



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Bulgaria



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Directorate-General for Employment, Social Affairs and Inclusion
Directorate B — Employment
Unit B.1 — Employment Strategy
Contact: Renata Häublein
E-mail: EMPL-PES-SECRETARIAT@ec.europa.eu
European Commission
B-1049 Brussels

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PES of Bulgaria – National Agency for Employment (EA)

Summary Report 2nd cycle

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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Bulgarian PES (National Employment Agency – EA), conducted between June 12th and 14th, 2017. The team of seven external assessors comprised two peer PES staff (Lithuanian and Icelandic PES), three representatives from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three day visit included meetings in the EA's head office with senior management/directorates, and a visit to two local offices (in Botevgrad and Pazardzhik). The time and resources invested in the preparation for the Benchlearning visit by the EA, particularly its internal self-assessment, were crucial to its success. The team also gratefully acknowledges the additional information such as the Strategy for the Modernisation of the EA 2016-2020, the Roadmap for Development and Reform of the Employment Agency 2016-2020, and the 2016 Annual Plan.

The EA is an executive agency of the Ministry of Labour and Social Policy. It is not responsible for the payment of unemployment allowances and/or other relevant social benefits. However, all recipients of unemployment benefits and other relevant social benefits are obliged to register with the EA. At the national level, information is exchanged between the EA, the National Revenue Agency, the Executive Agency of the General Labour Inspectorate and other Ministries.

The key responsibilities of the EA are the provision of employment services and vocational training. Its main objectives are reducing unemployment with a focus on the labour market integration of disadvantaged groups, implementing active labour market policies and policies on employment protection, facilitating job searches and to providing vocational training to increase the chances of getting back into work.

The EA is organised into eight directorates. As well as the headquarters in Sofia there are nine regional labour offices, 107 local labour offices and 145 branches, which facilitate the provision of services to jobseekers and employers. The EA is managed by an Executive Director assisted by two Deputy Executive Directors. The administrative management of the EA is done by the Secretary General. The Information Security Official, the director of Internal Audit Directorate and the Financial Controllers are directly subordinate to the Executive Director.

2. SHORT SUMMARY OF THE CHANGE AGENDA

The fundamental reform process of the EA started back in 2014. In that year the Bulgarian Government requested a support visit of a delegation from the EU, based on the Country Specific Recommendation (CSR) for 2014 relating to increasing PES capacity, enhancing services for integrating members of the Roma community and improving Management Information (MI) systems. A year later, the first external PES Benchlearning followed. Suggestions and recommendations from these visits, together with the results of a discussion process at the national level, formed the basis for the Modernisation Strategy 2016-2020 and all subsequent documents, for example the Roadmap.

The central mission of the EA change agenda is transformation into a public mediator. It seeks to become an enterprising and desired partner in the labour market. Its vision is enriching Bulgaria by connecting people and businesses and working for their present wellbeing and their future. The EA change agenda has four major objectives:

1. increasing the market share of the Employment Agency as an intermediary, and increasing the confidence of employers and individuals in the EA;
2. enhancing the quality of work and the efficiency of the services provided;
3. expanding and deepening the interaction with participants in the labour market and
4. ensuring a modern and open environment for competent and motivated employees working in the EA.

These four major objectives are further specified in 20 specific objectives, which can be achieved through 69 different actions.

The core document for structuring the single reform steps is the 'Roadmap for the Development and Reform of the Employment Agency 2016-2020'. This describes objectives and actions in a differentiated way. and includes the following key priorities for 2016:

- an improvement in access to the labour market through services and training adapted to the particular needs of the continuously unemployed and the unemployed aged over 50;
- the implementation of the EU Youth Guarantee – in 2016 all NEETS (young people below age 29 who are not in employment, education or training) for at least four months should have been included;
- the successful application of the new measures of dual training, the outsourcing of services for the unemployed and the introduction of subsidies for people facing particular difficulties in labour market integration;
- increasing the efficiency and quality of services of the EA, including the modernisation of the activity of the EA and the development of the inter-institutional interaction through the performance of schemes under the Human Resources Development Operational Programme 2014-2020.”¹

In addition, an action plan summarises all the planned activities, the expected results and the relevant milestones and deadlines for the implementation of these activities up till 2020.

