



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Portugal



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PES of Portugal

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1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the PES of Portugal (Instituto do Emprego e Formação Profissional – IEFP), conducted between May 29th and 31st, 2017. The team of six external assessors comprised two peer PES staff (Croatian and Latvian PES), two representatives from the European Commission and two experts from ICON-Institute (the supporting contractor). The programme of the three-day visit included meetings in the IEFP's head office with senior management/directorates and a visit to two local offices (in Setúbal and Alcobaça). The time and resources invested in the preparation for the Benchlearning visit by the IEFP, particularly its internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

The IEFP is somewhat distinctive among the EU PES network in that it is also a training agency with a substantial number of training centres. All unemployment benefit recipients have to register with the PES. While the Social Security Institute is responsible for the actual payment of unemployment benefits, the IEFP is responsible for active labour market measures. The IEFP Director General reports directly to the Minister for Labour represented by the State Secretary for Employment. The IEFP is a three-tier organisation with a central office, five regional offices and 54 local job centres. Of the job centres, 31 are combined with a vocational training centre. Furthermore, the IEFP runs one vocational rehabilitation centre and eight business creation centres. Each regional and local office is managed by a director.

In the aftermath of the economic crisis, the IEFP started a fundamental organisational change in 2013 with the aim to become a modern, flexible and efficient public service organisation. In order to increase the flexibility of tackling local and regional labour market challenges, one of the core elements of this structural change was the merger of 84 local job centres and around 30 vocational training centres into 54 local units.

2. SHORT SUMMARY OF THE CHANGE AGENDA

The change agenda of the IEFP includes a wide number of projects. The five major areas are:

1. In **human resources and work processes**, seven projects have been initialised:
 - i. Online implementation of the daily allowance process
 - ii. Online implementation of the overtime work process
 - iii. Non-financial incentives
 - iv. A programme to foster individual training for staff
 - v. The improvement of work processes ("continuous improvement")
 - vi. Raising the quality and efficiency of Vocational Training Offices
 - vii. The introduction of an electronic Document Management System (DMS)
2. In **modernising the ICT-systems**, five projects have been initialised:

- i. The introduction of the "UNO system" (the unification of different ICT systems)
 - ii. The development of an interface with the information system of the National Agency for Qualification and Vocational Education (the SGFOR-SIGO interface)
 - iii. The establishment of a "Business Continuity Plan" to respond to incidents that might impinge upon the operation of information systems
 - iv. The introduction of a "Security Audit" for information systems
 - v. A new system for budget, financial and administrative management
3. In **improving the provision of services to citizens**, six projects have been initialised:
- i. "ACTIVE LIFE Qualifications" - a qualification programme for people with the lowest qualifications (between 4 and 9 years of schooling)
 - ii. A programme for raising the awareness of ICT, and promoting ICT-based training
 - iii. Distance learning courses
 - iv. The introduction of "Centros Qualifica" for adult qualification
 - v. The "NAU platform", i.e. an association of five public administration organisations to implement an online platform that supports the education and training of large groups, focused on public administration but also oriented towards the citizen and society (MOOC).
 - vi. The enhanced monitoring of client satisfaction
4. In **improving the availability of information to support top and middle management**, two projects have been initialised:
- i. The modernisation of management indicators
 - ii. The provision of labour market data according to the needs of the local organisational units
5. In **improving services for better integrating jobseekers into the labour market**, five projects have been initialised:
- i. Support for managers planning proactive intervention, working together with employers
 - ii. The completion of jobseekers' profiling in a second interview
 - iii. Allocating a single career manager to each jobseeker
 - iv. Active relations with employers
 - v. The anticipation of company needs to enable faster matching

Altogether, the reform agenda of the IEFP is made up of 25 different projects. These are currently at different stages of developments. Several projects have not yet entered the design phase: the system of non-financial incentives; the programme fostering individual staff training; the new budget, financial and administrative management system; the completion of the jobseekers' profiling in a second interview; the project to anticipate company needs for faster matching and the NAU Platform. Only the SGFOR-SIGO interface project is currently fully implemented and therefore in its reinforcement phase. All other projects are work in progress.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

The reform agenda maintains the momentum for change which follows on from the re-organisation process which started in 2013. This deserves full support. The change agenda is fed from both internal and external sources. The Board of Directors and specific head office departments are indicated as sources for some internally generated reform projects, as is the self-assessment from the first BL cycle. The feedback report from the first BL visit in 2015 and governmental initiatives are major external drivers for change.

