



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Lithuania



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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 Lithuania

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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Lithuanian PES (Lithuanian Labour Exchange – LLE), conducted between October 2th and 4th, 2017. The team of six external assessors comprised three peer PES staff (from Austrian, Greek and Icelandic 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 LLE's central office with senior management/directorates, as well as a visit to two local offices (in Kaišiadorys and Šalčininkai). The time and resources invested in the preparation for the Benchlearning visit by the LLE, and in particular the internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

The LLE is an executive agency working 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. It is a three-tier organisation with a central office, ten regional offices (Territorial Labour Exchanges – TLEs) each having their own legal status, and 57 local offices at municipality level. The central office coordinates and manages the work of the regional and local offices. It offers technical, administrative and financial support to the TLEs, and it sets out guidelines that 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 TLEs offer technical, administrative and financial support for the local units.

Social partners are important advisors for the LLE. At the central level, the Tripartite Commission is principally made up from representatives of trade unions, employers' organisations and the Ministry of Social Security and Labour, with support from 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 TLE. Furthermore, social partners are represented in the Youth Methodical Council and in the Commission of Social Enterprises Affairs.

All recipients of unemployment benefits are obliged to register with the LLE. While the State Social Insurance Fund Board is responsible for the actual payment of unemployment benefits, the LLE is responsible for labour market services and active labour market measures.

2. SHORT SUMMARY OF THE CHANGE AGENDA

The change agenda of the LLE consists of projects in the following six major areas:

1. The introduction and seamless integration into day-to-day activities of a quality management system (QMS) based on ISO 9001:2015.
2. The development of a more process-oriented management structure for the central office as well as the TLEs, including process-oriented mission, vision, objectives and key values guiding day-to-day operations on a more process-oriented basis.
3. The modernisation of human resources management by developing a unified employee training and motivation system which is adaptive to changes.

4. The modernisation of the allocation of PES resources by developing a budget planning and allocation process based on the results of the performance management system and linked to defined performance indicators.
5. The introduction of a new client services model to increase customer orientation and enhance service provision.
6. The improvement of electronic document management and exchange (also with partners) to reduce the administrative burden.

The ultimate aim of this change agenda is the recognition of the organisation by jobseekers and employers as a premium provider of labour market services. This recognition should be gained by bringing the four core values of the LLE to life. These four values are: reliability, responsibility, empathy and openness. The management of the LLE is aware that the successful implementation of this reform agenda requires a change in the organisational culture of the LLE, that this is nothing which can be achieved overnight, and that further efforts are still necessary.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

Since the last visit, the LLE has made some remarkable achievements and succeeded in implementing several different projects. This is without doubt due to the high motivation and commitment to change not just in the top management but also in the regional and local offices. An example of this is in the “club of enthusiasts” which is made up exclusively of front-desk staff and is open to new recruits. This team has its own work programme and is deeply devoted to communicating the necessity for change, as well as working on different change projects. In doing this, it acts as a direct link between management in the central office and staff in the local offices. Team members have also contributed to the development of new client services standards. Setting up a team like this is clearly an example of good practice worth studying by other PES.

One of the primary achievements is the process-orientated reform of the organisational structure of the LLE’s central office and the TLEs. This reform is based on, and follows, the principle of the PDCA cycle (Plan, Do, Check, Act) and aims to move more human resources into direct client services. This was achieved by reducing the number of middle management positions and reducing the purely administrative tasks. It was further supported by the introduction of an advanced process support structure, particularly an electronic document management and exchange system. In the near future, the LLE plans to integrate the TLEs into four regional “competence centres” which will together make up the “Lithuanian Employment Service”. It is agreed between the LLE and the Lithuanian Government that this will happen in autumn 2018.

The initialisation of systematic quality management based on the ISO standard is another major achievement of the LLE thus far. An ISO 9001:2015 certification is expected in 2017, a process map has already been worked out and the LLE is about to define and describe processes according to inputs, activities, outputs and indicators distinguishing between core, managerial and supporting processes. Responsibilities in each part of the process are specified, and process owners have been assigned. The actions undertaken so far show that the LLE is well on the way to establishing a holistic management system which takes into account the interests of all relevant actors (owners/government, customers, staff, partners and society generally) and focuses on both performance results and performance enablers.

The third major achievement is the piloting and roll-out of the new customer service model which was suggested by, and co-created with, front-line staff. With this new model, jobseekers get immediate access to a counsellor (there is no longer a separate registration process), their profiling is refined, a new segmentation model is implemented and a recommendation for services bundles is introduced. Together with the increased attention given to employers, this new service model can be seen as a major step towards putting life into the four core values mentioned earlier.

