



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Croatia



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PES of Croatia

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Index

	Page no.
1. INTRODUCTION	5
2. SHORT SUMMARY OF THE CHANGE AGENDA	5
3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA	6
4. ASSESSMENT OF CHANGE MANAGEMENT.....	6
5. SUGGESTIONS AND RECOMMENDATIONS	7

1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the PES of Croatia (Croatian Employment Service – CES), conducted between May 15th and 17th, 2017. The team of five external assessors comprised two peer PES staff (Danish and British PES), one representative from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three-day visit included meetings in the CES's head office with senior management/directorates, and a visit to two local offices (in Križevci and Zagreb). The time and resources invested in the preparation for the Benchlearning visit by the CES, and in particular the internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

The CES is a separate legal entity with its own budget. It is responsible for the disbursement of unemployment benefits and all recipients are obliged to register with the CES. Despite being an independent body, in fact it has limited scope for independent decision-making on issues such as budgets and personnel. It has a multi-level structure comprising its central office, five main regional centres, 17 regional offices and 99 local offices. The new organizational structure was set up at the beginning of summer 2015.

The central office is responsible for activities including technical and operational procedures. It contributes to the development of national employment policies and their implementation, and it provides guidelines for the regional and local offices. Policy decisions are made at the national level while the regional/local levels are responsible for their implementation and the delivery of employment services.

The social partners are represented on the managing board of the CES which has seven members. Two members are appointed by the Minister of Labour, three are nominated by the Economic and Social Council, one by the CES staff and one by the Unemployed Association. Tripartite social dialogue at the national level is well developed and its influence on policy-making via regular consultations within the Economic and Social Council appears to be considerable.

2. SHORT SUMMARY OF THE CHANGE AGENDA

During the first BL visit, the CES showed that it has a strong development strategy and restructuring plan for the period 2014-2017, which clearly sets out the CES's future vision and is underscored by a high level of awareness of the issues and challenges to be met. Based on this plan and taking the recommendations of the report from the first BL visit in 2015 into account, the CES reform agenda has five major areas:

1. Client profiling and competences upgrading for better matching;
2. Quality management and standards for operational processes;
3. ICT-support and on-line services;
4. Performance management and measuring customer satisfaction;
5. Employer engagement and the quality of services to employers.

In each of these areas, several reform projects have been initialised and some of these have already reached a very advanced stage (for details see next section). All projects aim at a more efficient provision of services to all clients taking into account the changing expectations and requirements of different client groups. In addition, increasing the quality of services and reducing operational costs are among the objectives of the reform agenda.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

The CES's restructuring plan places a great emphasis on internal and external capacity building, and on improving client services particularly in front-office services. All the elements of the CES's reform agenda are without doubt in important areas. Furthermore, they are consistently intertwined and they address the central issues of a modern, client-orientated PES. Since the last site visit, the CES has had some remarkable achievements and succeeded in implementing many different projects. Successfully implemented projects include:

- The development of a statistically assisted profiling (StAP) model for jobseekers and a sophisticated piloting scheme for it using a staggered randomisation approach, combined with a counter-factual impact evaluation study.
- The creation of a comprehensive causal impact study on the effectiveness of different ALMP-measures and, based on its results, a modernisation of the ALMP portfolio with a substantial reduction in the number of measures.
- Active participation in EmployID, a project that supports networking and mutual learning in PES, as well as the extension of staff training at all levels of the organisation.
- The piloting of new customer satisfaction surveys.
- The introduction of key account managers dedicated to important employers.
- The up-date of the *Burza rada* portal (an on-line job bank).
- The modernisation of procurement criteria.

From the external assessors' perspective, with the above-mentioned reform agenda and the substantial progress achieved so far, the CES has prepared the central elements of a new way forward. As a next step, these elements need to be united into a complete picture. This involves the challenge of fine-tuning and assembling them into a coherent whole. In Section 5, we provide some suggestions and we suggest certain peer PES as exchange partners which could help to achieve this final step.

4. ASSESSMENT OF CHANGE MANAGEMENT

Change is a relatively well-managed process within the CES, though there remains room for improvement. To begin with, although the need for changes is identified systematically, there is a large potential for a broader focus on cost-benefit-relationships to identify the most promising change options. Furthermore, planning changes seems to be largely concentrated in the head office with a strong top-down momentum. There is therefore room for a more pronounced bottom-up element in the initialisation stage of change by encouraging the exchange of good practices, and by systematically collecting ideas from front-desk staff.