All change projects are clearly relevant, so the external assessors encourage the IEFP to continue with their modernisation agenda. The ultimate aims of this process can be summarised as (i) the prevention and reduction of unemployment, (ii) the creation of employer confidence and (iii) the enhancement of staff satisfaction. Against this background all single change projects are consistent and have the full commitment of the IEFP's senior management. This is an excellent basis for implementing reform and will be an essential determinant of its success.

The reform agenda's coherence, in the sense of all the separate projects forming a unified whole, can however be even further enhanced. Prioritisation, closer interlinking and paying attention to the interdependence of the different projects should help to focus staff attention on those that are the most important and critical to the success of the whole agenda. In addition, this could also support the better utilisation of the existing tools for improved service provision and performance improvement.

4. ASSESSMENT OF CHANGE MANAGEMENT

As outlined above, a large number of reform projects have been launched, many of them responding to issues identified during the previous benchlearning assessment. However, the initialisation process seems to lack a clear methodology (especially an assessment of the cost-benefit relationship of different change options) as well as the systematic involvement of internal and/or external stakeholders. The latter could explain the lack of awareness of the details of the different modernisation initiatives which was observed when visiting the local offices. Furthermore, there is a need for an overall coherent programme management structure linking the various initiatives which would enable prioritisation. As a consequence, the introduction of an evidence-based approach to project initialisation rooted in cost-benefit analysis would be helpful for the future appraisal of change options, and the identification of the potential benefits of alternative approaches.

At the moment, it is difficult to see an overall strategic vision for the organisation and there does not appear to be any "reform road map" detailing its pathway to achievement/realisation with time-bound milestones. This prevents the

presentation of a clear picture to illustrate how the various change projects can contribute to achieving the overall modernisation objectives. Significant work has been undertaken on the design of individual projects, albeit on a "silo based" approach to working on each initiative. Together with the limited evaluation and use of piloting this implies that there is very little impact analysis of the implications for the existing organisation of proposed changes. Furthermore, there is no possibility of systematically cross referencing individual projects to identify overall risks and dependencies.

Hence, the development of a comprehensive strategy, incorporating a vision with a catchy slogan is suggested (see also the next section). This should be supported by a change management road map detailing the specific (individual and departmental) lead responsibilities for particular aspects of the programme. It should operate with rigorous programme/project governance to assess, review, and monitor progress against clearly defined time-bound objectives, and it should make assessing progress possible.

A clear strength of the IEFP's change management programme is the serious commitment of top management to the modernisation agenda. Some efforts have been made to ensure that staff are aware of the technical implications of specific process enhancements and projects. Some (staff and client) feedback takes place, and specific points of contact are used to provide a focus for communication from the head office. This communication approach tends to be piecemeal, however, rather than part of an overall programme to communicate the broad modernisation agenda. The introduction of a specifically dedicated modernisation strand to communicate the strategic vision, with steps for delivery across the entire organisation, might therefore be helpful.

Notwithstanding the lack of overall cross-referenced scrutiny of reform projects, some individual concrete (and, broadly, time-bound) initiatives are now in situ. New processes and practices are either under development or in the process of being embedded into the operational delivery units. A broad overarching work programme is essential, and is not yet there. A work programme would assist evaluation of individual projects which could be cross referenced with other initiatives to establish their contribution to the overall modernisation agenda. It would also identify the resource implications of desired changes, and establish a clear set of priorities. To make this possible, a more comprehensive use of pilot projects as a part of the process for implementing changes, together with more formalised and systematic feedback loops, are recommended.

5. SUGGESTIONS AND RECOMMENDATIONS

Clearly, the IEFP is still in the middle of a fundamental and far-ranging modernisation process and it has made some visible progress towards becoming a flexible and efficient public employment service. To continue on this path, the external assessor team sees a clear need for the IEFP to develop a comprehensive strategy, incorporating a vision with a catchy slogan. In this section, we recommend possible approaches/tools and potential peer PES exchange partners to support this process.