All elements of the reform agenda are clearly relevant and exhibit a high level of coherence and consistency. The central idea behind the change agenda is creating an organisation that is fully process-oriented and that the way it provides services systematically reflects the PDCA cycle. The external assessors are convinced that the LLE is not only on the right track, but they believe it has already covered a considerable distance on its way to becoming a modern, customer-orientated and highly productive public administration. The assessors therefore want to strongly encourage the LLE to proceed with its organisational reform path and they are convinced that the LLE will be able to make it a success. In section 5 below, we offer some suggestions for the further refinement and completion of the reforms.

4. ASSESSMENT OF CHANGE MANAGEMENT

The LLE understands well the changes that are currently necessary and it has clearly delineated responsibilities and transparent processes to create these changes. There is, however, room for improving its decision-making process. Evidence-based methods could be used more systematically and frequently to thoroughly examine different change options. By generating more knowledge on “what works and for whom” and organising systematic feedback loops with staff who directly serve clients, the initialisation and design of the change agenda could be further enhanced. During the initialisation phase, there is also potential for better anticipating who will be most affected by the changes (for example by using an appropriate checklist) and, in general, a stronger focus on risk management.

A large number of reform projects has been launched since the last Benchlearning site visit. Currently, the LLE runs a number of highly complex change projects in parallel. At the same time, the LLE 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 would contribute to achieving the overall modernisation objectives, and how much it would help the LLE’s clients.

There is a clear top management commitment to the modernisation agenda, and the implementation phase is well structured and transparent. All the various levels have appropriate transparent formats to create dialogue. The front-line staff’s “club of enthusiasts” is a visible group of reform agenda supporters. Nevertheless, more space for feedback loops, with a clearer “bottom up” flow of communication on risks, mistakes and new ideas and also ideas for testing and experimenting, would be helpful in ensuring a sustainable commitment to the reform agenda at all levels of the organisation.

The LLE can potentially “celebrate” the success of change projects, but in the light of the huge amount of reforms it is currently implementing, it has not yet given enough attention to the proper anchoring of all the changes sufficiently into its organisational culture. Giving everyone involved in the change process clear feedback on the progress the organisation has made as a result of their efforts

will help create a more open attitude to change within the organisation. This might also support the establishment of a coordinated system to transfer good practices.

5. SUGGESTIONS AND RECOMMENDATIONS

As mentioned above, the PDCA cycle underlines the LLE's reform agenda. Given its achievements, organisational development can be characterised, currently, as having created a PDCA cycle which is not yet concluded. From the perspective of the external assessors, it is therefore important to ensure that "concluding the cycle" becomes the centre of attention. We provide some suggestions below for how this might happen, together with peer PES that are possible exchange partners which can offer inspiration and orientation.

To conclude the cycle a change in the LLE organisational culture is undoubtedly necessary, and the LLE management is aware of this. Such a change can be promoted by refining competences in four areas as well as by mobilising and empowering the LLE's clients, staff, leaders and partners. Before describing these four competences in more detail below, it is, however, important to note that they should be framed into a strategy (the "2025 strategy" for example) targeting the desired end state of all LLE endeavours and the value this will add to Lithuanian society. In other words, the external assessors firmly believe that a "guiding document" which provides a clear and compelling answer to the question "why are we doing all this and who will benefit from it?" is now necessary. This strategy could also help to convince all the staff to buy into the modernisation process and to further increase their efforts to make it a success. The strategic documents of the Estonian, German and Slovenian PES are well worth studying in this context.

The first competence area is enhancing and refining the LLE's methodological knowledge on process and quality management. The achievements gained thus far should be complemented firstly by developing a coherent vision and a clear strategy, secondly by clarifying the capability level where these processes have to be defined and steered, and thirdly by developing a clear communication plan that ensures all staff buy into the journey. In doing so, it is essential to integrate quality, process and risk management to avoid having parallel systems, and to clearly define each area of responsibility. It goes without saying that the definition and standardisation of processes require some sensitivity to keep the balance between accuracy and manageability to ensure avoiding the generation of a "bureaucratic monster". Furthermore, it is helpful to define the roles and functions for process, quality and risk management and to clarify the role the managers in the local offices have. Finally, establishing an overall continuous improvement process is suggested, together with working intensively on the interfaces (between the processes as well as the interfaces between the head office and the regional/local offices) and integrating an ideas management system. The Austrian PES offers its support in this area. The Estonian and the Flemish approaches are also worth studying.