The implementation of the action plan is monitored constantly, and representatives at the local and the regional level are invited by the Head Office to contribute actively to the assessment and further development of the reform process. External support from consultancy companies has been organised to support the implementation of the change agenda. Furthermore, the PES Benchlearning process seems to play a substantial role in supporting the reform's implementation. Substantial financial resources – particularly from the European Social Fund (ESF) – have been made available for the activities described here.

¹ Republic of Bulgaria, Employment Agency: Roadmap for Development and Reforming of Employment Agency 2016-2020, Sofia 2016, p. 5.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

As described above, the overall objective of the reform process is to transform the EA into a public mediator between employers and jobseekers, and into an enterprising and desired partner in the labour market. One central condition for achieving these objectives is that the modernised organisation of the EA must be faster, more customer-oriented, more effective and less bureaucratic than in the past. In order to achieve this, the reform agenda consequently covers all organisational arrangements, the entire process of service delivery, all the procedures and all the mechanisms of performance.

The external assessors regard the fundamental modernisation process that was started in 2014 as necessary for turning the formerly administrative organisation into a customer-oriented and modern PES. It builds upon high level of commitment at the top management level, strong top-down management and an openness of the staff towards real change. A discernible sign for this openness is the implementation of different pilot projects, such as the mobile teams for employers (in the regions of Sofia and Plovdiv) and the elaboration of the "My competence" application that aims to improve matching and the service quality by complementing formal qualifications and work experiences with informal competences during the profiling stage.

With regard to the more than 60 single activities in the reform agenda, all of them are relevant since they contribute to the overall objective mentioned above, and to the comprehensive modernisation of the EA. However, the comparison between the four specific objectives mentioned in the strategy paper for the modernisation of the EA 2016-2020 and the key priorities listed in the Roadmap for the same period reveal certain minor inconsistencies. While the strategy paper is more focused on improving quality and services (especially for the employers), the Roadmap first and foremost underlines the EA's responsibility towards vulnerable groups. As a result, it may be difficult both to clearly define the EA's business case and to achieve the acceptance among customers, partners, stakeholders, the general public and decision-makers in labour market policy.

A further example is aiming to achieve high quality services with specialised staff. The commitment to this is very convincing but there are no appropriate solutions for agencies with a reduced number of counsellors, with the result that the generalist approach prevails. Furthermore, the revised performance management system has to be highlighted: on the one hand, it contains all elements that are necessary for effective support of the top level management, while on the other hand, it does not seem to be linked effectively to the decision-making process, especially at the local and regional level.

Big efforts have also been made in the introduction of key indicators which serve as a reference for assessing the performance of the EA at the local, regional and at the overall levels. Elements of result orientation and of customer satisfaction have been integrated to describe the EA's achievements in a given time period. Nevertheless, the full potential of key performance indicators still needs to be exploited, since it remains unclear which of the indicators lead to strategic decisions and which ones only serve as background information for describing the context in which the EA operates. For example, customer satisfaction seems to play a major role for the employment counsellors at the local level, but this does not seem to be in accordance with the intentions of the central office. In contrast, the central management are more interested in the the share of jobseekers successfully integrated into the labour market, or the number of filled vacancies, when they assess the overall performance of the EA.

Finally, the large number of specific modernisation activities, and the relatively vague timetable for their implementation, also leave some doubts about the effective synchronicity of the planned reform steps. External assessors gained the impression that differentiated annual activity plans with clear milestones would enable EA-representatives to get a better overview of those reform steps that need to be implemented first before starting on the next ones. This prioritisation of reform projects would significantly support a coherent and convincing change in management practice.

4. ASSESSMENT OF CHANGE MANAGEMENT

As outlined above, the EA launched a comprehensive modernisation process in 2014, where the "management by regulations", which characterised the organisation in the past, will gradually be replaced by the result-oriented approach of "management by objectives". The process of modernisation involves all parts of the service provision process, the mechanisms for planning, the management, the implementation and the control at all tiers and regional levels of the organisation.

The challenges faced by a comparatively small organisation such as the EA with its strong financial dependence on the ESF, and the prevailing pressure on the labour market are huge. They are the result of the continuously high level of structural unemployment which particularly affects specific target groups in the labour market.