The design of change projects is managed in a well-structured and technically precise way. However, with respect to linking the individual change projects to an overall strategy or even a vision, again there is room for improvement. A more holistic approach to change design, that takes into account an overall view of the organisation's development process, would therefore help the CES on its path towards progress. This also implies defining the concrete outcome(s) that a successful change process should generate, while taking into account existing business processes and process interfaces.

The communication of change processes to the staff members who are directly concerned is well organised. The support for reform projects could, however, be enhanced by taking a more holistic view on communication processes and taking into account all the actors involved – including the employees who are only marginally confronted with the changes. Furthermore, the external assessors are convinced that reform projects need “ambassadors” within senior management at all levels of the organisation to foster support for change. Establishing a “face” for each reform project before launching it could therefore be helpful. In addition, more room for feedback loops and an open dialogue on the planned changes can help to create staff commitment and buy-in for change.

Also the implementation phase is well-structured and transparent. More room for testing and for experimenting with innovation could further enhance the “acting”-step of change implementation in the future. Furthermore, there is a need to systematically transfer good practices between the local offices and a clear potential to “celebrate” the success of change projects. Giving all the actors involved in the change process distinct feedback on the progress the organisation has made resulting from their efforts should lead to an openness to change within the organisation – both in the present and in the future. It should also contribute to fully anchoring change in the organisation’s culture.

5. SUGGESTIONS AND RECOMMENDATIONS

With its remarkable achievements in the last two years, the CES has established the fundamental parts of a new “picture” of the organisation which has the potential to fundamentally modernise it. These parts now need to be united and this requires efforts from all staff at all levels of the organisation. The current state of the reform process within the CES can be visualised as four pieces of a jigsaw puzzle which need to be put together. This is certainly anything but trivial. However, from the impressions collected during the site visit, the external assessor team is convinced that the CES is properly prepared and able to cope with this challenge. In this section, we suggest some possible approaches/tools, as well as potential peer PES exchange partners, where we believe that their solutions can deliver valuable orientation to support the CES in this endeavour.

The first piece of the jigsaw puzzle is the design and implementation of a tailor-made jobseeker support model based on the (newly developed and currently piloted) “statistically assisted profiling system” (StAP). This model should strictly build on case complexity (i.e. jobseekers’ distance from the labour market), a clear strength-orientation of counselling and a focus on those cases where the CES can “make a difference”. Such a support model implies a clearly defined concept for case-loading, minimum contact intervals and preferred channels for service provision with a clear focus of support intensity on those cases where the efforts of the CES can have a true impact (i.e. “make a difference”) on whether their clients find appropriate jobs. The latter will in all likelihood require a closer cooperation with external partners, especially for complex cases (i.e. jobseekers who are further away from getting work). Furthermore, the model implies a strict orientation of all counselling towards the existing potential of jobseekers to find employment, instead of solving their problems.

The new StAP system together with its implied segments of jobseekers, provides an excellent basis for the design and implementation of this support model. It needs to be linked with clearly defined and evidence-based “action strategies” for the concrete service provision of counsellors who need to be trained to properly implement these strategies. Thus, it is suggested to underpin the jobseeker support model with the development of a counselling concept for all front-desk staff. This should enable them to put strength-orientated counselling of all jobseekers into

practice. For this, the experiences of the German PES can provide helpful insights. Furthermore, the “job-shadowing and active learning groups” approach, developed by the Estonian PES, is worth studying as it has tools to improve the profiling competences and counselling skills of the front-desk staff.

The second piece of the jigsaw is the service provision for employers. In the last two years, the CES has put quite some efforts into this area and it is still working on it. The external assessors would like to encourage the CES in this endeavour because intensified employer engagement appears to be a promising way to help the CES cope with one of its major challenges. The latter refers to the fact that from a comparative perspective, the CES exhibits a high performance regarding the number of notified vacancies but a low performance with respect to the exits of low-skilled jobseekers among all PES in the EU network. This indicates that the CES is able to acquire a relatively large number of job offers, but that these do not match the capabilities of a substantial share of jobseekers. The current situation in the local office in Zagreb is an instructive example in this context.

Against this background, the development of a clear and concise employer strategy with a well-defined approach towards different groups of employers, especially small and medium-sized enterprises (SMEs), is put forward. The German, Slovenian and Swedish PES can serve as valuable exchange partners on this issue.¹ Furthermore, establishing specialised employer service teams (as in the Slovenian PES), complementing the newly established key account managers, seems to be a promising way for putting this strategy into practice. Then a targeted and active approach towards “job hunting”, especially among SMEs (as in the Swedish PES), is feasible. This can be complemented by skills-based matching to identify the most promising candidates for vacancies. The latter can also support the strength-based counselling approach suggested above by facilitating the identification of jobseekers’ (partly hidden) abilities. The Flanders regional PES in Belgium has acquired abundant experience with this system and it would be a good exchange partner in this context. The same holds true for the Austrian PES, which is currently in the process of setting up a skills-based matching system.