Building more internal analytical capacity is the second competence area. This capacity will help the LLE refine identification of the need for change and the assessment of different change options. It will also enable the organisation to conduct fair comparisons of the performance of local offices by explicitly taking into account the economic context in which they operate, and in this way, it can contribute to the distribution of budget according to true performance and ambition. As a first step for analytical capacity building, the creation of a comprehensive "evidence/knowledge strategy" is suggested. Such a strategy contains the information needed for the evidence-based (re-)design of services together with a plan for the generation of evidence and its dissemination within

the organisation as well as to stakeholders outside the organisation. A recent example of the creation and implementation of such a strategy can be found in the Norwegian PES.

Systematic piloting is an approach that directly generates evidence on the interventions/measures, service concepts and processes that work better. In general, pilot studies involving a limited number of clients and/or offices ideally as RCTs (randomised controlled trials) should be set up to compare the results of the piloted service/process with an alternative situation (for example where no service is provided). Partners from universities and applied research centres could be involved in designing and evaluating pilots. The Danish PES has collected comprehensive experiences with the implementation of RCTs, and transferred them into a kind of "cookbook". The "front-runner" offices in the Netherlands, or the "greenhouse technique" in the Swedish PES, are also interesting approaches for the LLE to study. Both approaches are described in some more detail in "PES Practices" fiches on the website of the European network of Public Employment Services.

The third area where the enhancement and refinement of competences is suggested is counselling skills. Implementing a consequent strength-orientation of service provision and pro-actively treating the issue of counsellors' professional habitus by a continuous development of counselling skills can help to refine the LLE's jobseeker support model. Counsellors not only need expert knowledge, they also need methodological skills and social competences (empathy, for example) to be able to empower their clients to make the most of their assets. In this regard, counselling concept of the German PES, where typical counselling situations are described and a toolbox of appropriate methods is offered, might be an interesting example for the LLE to study. The Swedish PES has also a strong tradition of focusing on a client's strengths rather than his/her problems, and could therefore be a valuable partner for an exchange on this. Furthermore, the "job-shadowing and active learning groups" approach, developed by the Estonian PES, is worth studying as it has tools to improve the counselling skills of the front-desk staff through "horizontal exchange".

The systematic use of partners' expertise is the fourth competence area where further efforts appear to be promising. This first and foremost means clarifying what partnership management means for the organisation, and involving partners in the further development of the design of new and current processes, services and products. The idea of a "customer journey" helps to design partnerships that coordinate service delivery. The journey from unemployment into sustainable employment can be long and complex, including alternating phases of training, job placements, short-term paid employment, and periods of unemployment and inactivity. This approach can help ensure that clients' needs are at the centre of cooperative service delivery (rather than the fragmented interests of service providers) through mapping the partners' roles and service offers, and through a systematic analysis of the "sequencing" of interventions. The PES of Iceland, Sweden, Slovenia and the Flanders region of Belgium would be valuable exchange partners on these issues.

As mentioned above, "closing the cycle" requires a team effort through all employees working together in a concerted manner. This requires not only skills enhancement (such as counselling and leadership 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. In this context, regular and systematic self-assessments (using either the CAF/Common Assessment Framework or the EFQM/European Foundation for Quality Management approach) are an option that the LLE should consider to help identify areas for further

refinements and the collection of suggestions. Furthermore, this will also contribute to embedding the changes in the organisational culture of the LLE and therefore reinforcing them. The Austrian, Estonian and Flanders PES have ample experience in this sort of self-assessment and they would therefore be promising partners for exchanges on this issue. To further support staff involvement, the LLE should consider developing a career development plan which offers talented employees a pathway through the organisation, and therefore aspiration for individual development. The approaches used by the Austrian, British and German PES appear to be worth studying in this context.

Finally, the LLE might find it worth considering experiments with new ways to foster bottom-up innovations, by opening up an "ideas room" in the regional and local offices for example. Similarly, introducing "three empty chairs" at all management meetings for interested staff is another example of an idea that could help create a "culture of openness".

Based on the dedication and commitment which was visible on all levels of the LLE, the external assessor team believes that with some further efforts the LLE can round off their change process by "closing the cycle". That way, the LLE can become a role model for other PES wanting to set out on a journey towards becoming an agile organisation – open to all of the future challenges that the world of work implies.