Within this context, the preliminary results of the modernisation process are encouraging, and the speed whereby the first 'change steps' were implemented are impressive. They could be useful blueprints for other PES that are planning to start their own reform process. In this context, the high commitment of the EA's management, its senior staff, counsellors and all other employees can be regarded as a key factor in its success. In addition, the PES Benchlearning project seems to be of central importance in the modernisation process, since the recommendations resulting from the 2015 visit were taken up by the EA's officials as the starting point for the definition of the necessary reform steps. The external assessors very much appreciate the fact that the benchlearning idea and its underlying concept of peer learning has been transferred to the EA's management culture, and that appropriate work structures in the regional and local offices have been established.

Another important driver for the high speed of reforms, and the large number of reform steps initiated, is the strong management structure and culture of the EA, which has very much facilitated the implementation of the reform processes within a stringent top-down approach.

However, despite some first attempts to increase the sense of ownership of the reform agenda at the local level, the current potential for local offices to be engine of modernisation remains limited. Furthermore, it is difficult for staff to identify with the change process with over 60 activities and widely varied reform initiatives. This also carries the risk that a coherent synchronisation of reform projects is limited and so too are the steps for being more transparent, which might create interface problems.

The challenges needed to reach the reform objectives are obvious: single reform steps could be insufficiently coordinated, comprehensive readjustments could be necessary, desired successes could be delayed and the identification of managers and specialised staff with objectives and contents of the reform could be reduced.

One countermeasure is simply giving reforms a long time to 'bed in'. Experiences from other PES, the Bundesagentur für Arbeit in Germany for example, show that fundamental organisational reforms sometimes need more than ten years after their start to be completed because the modernisation is not limited to organisational and structural issues, it also affects the organisations' culture. Hence, the management of the modernisation process needs to focus on the effective coordination of modernisation steps and activities without losing sight of the "final destination" of the reform. This means that the modernisation strategy of the EA will last longer than the period covered by the Strategic Plan, which finishes in 2020. In addition, adequate human resources needed to implement the reform agenda have to be ensured at a central level, but also at the regional, and, above all, the local level. This will only be possible if the necessary financial basis for the modernisation process is secured, although the future ESF budget might be lower than it is in the 2014-2020 funding period.

In addition to a sustainable financial situation, the EA also requires a stable external framework to successfully implement the change agenda which the Benchlearning team believe is necessary. This includes in particular the support of the modernisation process at the political level even beyond the current policy cycle, and support from the relevant stakeholders such as social and economic partners, municipalities, the educational system, private employment services and of course the employers.

5. SUGGESTIONS AND RECOMMENDATIONS

In order to make the reform process a success, and taking into consideration the challenges described above, the external assessors see five measures as particularly suitable:

- Focusing on specific reforms and prioritising them.
- The institutional anchoring of the change process.
- Management on the basis of results and an orientation towards criteria that monitor efficiency.
- A coherent overall strategy.
- The orientation of services according to jobseekers' strengths.

The suggestions of the assessor team are described in more detail.

Focusing on specific reforms and prioritising them

There are currently more than 60 individual reform activities, and the external assessors suggest they should be prioritised in a far more concise manner according to their importance and their feasibility within a time frame. The aim of this prioritisation is to better concentrate the limited available resources on those reform areas where comparatively quick successes can be achieved, and the ones that are necessary for the subsequent reform steps. For example, a convincing customer segmentation strategy can only be achieved if a fully functional competence-oriented and holistic profiling system has been implemented. A higher prioritisation of projects also contributes to increasing the motivation of employees and managers as well as their 'buy in' to the modernisation process.

For those reform steps that can only be implemented in the medium or long term, a realistic milestone planning system needs to be developed. Currently, the

Roadmap contains very long and unspecific periods (for example "by 2020"). The binding definition of realistic data for interim results would, according to external assessors, contribute to an increase in transparency and more effective management of the change process. It would at the same time help to concentrate on the first important steps so that these can be completed promptly. Rapid and visible success is seen as crucial for ensuring employees' identification with the modernisation process at a high level. Pôle Emploi in France and UWV-Werkbedrijf in the Netherlands offer good reference examples to the EA for a more precise definition and planning of coordinated milestones in a reform programme.

Institutional anchoring of the change process

The current modernisation of the EA is achieved by an exceptionally high degree of personal commitment, especially from management and staff at the central level. Strong support is given by the managers of the regional offices and by the contacts in the local offices.

