation model, will necessarily need to once again become the centre of attention. The above mentioned projection/image of AMS in the future therefore becomes even more important and it is suggested that the ideas that came out of previous AMS "strategy days" are revitalised.

Furthermore, the experiences of the assessors suggest it is important that the method of implementing the current programmes ensures a clarity of tasks for staff to avoid confusion, frustration and demotivation. One option in this respect is the establishment of specialised teams for the implementation of such programmes where the usual target system is substituted by programme specific key performance indicators. This can help reduce the risk that the implementation

of large target group programmes is perceived by staff as an “add-on” at the expense of their “real job” (i.e. getting as many people back to work as possible).

In the following paragraphs, we provide some food for thought. The ideas are simply further suggestions that might help complement the new organisational model resulting from AMS’s change agenda. We also refer to peer PES in which the same topic is currently under consideration or where recently established change projects had a similar content.

The design of services and products in AMS is highly customer-oriented and solidly evidence-based. In the recent past, AMS has strengthened the evidence base further by running pilot projects using a randomisation approach (e.g. to test the effect of reduced caseloads in two local offices). This is much respected and it could serve as a blueprint for the development of a true randomised controlled trial (RCT) set up as a standard for pilot projects. In this respect, the Danish PES would be an interesting partner for an exchange of information since it has extensive experience implementing RCTs. The Danish PES also knows the potential benefits and pitfalls of RCTs as they wrote them up in a systematic manner in a “cook book”.

In the same vein, with increasing the effectiveness of measures of qualification as the background, it seems worth considering setting up a system of causal impact evaluations of all the ALMP measures. This might help identify the efficiency of all measures on a regular basis. The “Treatment Effect and Prediction (TrEffeR)” system of the German PES might provide some inspiration here. Such a system can also help improve the allocation of jobseekers into specific measures.

Finally, it is suggested that generating evidence on the extent to which the insights of behavioural economics about phenomena like chronic procrastination or an underdeveloped locus of control can help AMS design low-cost interventions. The German PES has collected some first experiences on this in their “info treatment” experiment. Again, the Danish PES is currently also looking into this subject in depth and the UK has established a Behavioural Insights Team. An exchange with these organisations could be promising.

Refining the counselling approach and the counselling skills of employment counsellors are suggested as a means of strengthening AMS as a competence-based job broker, as envisaged in the introduction of the job platform. Currently, the counselling approach, which undoubtedly suffers from high caseloads and little time, appears to be rather problem-oriented, i.e. it focuses on the weaknesses of the jobseekers rather than on their strengths. The Estonian PES has ideas for reversing this approach and strengthening the counselling skills of staff. There a system of job-shadowing and active learning has been set up and steadily refined. Furthermore, AMS might find interesting the experiences of the Flanders PES and the German “counselling concept (BeKo)”. Finally, taking a closer look at the potential of systematically collecting information on non-cognitive social skills among jobseekers is suggested. Once again, Estonia and Germany could serve as partners for an exchange of information.

Related to the strengthening of competence orientation is the issue of vertical and horizontal networking. This becomes especially relevant in view of the future combination of the job-platform with the new segmentation model. These imply a customer support model with an intensive use of e-services for which the experiences of the Flanders and the Dutch PES can provide valuable insights. In addition, future customer support will be strictly organised according to the complexity of customer needs so it requires intensive cooperation within each office across the service lines. An interesting example worth studying in this

respect is the customer support model of the Estonian PES. Finally, the interface between the service units for employers and jobseekers will grow in importance. This holds especially true for jobseekers who “on paper” appear unattractive for employers. They may suffer from a fragmented labour market biography or a lack of formal qualifications, while counsellors may be convinced that these jobseekers show potential for success on the labour market. With these “unpolished gems”, an employer services unit can act as a door opener by following an employee-oriented mediation approach. Especially in these cases, information on non-cognitive skills can help as a sales argument.

As AMS is on its way to excellence, the achievement of sustainable successes is a matter of course. When considering how “AMS 2030” might look, the active prevention of unemployment by providing in-work support for selected sub-groups of employees is suggested as a complement. This relates to the discussion of the quality of jobs taken up by the formerly unemployed which is currently ongoing in Estonia and which might be interesting for AMS to follow. It also refers to the provision of services that stabilise newly established matches on the labour market, which is currently being tested on the long-term unemployed in Germany. The UK is currently looking at in-work progress for employed benefit recipients as it rolls out its new Universal Credit system. Finally, this issue exhibits a close relationship to the above mentioned insights from behavioural economics. It seems promising to investigate the extent to which it is possible to “nudge” employees who have lost, or who are at risk of losing, their job to register as early as possible with AMS even though they are not obliged to do so.

A final aspect worth considering by AMS refers to the agility of the organisation as such and this brings us back to the issue of “enlarged tasks” and the potentially changing character of AMS in the future. In the recent past, AMS has been agile in its thinking and the way it has faced major challenges like the inflow of refugees. Furthermore, the introduction of strategic risk management, the testing of “Design Thinking” for service and process (re-)design, the concept of the new segmentation model as well as the idea of the job platform demonstrate that AMS pro-actively addresses future challenges. The external assessors would like to encourage AMS to follow this approach. For discussions on “AMS 2030” and the extent to which the organisation is willing and able to accept an enlargement of its tasks and an associated change in its character, each attempt to “think out of the box” and “think big” deserves full support. The Swedish PES, which triggered a fundamental organisational reform (its “Journey of Renewal”), can serve as an interesting partner for discussions on a fundamental re-orientation of an employment organisation. AMS is a successful and mature organisation and so it can be, and also should be, courageous when thinking about its future.