Our ideas for the reform vision can be illustrated by a ladder, solidly anchored on a base, that brings the IEFP closer to its ultimate aims of preventing and reducing unemployment, creating employer confidence and enhancing staff satisfaction. Naturally, the ladder consists of two side-poles and several steps which all follow each other between the side-poles.

The first step on the ladder refers to tailored jobseeker support, based on (refined) profiling. It comes down to the efficient design of the IEFP's

“personalised customer service model” for all jobseekers, not only benefit recipients, with a strict orientation according to case complexity for the choice of caseloads and the use of blended service channels. In general terms, such a model contains three groups of jobseekers that vary according to their proximity to the labour market. The first is the “low risk group”, i.e. relatively easy cases close to the labour market, for whom a larger caseload is possible and contacts should primarily use e-channels, including “e-counselling” (using a “personal work folder” as in the Dutch PES). For them a rather low frequency of contact and a focus on “helping them to help themselves” is recommended. The second group is those of “moderate risk” of falling into LTU (long term unemployment) where a lower caseload and higher frequency of contacts should be established. For this group, a mix of face-to-face and e-channels can be used together with clearly defined “intervention/action strategies” for counsellors (including referral to promising ALMP measures) based on a clear “work first-approach”. The final group are the “high risk” clients, i.e. the complex cases, where the lowest caseload is appropriate, with the highest frequency of contacts, primarily face-to-face, and a case management strategy which is implemented, together with external partners, to enable an individualised approach to tackle their problems in a holistic manner.

The allocation to risk groups should be based on the available LTU-score and, ideally, an assessment of jobseekers’ skills by counsellors in a face-to-face interview. However, even if a lack of staff prevents the latter, the available profiling system allows for the segmentation of jobseekers according to the above-mentioned groups. It can therefore be used for both grouping clients and steering service provision. It is, however, essential that profiling is repeated, e.g. after six months. The most promising intervention/action strategies and ALMP measures for the “moderate risk group” can be identified systematically using a randomised controlled trial (RCT) and the Danish PES can offer help with this. Finally, the outcomes of jobseeker support should be adequately represented by results-oriented key performance indicators in the strategic performance management. It is worth emphasising that such a model aims at a targeted distribution of the available (admittedly) very scarce human resources. Its implementation is therefore a central prerequisite for an efficient provision of services, given the budgetary limitations. The Estonian PES has established such a model and could therefore serve as a valuable exchange partner. The Austrian, Croatian and German PES which are currently in the process of reforming their jobseeker support models along these lines can also be useful partners.

“Job hunting” constitutes the second step of the ladder. This refers to a targeted acquisition of vacancies, especially among the exceptionally high number of small and medium-sized Portuguese enterprises (SMEs). Promising approaches to putting this into practice can be found in the Swedish and German PES. They include “attentive listening” to employers’ needs and problems (e.g. using a tailor-made survey), pro-actively addressing employers as part of a strategy which is then communicated to all employers and other stakeholders, and the integration of concrete targets for the active acquisition of vacancies into strategic performance management. As mentioned above, a focus on SMEs seems logical given the employer base in Portugal. This requires specific tools and approaches (going “door-to-door”) which should be identified by piloting different possibilities, ideally using Randomised Controlled Trials.

The third step on the ladder step is the skills-based matching of jobseekers and vacancies to efficiently bring together jobseekers and employers. For this, the existing two-step matching procedure should be extended to include skills. Clearly, this requires recording employers’ skills requirements in all vacancy advertisements and it should therefore be part of the “job hunting” approach

mentioned above. In order to optimise opportunities to place clients the matching procedure should allow for some “fuzziness”, i.e. it should not only generate 100% matches. The Flanders PES (VDAB) has used this system at for several years and it can offer some inspiration and support on this issue. The Austrian and French PES are currently working on the implementation of it and might, therefore also be valuable exchange partners.

