



Benchlearning Initiative External Assessment

Summary report 2nd cycle –Norway



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PES of Norway – NAV Arbeids- og velferdsetaten
Summary Report 2nd cycle

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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Norwegian Labour and Welfare Administration (NAV Arbeids- og velferdsetaten), conducted between August 27th and 29th, 2018. The team of six external assessors had three peer PES staff (from the German, Irish and Swedish 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 with senior management from the NAV, and a visit to two local offices, in Drammen and Sarpsborg. Three factors were crucial to its success, firstly the time and resources invested by the NAV in its preparation for the Benchlearning visit - particularly its well-structured change report, secondly the NAV provided background information related to the change process and the context in which the local offices operate, and thirdly the NAV's internal self-assessment.

The NAV Labour and Welfare Administration – the Norwegian Public Employment Services – is made up of a central agency and decentralised services which belong to the municipal social service systems. The Directorate of Labour and Welfare is the central government agency for the NAV under the Ministry of Labour and Welfare. It supervises and supports the Labour and Welfare Service and Administration.

The NAV is divided along three organisational lines:

- *Labour Market Services*, which are currently carried out by 422 local offices at municipal level, which are grouped into 18 territorial offices at county level stretched across the country. Strategic decisions and guidance are given by the Head Office in Oslo. In addition, there are two specialised nationwide services –the NAV Assistive Technology and Adaptations Unit, and the NAV Call and Service Centre.

At county level, the NAV has also implemented Inclusive Workplace Support Centres. Since 2002, these centres have offered specific services for employers that signed the Inclusive Workplace Agreement which aims to integrate the disabled and/or people from other vulnerable groups into the labour market.

- *Benefits and pensions*: specialised units dealing with areas such as labour market benefits, family benefits and pensions, controlling and appeals. The NAV is currently dealing with the payment of 60 different types of benefits.
- *Accounting*: specialised units deal with accounts for pensions, accounts for benefits and general accounting services.

The key responsibilities of the PES essentially relate to implementing centrally decided minimum requirements of service provision for jobseekers and employers, and these services are provided by the local NAV offices at the municipal level. Since the management of these offices is under shared responsibility between the NAV and the municipalities, the way services are organised and provided by the NAV offices varies from local authority to local authority.

Minimum services include.

- Job placement
- Advice related to and follow-up of unemployment benefits, rehabilitation pensions, child benefits, occupational rehabilitation, sickness benefits, applying health-related aids and more and financial social help from the municipalities.

Norway is currently undergoing a major territorial reform where the Government last year decided to reduce the number of counties and municipalities. The current 18 counties will be merged into twelve regions in 2020, while at the same time the number of municipalities is scheduled to decrease from the current 422 to around 330.

2. SHORT SUMMARY OF THE CHANGE AGENDA

The NAV's change agenda is driven by two important factors, the first one being the territorial reform which will be finalised in 2020. The reduction of the number of counties and municipalities will have a direct impact on the NAV's organisational arrangements, as local and county offices have to merge and organise services in a different and more effective way while maintaining a physical presence in the regions.

The second driver for change relates to different trends in society, economy and the labour market, and the NAV has decided to react to this pro-actively: the very positive economic climate with an increasing number of vacancies has led to full employment in Norway. According to the national statistic, the unemployment rate had fallen to an average of 2.5% by the end of July 2018¹ with the lowest value in the county of Sogn and Fjordane (1.5%), and the highest unemployment rate in the county of Vestfold (still only 3.1%).

In total, only 65,400 people in Norway can be considered unemployed. On the other hand, the majority of the 325,900 people receiving disability benefits and the majority of the 193,600 people with impaired work capability are not working, most of them because they are not yet in a condition to work. In addition, there are 123,500 people on sickness leave and 29,800 people who are partially unemployed. Therefore, an important potential area for employers to fill vacancies (excluding further foreign immigration) is people who generally could work, but face particular obstacles and who need specific support for returning back to work, either full time or part time.

Another societal trend is digitalisation, which also affects the services offered by and requested from the NAV. An increasing number of customers are already using digital channels, and the percentage of customers asking for 'digital communication only' increased further in the recent years, from 56% in 2016 to 64% in 2017 for example.

Taking these trends into consideration, the NAV has defined three major strategic objectives for its further development, ranging from (a) bringing more people into work, (b) offering better services and user interaction and (c) increasing its competence as the leading labour market partner in the country by improving development and learning across regions and offices.