External assessors suggest institutionalising this commitment in a structural way, for example by installing a "change management team" at the head office. The team's sole task would be to manage and implement the change agenda and its single reform projects, monitor them and create ad hoc solutions whenever needed. This "face of modernisation" at central level should furthermore act as coordinating unit for responsible persons at the regional and at the local levels. The specific functions at these levels should not be limited to simply implementing instructions from head office. An additional task would include acting as moderator for the change processes, as coach to the management and the staff. This could contribute to encouraging local offices to implement their own change processes in accordance with the local and regional needs and specificities. The overall objective of this change management structure should be to promote creative potential in the local offices, so that effective solutions which are well suited to the local context can be implemented.

Management on the basis of results, and an orientation towards criteria that monitor efficiency

In order to achieve the focus and prioritisation of the reforms mentioned above, the external assessors also suggest a strong orientation towards results and efficiency performance criteria. This means that the reform projects and activities should be assessed in the light of their potential for increasing the efficiency of service delivery. In this respect, the largest potential can be expected from a consequent and comprehensive digitisation of administrative processes. The Estonian PES could be regarded as an excellent reference for further activities within the EA.

In order to create a more results-oriented and efficiency-oriented organisation, external assessors also suggest a systematic and comprehensive use of scientific research and evaluation. Assessing what works and what does not work, using scientific means, could help considerably to increase efficiency in the organisation. Scientific evaluation is needed, whenever new processes are introduced, existing instruments of active labour market policy are modified or the counselling and placement services for specific target groups of the labour market have to be adapted. Extensive experiences in the systematic use of scientific research and evaluation within the modernisation of a PES has been gained by the Dutch PES, which has institutionalised partnerships with universities. In addition, the German and the Austrian PES, which both have established cooperation with research institutes and the mechanisms of a continuous exchange, could also be helpful for the EA.

As already mentioned, higher efficiency could also be achieved by better integrating profiling, segmentation, the frequency of customer contacts and the service packages for job seekers. At present, these processes seem to be largely separated from each other. Again, both the Estonian and the Dutch PES could be good partners for the EA to develop and implement integrated procedures.

Efficiency could also be increased by a further specialisation within the employment officers. This would require specific and continuous training with which the employment officers can develop those specialities that are needed, for example for working with specific target groups. The experiences of the Estonian PES are useful examples that could be taken into consideration by the EA.

A stronger focus on efficiency could also be achieved by further strengthening the internal benchlearning activities. To achieve this, clusters of local offices could be formed which have similar labour market situations and face similar challenges in the integration of jobseekers. The benchlearning within the EA would also help to strengthen the networks between the local offices so as to allow the fast and effective exchange of good practices within the organisation. A partner for this could be the Austrian PES.

A coherent overall strategy

The external assessors also propose a rebalancing of the fundamental objectives of the reform. As outlined above, the EA has made significant steps towards becoming an important partner for employers in the filling of vacancies, finding placements and in Human Resources Development. At the same time, the EA is especially committed to the groups on the labour market that face multiple barriers for their (re-)integration into the employment system. These groups are particularly hit by the processes of social exclusion. Both objectives – working as partners with employers and the integration of vulnerable groups into the labour market – are difficult to achieve in parallel. Therefore, the team of assessors suggests a discussion within the EA about which of these two objectives is a priority in the modernisation process. This could help increase coherence within the modernisation process and help define priorities for the next reform projects and steps.

A coherent overall strategy also implies that the partnerships and cooperation structures at the national, regional and local levels should be further developed. This also includes the EA clearly defining the role each of its partners should play in pushing forward the change agenda. In addition, the EA should elaborate actions which developed the 'intended functionality' of its partners. The example of the Slovenian PES can act as a good reference for effective partnership building.

The orientation of services according to jobseekers' strengths

Finally, the external assessors recommend a consistent orientation of services playing to the strengths of jobseekers. To date, the approach appears to be more likely to detect deficits and use appropriate corrective measures, e.g. training, counselling, coaching etc. Reorienting the system to focus more on the strengths of jobseekers could help to enhance their self-confidence, help them make better use of existing networks for their job search, and improve the climate of cooperation between employment counsellors and jobseekers. In this context, the EA could build on the relevant experiences of the Swedish PES.