The full implementation of blended services is the third piece in the jigsaw. As mentioned above, a central element of the jobseeker support model, based on case complexity, is the appropriate mix of different service channels. Against the background of the strictly limited number of people working in the CES, the provision of as many e-services as possible is crucial, especially for those jobseekers who are very close to the labour market. To achieve this, the “Burza rada” portal should become a full e-account, with e-counselling potential. The example of the “personal work folder” in the Dutch PES appears to be worth studying in this context. Other PES with elaborate blended services concepts are in Finland and the Flanders region of Belgium.²

The fourth piece of the jigsaw is the development and implementation of a fully-fledged quality strategy. Service quality is not simply 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. A stronger orientation on process management standards (e.g. ISO 15504 as a process management framework) can be helpful here. These are based on the “action follows strategy” principle which means that all processes need to be linked to strategies and visions. The communication of these relationships will help staff get a clear picture of the organisation’s aims. Furthermore, the definition of a process map and the

¹ The [Toolkit on targeted services for employers](#) prepared for the PES to PES Dialogue in 2014 may also provide some inspiration.

² See the related [PES to PES toolkit](#) for further ideas.

visualisation of process steps will 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 VDAB are also worth considering.

Finally, from the visits to the local offices, it became more than apparent that front-desk staff have to put substantial efforts into complying with bureaucratic requirements and a lot of associated paperwork. Hence, the CES should consider the introduction of an electronic document management system and e-folders to reduce the administrative burden on staff in its local offices. The Austrian, German and Slovenian PES can serve as valuable exchange partners in this context.

As mentioned above, putting all the pieces of the jigsaw together requires a team effort from all employees working together in a concerted manner under a banner (possibly) called "CES United". This requires not only skills enhancement (such as counselling skills) but also the active and systematic involvement of staff in the process of refining the existing reform projects, as well as the triggering of further innovations. This should also strengthen the bottom-up element in the CES. In this context, regular and systematic self-assessments (using the CAF or the EFQM approach) are an option that the CES should consider to help identify areas for further refinements and the collection of suggestions. Furthermore, this will also contribute to anchoring all changes in the organisational culture of the CES and therefore reinforce them. The Austrian, Estonian and Flanders PES have collected ample experiences with such self-assessments and would therefore be promising partners for exchanges on this issue.

To further support staff involvement, the CES should consider developing a career development plan which offers talented employees a pathway through the organisation and therefore individual development perspectives. The approaches used by the Austrian, British and German PES appear to be worth studying in this context. Additionally, the introduction of a regular staff satisfaction survey might round off the attempts to increase staff engagement. This sort of survey, if it is properly implemented and seriously analysed, can signal the firm commitment of the organisation towards its employees and therefore create motivation. By using internationally standardised surveys (like the "great place to work" survey), it is also possible to compare the CES with other organisations. The Austrian PES has recently implemented the "great place to work" survey so it could be an exchange partner on this. The same holds true for the British PES.

Finally, strategic performance management constitutes the frame of the picture. To keep the picture "grounded", it is essential that the CES reforms its performance management system which remains very throughput and activity orientated. The external assessors appreciate that the CES has started to think about a new system of key performance indicators with the aim of replacing the existing process by results indicators. The Estonian and German PES can offer orientation for generating a system with a small but meaningful number of indicators that directly reflect the ultimate aims of a PES. Such a system would certainly support the CES directing its staff's attention to the desired ultimate results of their actions. From the visits to the local offices, the assessors got the impression that the focus on this is currently somewhat diluted by staff struggling with procedural and bureaucratic requirements. Clearly, the introduction of an electronic document

management system, as mentioned above, could support this changing mindset even further.

In addition, it is important to systematically and regularly reflect upon the “pathways to good results”, not only at the management level but throughout the organisation as a whole. In order to anchor performance management in the organisation's language and to embed it in the everyday work of the staff, the establishment of continuous, fixed and easily understood formats are suggested, i.e. an effective system of “performance dialogues”. For an exchange on this issue, the German PES offers its support. Similar approaches worth studying in this context can be found in the Austrian, Estonian, Flanders, Dutch, Swedish and British PES.³

³ See also the respective PES Network [toolkit](#) and [analytical paper](#) for further detail.