In order to achieve this, the NAV decided to focus on two major reform areas:

1. The NAV's organisational structure
2. Digital transformation

With reference to *organisational reform*, the NAV will introduce a new model for its regional structure, transforming the current 18 county offices into twelve regional offices. The process started in 2017 with the merger of two county offices. Experiences from this process will be analysed carefully for the forthcoming reorganisation steps. As the general territorial reform decided by the Government will lead to fewer municipalities, the re-organisation process also will affect the local NAV

¹ According to LFS data published by Eurostat, the overall unemployment rate in 2017 was 4.3% (15- to 64-year old citizens).

offices. A reduced number of municipalities will naturally also lead to a decrease in the number of local offices.

However, organisational changes at county and local level will not be limited to merging activities and to a simple reduction of the number of offices. Some county offices and/or local offices will become specialists in specific areas of the chain of service provision, thus serving as reference point for other local NAV offices.

In addition, *effective change management and knowledge management structures* will be introduced in the NAV, thereby enabling the NAV as a whole to strengthen its transformation into a modern service-oriented organisation. In this context, different activities have been launched for improving knowledge management within the organisation. One of these activities is related to the so-called “competence project” which was recently set up. This project is aimed at developing staff competences and carving out a new skills strategy that encompasses the whole organisation, thereby enabling the NAV to become a learning and innovative organisation by 2021. The need for a new skills strategy is based firstly on the changing demands and expectations of the NAV in general, following the societal changes and trends mentioned above, and secondly, more specifically, on the ongoing development within NAV offices based around increased local autonomy and flexibility.

Another action that has been taken recently relates to the *systematic integration of evidence in the decision-making process* in reference to services, processes and support measures, including active labour market policies. The objective is to improve the NAV’s ability to systematically analyse experiences and knowledge both within and outside the organisation, and to make it available in the decision-making process. So far, a long-term plan for research and development has been put into force, and a committee for research and development has been set up. Furthermore, cooperation with universities and other institutions, as well as the dialogue on research and development between the NAV and the Ministry, has been intensified.

Other actions supporting the organisational reform process are linked to *training programmes* that ensure there are sufficient digital skills throughout the organisation, and improved labour market knowledge within the NAV. This is especially important in relation to the internal and external mobility of the workforce, as well as the skills and competences of foreign workers and similar groups.

With a view to the necessary *digital transformation* of the NAV, a couple of projects have already started, relating to three major areas of intervention. One of them aims to further improve *channel management*. At present, the NAV offers different channels for communication with its clients, who can themselves then decide which channel to choose. While postal correspondence and personal visits to local NAV offices have been less used in recent years, phone calls remain an important way of getting in touch with the NAV. In addition, the NAV’s homepage has been used more intensively by customers for finding general information and/or for obtaining services. Opportunities for this, such as digital applications for benefits, registration and so on have grown in recent years. Correspondence by email has also substantially increased. Furthermore, specific customer groups use more and more ‘assistive technology’ to communicate with the NAV. In future, the NAV believes its reform agenda will channel the communication flows better, meaning that certain services and/or information will generally be available in only one form.

Digital services have developed for different benefits and services, such as for parental benefit, sickness benefits and social services. Newer digital services for jobseekers also include the new CV and vacancies services and the simplified digital registration procedure. Digital services have also been improved for employers. One example of this is the so-called “Labour Market Platform” which enables the

NAV to relatively quickly develop and implement new functionalities for employers, according to their needs.

Digitalisation will also play a major role in supporting the evidence-based approach described above. One initiative which the NAV will follow is to use big data for a more accurate segmentation of jobseekers, and for a better follow-up of people receiving sickness-leave benefits.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

An important element that comes with the changes that have been implemented since 2016 is the clear orientation of the NAV towards activating jobseekers and benefit recipients, based on a clear 'work first' approach. This cultural change is not at all trivial in Norway's well-developed welfare system. Welfare has traditionally been perceived as a service for all citizens that imposed very few conditions about job-seeking and integration. Around 60 benefit schemes are currently in place, and the recipients' obligation to be actively seeking for work, has at times been given low priority. One reason for the cultural change in the NAV is that a substantial number of the benefit recipients are of working age and, at least theoretically, they could be (re-)integrated into the labour market. With this in mind, the NAV broadened targeted services, including assistive technologies and its specific support for employers wanting to keep on an older workforce. Included in its new schemes are health-related programmes for employees, and a step-by-step programme for (re-)integrating employees receiving sickness benefits, and help for people with disabilities.

The strategy of offering targeted activation for benefit recipients that had not previously been on the NAV's radar is regarded as the NAV's relevant and important reaction to a labour market with a shrinking potential from the registered unemployed and an increasing demand for the labour force. The team of external assessors also noted the cultural change among employees at all organisational and regional levels of the NAV. Together with pro-actively offering solutions to the challenges created by the fundamental territorial reform and the digitalisation of society, the NAV staff believe the change agenda is highly relevant, coherent and consistent.