The fourth step on the ladder is the provision of preventive services, i.e. a systematic attempt to prevent unemployment by actively using the time between the notice of termination and the actual loss of a job thereby enhancing job-to-job transitions. The German PES has significant experience in the provision of preventive services, and the Estonian and Norwegian PES are also currently working on this issue. An exchange with these organisations could therefore be helpful. As a starting point, people on a fixed-term contract leaving the IEFP register can be “reminded” that their contract is about to expire in a specific number of months and invited to contact the IEFP as soon as possible in case continuity of employment is not assured. Furthermore, the active promotion of (primarily e-) services for the employed (e.g. advice on job opportunities, e-learning for job searches and CV-writing, access to vacancies, and the suggestion of suitable jobs) can help prevent unemployment. In addition, low-cost interventions can be designed based on insights from behavioural economics. These are often called “nudging” experiments and basically involve the use of easily understandable and compelling language (like “Contacting the IEFP pays off”) to incentivise people. The Danish and German PES have collected some experiences of similar low-cost interventions.

The implementation of a continuous improvement process is the final step on the ladder. This means regularly refining all the previous steps through systematic monitoring and evaluation. In this endeavour, the systematic use of customer feedback is essential, and it should not be confined to standardised satisfaction surveys, but it should also use qualitative tools like “accompanied customer journeys”. The latter are regularly and successfully used by the Austrian PES. The same holds true for involving customers (e.g. via focus groups) in planning improvements and regular self-assessment at all levels of the organisation. Information regarding this can also be found in the Estonian PES and the Flanders regional PES.

The side-pole at one side of the ladder, fixing the ladder steps, is the further reduction of bureaucracy. This has already been initiated by the IEFP and the assessor team would like to encourage the IEFP to proceed with it. Of course, the potential for such reductions is clearly restricted by national legislation as well as European rules and regulations. Nevertheless, any attempt at relieving staff from unnecessary administrative burdens will help them to concentrate on their core business and it therefore deserves full support. IEFP should seek to minimise internally generated bureaucracy and where ever possible remove non-value-added processes. Use of continuous improvement techniques such as Lean and Six-sigma could be considered. If politically possible and feasible IEFP could work in concert with other Government Agencies to challenge and reduce centrally driven bureaucracy. The introduction of an employee suggestion system, as in the Austrian and the Estonian PES, can support these endeavours. In addition, an easy-to-find section on the IEFP’s web-site containing a clear set of instructions on “paper work” for employers that want to apply for ESF-funded measures could facilitate the process.

Staff involvement in the form of development and feedback forms the side-pole on the other side of the ladder. The introduction of a talent management programme as in the British and German PES, the regular conduct of a general staff satisfaction survey as in Austria, the implementation of mutual internship

programmes across local offices and job-shadowing visits as in Estonia, and the initiation of non-financial incentives (e.g. in the form of an award like “Best of IEFP”) can all help to signal to staff that their efforts are appreciated and that management wants to foster motivation despite limited resources and heavy work-loads.

The base support for the ladder is built on three major principles. Firstly, a strategic performance management system in which the ultimate aims of the IEFP are adequately reflected in a clear focus on results-orientated indicators that are broken down to the level of local offices and translated into “personal missions” for all employees. In this context, the Austrian, German and Estonian PES can provide inspiration and orientation.

The second principle is quality management, i.e. the development and implementation of a holistic quality strategy. This starts with a clear definition of quality objectives (e.g. customer satisfaction, efficient use of resources and staff satisfaction) which are broken-down into measurable quality indicators and translated into contributions and action strategies for individual employees. Furthermore, the set of tools for the continuous monitoring of quality should be extended and a mutual support system to achieve the quality objectives across local offices should be established. The Austrian and the Flanders PES could be valuable exchange partners on this issue.

Systematic evidence generation is the third principle. This is the creation of knowledge of “what works and for whom” by establishing a “knowledge/evidence strategy” providing answers to the questions “What do we know? What are the areas where we need to know more? How can this knowledge be generated?” The answer to the last question will certainly involve a mixture of methods including surveys, descriptive analyses of secondary datasets, counterfactual impact evaluations based on administrative data and systematic piloting using RCTs. Therefore, the implementation of this strategy needs strategic partnerships with universities/institutes. A scientific advisory board would help ensure internal capacity building by learning from external experts. The Croatian, Danish, German, Norwegian and British PES have collected a lot of experience with the generation of evidence using different methodological approaches so they can provide support.

Finally, the team of external assessors is convinced that the IEFP’s modernisation plan would benefit from a slogan for all the employees which persuasively signals the goal and ensures that all staff (at all levels) are invited to contribute to the construction of the ladder. “The IEFP – together to the next level” might do this.