The external assessors are convinced that digitalisation offers a huge potential for freeing resources at the local office level which, in the past, often have used too much resources on administrative tasks. This process, however, could be supported by a more focused 'channel strategy'. This would of course require a clear definition of 'which service should be offered to which customer via which (exclusive) channel'. Standardised services should generally only be offered digitally, so that only those client groups who need it will take up resource-intensive face-to-face support such as counselling, guidance or coaching.

A belief in systematically basing the NAV's change process on evidence is just as important as digitalisation. The first steps are the intensification of research projects, a co-production approach for improving and (re-)designing the NAV's internal processes, a digital support structure and the implementation of pilot projects. These steps are promising, and they should unfold their full potential if systematic communication and the sharing of results (from research, scientific evaluation and pilot projects) can be ensured at all organisational levels.

4. ASSESSMENT OF CHANGE MANAGEMENT

The NAV has managed to create an atmosphere of openness to new ideas among its staff. In general, employees see the ongoing change process as an opportunity

rather than a threat, and this leads to a high level of commitment among staff and a strong buy-in for achieving the desired modernisation of services and organisational arrangements.

The positive attitude, openness and trust which has been achieved among the NAV's staff has also led them to see the decentralisation of PES tasks and responsibilities as an important chance to develop new solutions to common problems through enabling local initiatives and taking ownership of the change. Working in a changing environment and actively contributing to this change has become day-to-day practice among the NAV's staff, and this also enables them to quickly adapt to changing needs, developments and challenges.

Another important result is the clear change of mindset among the NAV's staff towards activating people who receive benefits and who have not been perceived as "marketable" in the past. This strategic orientation towards getting these people (back) into the workplace is – together with bringing in skilled workers from other countries to Norway – an important and suitable reaction by NAV to growing workforce shortages. That said, getting those people, who, until recently, have not been particularly in the focus for integration in the labour market, is challenging.

The decentralised offices in Norway have a great sense of responsibility and freedom, and the change strategy will only produce positive results if successful practices are systematically shared among the local NAV offices. This systematic dissemination of experiences (and/or a platform that creates transparency about what works for which client group and in which particular situation) has *not* been observed by the external assessment team. Widely relying on decentralised experiences and practices is therefore considered risky in view of the NAV's ambition to activate specific groups of benefit recipients.

Another positive aspect of activation is the focus on sustainable employment. As with the other PES in Europe, the NAV is naturally helping jobseekers to get back to the labour market quickly, but it focuses more and more on *keeping customers in employment* once their integration has happened. A visible sign of this focus is the supported employment approach, which offers guidance, counselling, coaching and so on to jobseekers once they found a job.

One of the driving factors towards creating cultural change in the organisation is a clear mission, handed from the top management to the officers at the local level. In this context, the external assessors noticed that the top management's vision of the NAV's has been effectively transported to, and fully absorbed by, the NAV's staff. Everybody in the organisation is aware of the NAV's strategic objectives and works towards achieving them.

Apart from a strong leadership, this is also due to the 'PULS' programme which promotes the development within the NAV offices and units through leadership training for its team leaders.

PULS is an extensive, two-year leadership development programme for the 1,600 leaders in the Labour and Welfare Administration. It aims to enable leaders to steer the NAV in the right direction, and at the same time to build a corporate culture. Cooperation and communication between leaders are key elements of the programme. An important basis for defining the contents of the PULS-programme was an extensive employee survey (the "Organisational Health Index") in 2014. Key findings were that the NAV has a potential for improvement when it comes to leadership, change and innovation and environmental orientation. On this basis, conferences were carried out all over the country, where the vision of the future shape of the NAV was presented to managers from all the local offices. At these regional

conferences, participants elaborated suggestions and defined the support they needed from the Head Office to achieve the desired changes. This formed the basis for the goals of PULS and the themes of the programme.

All leaders have participated in a programme for developing effective leader-groups. The programme was completed over a period of 18 months. The methodology, which is built around an existing leadership training concept, could be adapted to the needs of the different parts of the organisation and the individual management team. This general programme is now followed up by courses on selected themes. All programmes are conducted by own process facilitators in the NAV with contributions from internal and external lecturers.

A step forward will be achieved by intensifying the level of innovation in the organisation on the basis of local and regional needs, looking at their specific organisational and labour market-oriented conditions. The idea was, and still is, to finally empower, guide and engage the entire staff in a continuous process of change and innovation. In this context, an effective cooperation and partnership between the NAV and the municipalities becomes crucial. The alliances which have already been built led to integrated one-stop-shop services for citizens, such as the Youth Guidance Service in Drammen. They also create quick and targeted interventions according to their customers' identified needs, covering very wide needs including their health, their social conditions, their educational needs, the labour market and various other factors. A positive benefit 'on the side' from this kind of integrated service is that it can potentially reduce bureaucracy as it can immediately offer the right service to the customers, or at least redirect the customer to the right agency.

5. SUGGESTIONS AND RECOMMENDATIONS

On basis of the findings, the external assessors' team would like to make the following suggestions that may help the NAV during its process of modernisation and change:

- In order to achieve a synchronised change process that will help to further improve and modernise service provision throughout the entire country, the external assessors suggest *refining the change agenda to set up a comprehensive and coherent strategic document*. This should include a definition of strategic change objectives, their translation into operational targets, milestone planning, a description of responsibilities, resources and appropriate activities for achieving the objectives. The strategic document should help to increase transparency of the change and modernisation process and serve as an internal document (for managers and staff). It should also present the ongoing changes to the outside world, including stakeholders, customers, the media and the general public. A dedicated communication plan should therefore be an integral part of the change agenda, which should also help to monitor firstly what has already been achieved and secondly what still has to be undertaken, saying who would be responsible for it and setting a time frame. NAV could look to the Irish, Dutch, Slovenian and the Belgian Capital Area (Actiris) PES as reference examples on this.
- Another recommendation for supporting a synchronised change process is *installing change management team* at the NAV's Head Office. This change team should be *exclusively* dedicated to identifying and evaluating good practice at the regional and local levels and to create transparency about successful change strategies and projects in the regional and local offices. This should include communication, information and dissemination activities which allow for learning activities and processes throughout the country. The change team at Head Office level should closely communicate and cooperate with change agents and/or change teams at the regional and local level. The Danish and the Austrian PES offer successful strategies on how

to organise, implement and monitor modernisation processes through using appropriate change teams.

- A third suggestion of the external assessment team relates to the *IT-infrastructure*. The assessment team would like to encourage the NAV in its endeavour of implementing a modern IT system as the backbone for operational processes. It goes without saying that a modern and user-friendly IT-system is crucial to the success of the modernisation process. It is therefore necessary to define standardised processes of service delivery as precisely as possible in advance so that the desired support of an adequate IT system can be achieved by adequate IT tools and applications. A good orientation of successfully developed IT systems for modernised processes and service delivery chains are given by the Swedish, French and Flemish PES.
- With these ongoing changes, the team of external assessors sees a huge need for *training staff* to ensure that PES services are offered in a comparable way to its customers all over the country, and that the services are of a decent quality. Since the degree of freedom of local offices in how to organise processes is high in comparison to other PES, necessary standards of service provision and a minimum quality can only be achieved if employees at all levels develop a common understanding of objectives, strategies, tools, methods and formats of communication (and so on) with their clients.

Central training could, for example, relate to the modernised IT system and IT tools, while skills at county level should be increased in areas such as the analysis of labour market trends or the elaboration of county-related employer strategies. County level officers could for example support their local offices with labour market analyses related to the concrete labour market conditions in which the local offices operate. These analyses could be closely related to the economic sectors, the size of enterprises, how these enterprises work and so on. In addition, training for local office staff should concentrate on specific training needs which may vary from one office to another. Relevant practices for an integrated human resource development in a situation of change and modernisation can be studied at the Irish, the German and the French PES.

- In addition, *employer services* should be mentioned by the external assessors as possible fields for improvement. In order to allow comparable service provision and minimum quality standards in the services offered to employers, the external assessment team suggests the elaboration of an employer strategy at the central level that should give a clear direction of employer services, objectives and targets. The employer strategy should describe the specific role the PES will play in serving employers, and the interfaces to the services offered by other stakeholders, especially the municipalities. The employer strategy at central level should also serve as an 'orientation paper' for the more regionalised strategies at county and/or local level. This should, of course, be in line with the general strategic orientation. The Slovenian, Latvian, and the Belgian Capital Area (Actiris) PES are relevant examples of well-elaborated employer strategies.
- Furthermore, the external assessors also suggest *improving the harmonisation of services offered by case managers* (generally for the most vulnerable PES customers) *and the staff working in the employment services*. Co-operation needs to be strengthened as the NAV continues to collect vacancies which are difficult to fill from the profiles of its registered jobseekers. In this context, placement efforts and brokerage services, as well as the collection of vacancies, should be linked to each other in a more coherent

way. Good examples in this context can be studied at the Austrian or the German PES (with its “gemeinsamer Arbeitgeberservice” – a unified employer service).

- A final suggestion is using *performance management* as a proper management tool, not simply focused on the Head Office operation, but also in local offices for comparison of their performance. Thus far, performance information exists, but it is limited to monitoring. External assessors see significant potential in the performance management tool for supporting the modernisation process of the PES. It could make it a more market-oriented institution through increasing its result-oriented activities; and encourage the NAV to use performance results as a steering and managing tool in performance dialogues between central, county and local levels. The Danish PES offers a good example in this context.

