



Benchlearning Initiative External Assessment

Summary report 2nd cycle – Slovenia



Written by ICON Institut Public Sector GmbH

2017



EUROPEAN COMMISSION

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

This publication has received financial support from the European Union programme for Employment and Social Innovation "EaSI" (2014-2020). For further information, please consult: <http://ec.europa.eu/social/easi>

LEGAL NOTICE

This document has been prepared for the European Commission, however it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Benchlearning Initiative External Assessment

Summary report 2nd cycle – Slovenia



Benchlearning Initiative External Assessment

PES of Slovenia

Summary Report 2nd cycle

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.....	7
5. SUGGESTIONS AND RECOMMENDATIONS	7

1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Slovenian PES (Employment Service Slovenia – ESS), conducted between July 3rd and 5th, 2017. The team of six external assessors had two peer PES staff (German and Flanders 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 ESS's head office with senior management/directorates, and a visit to two local offices (in Ljubljana and Črnomelj). The time and resources invested in the preparation for the Benchlearning visit by the ESS, and in particular the internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

The ESS is an independent public body, and it reports directly to the Ministry of Labour. It has a three-level institutional structure: a head office, 12 regional offices and 59 local offices. The head office is responsible for ensuring support and professional development for the execution of the activities of the regional and local offices. It is managed and steered by the ESS Administrative Council and the Director General (DG) who is directly appointed by the Government. The ESS Council has 13 members - representing employers and trade unions (3 members each), the government (6 members) and one from the ESS workers' council. The DG is supported by an Expert Council, a consultative body that consists of human resource management specialists from private companies as well as external and internal experts (including a previous DG). Finally, the ESS is responsible for issuing work permits to 3rd country nationals and administering unemployment benefits, but not secondary social support allowances. All recipients of benefits who are capable of work are obliged to register with the ESS.

2. SHORT SUMMARY OF THE CHANGE AGENDA

During the first BL visit, the ESS had already shown that it is a modern institution providing all the services a PES should offer, and that it has developed a fully-fledged strategy (known as the "2020 Development Strategy") to further modernise and improve the organisation. Based on this strategy, and taking into account the findings of its self-assessment during the first cycle of BL, as well as the corresponding feedback report, the ESS has developed a change agenda with the four central areas comprising several projects to be fully implemented by 2019.

In terms of services for the unemployed and jobseekers, the ESS aims to improve the effectiveness of the counselling process, and create a better matching of jobseekers and vacancies firstly by developing a 'competency model', secondly by increasing the knowledge of counsellors, and thirdly by fostering knowledge and an exchange of best practices among the staff. Furthermore, it wants to achieve a better labour market integration of vulnerable groups by enhancing the cooperation with other institutions and creating a single-entry point for addressing long-term unemployed. The reform agenda in this area also includes the better integration of multi-channel services into existing business processes, the increased use of e-channels, the strengthening of the role of lifelong career guidance by establishing partnerships, and co-creating new tools/solutions and offering these tools to people of all ages.

To improve services aimed at employers, the ESS intends to increase the quality of services offered to employers by establishing standards for regional and central

employer offices, introducing skills-based matching using a harmonised competency model, enhancing the prediction of short-term labour demand, introducing new surveys for monitoring employer satisfaction and extending the continuous further training of the staff that work with employers.

In the area of human resource management (HRM) the ESS has initiated, projects to identify employee competences and further training needs, to enhance leadership skills among managers and to transfer knowledge and experience among employees. These should be complemented by the implementation of better IT support for developing human resources and modernising human resource management.

Finally, in performance management, the ESS aims to refine management by objectives by renewing its system of performance dialogues and introducing an internal benchmarking of regional offices. Furthermore, updating the monitoring system for core and support processes and integrating risk assessment into the preparation of the annual business plan are part of the reform agenda in this area. The reform agenda of the ESS includes projects on all major core and support processes of the organisation. It therefore aims to further develop and refine the organisation in a holistic manner.

3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA

The ESS certainly stands out for its highly systematic and strategic way of addressing the organisation's future based on the Transitional Labour Markets (TLM¹) paradigm, which provides the foundation for its "2020 Development Strategy" (April 2015). This overall strategy is underpinned by, and broken down into, sub-strategies on information technology (IT), human resources (HR) and communication. These (sub-)strategies add up to a clear and convincing vision of the future role of the ESS as a "flexible organisation"² acting as the "key facilitator in the labour market", and offer a path to overcoming the challenges.

All the important elements of a modern PES (such as electronic document management, skills-based matching, blended service channels, intensive contacts with employers etc.) are either on the agenda, or partly implemented already. The ESS is also aware of the fact that it has to be "pro-active and partner-oriented" and that there is a need to "co-create effective programmes". Furthermore, the (sub-)strategies show a clear understanding of the need to "continuously update and adapt services for jobseekers, the unemployed and employers" by "mutual learning between ESS co-workers" in a "culture of trust" as well as "improved management by objectives".

The ESS has a high degree of awareness of the constituent elements of a future-oriented public administration and it has a lot of self-reflection. This means that its change agenda is highly relevant and that all its elements form a fully coherent and consistent whole. The ESS has an active networking approach with a large number of other European PES for the change agenda's design and

¹ The theory of TLM focuses on social risks over the course of a lifetime. The core idea is to empower individuals to take more risks over the course of their lifetime, not only by making work pay but also by making transitions more worthwhile. The focus lies on "flows" between different employment relationships, or transitions, over the course of a lifetime. One fundamental principle is enabling people to use their capabilities for a fulfilling personal life course.

² All the quotes in this section come from the ESS's "2020 Development Strategy".

implementation. It also demonstrates its open-mindedness through its responses to a large number of recommendations/suggestions from the first BL visit in 2015 (such as the seasonal adjustment of KPI monitoring, piloting a benchmarking model, enhanced labour market analysis for target-setting, the introduction of a non-financial award system, enhancing risk management, monitoring the quality of counselling and the introduction of market share indicators for vacancies).

4. ASSESSMENT OF CHANGE MANAGEMENT

Change is a well-managed and systematic process within the ESS. It is based on convincing strategic objectives and priorities with clear (and sometimes quantified) result expectations, and it follows a transparent dialogue about intended changes throughout the whole organisation. These are clear strengths of the ESS's change management and can serve as examples of good practice for other European PES. Nevertheless, there is room for improvement in the methodology of decision-making in the initialisation and design stages. Evidence-based methods could be used more systematically and frequently to thoroughly examine different change options by reliably estimating costs in relation to expected gains. Furthermore, while the overall strategy and the long-term objectives are outlined in a sophisticated manner, in some cases the "steps on the way" in relation to the existing business processes and business interfaces could be reflected more thoroughly. This also implies a stronger focus on risk analysis, as well as involving staff at different levels of the organisation more systematically giving their reflections and feedback on the design of the reforms.

The ESS has developed an elaborate communication scheme to create mutual support for the change agenda throughout the organisation. A strong commitment from top management and senior executives, as well as a very transparent flow of information, are clear strengths of the ESS's mobilisation process. That said, more space for feedback loops and corrective actions would help to ensure sustainable dedication to the reform agenda at all levels of the organisation, particularly in the local offices.

The implementation phase is also well-structured and fully transparent. More room for testing and experimenting with innovations could further enhance the "acting" phase of change implementation in the future. Finally, there is a high degree of awareness within the organisation that "anchoring" all the reform projects is important for achieving sustainable change. Still, there is potential for a more structured process, which could contain more refined evaluation and a more systematic transfer of good practices between regional/local offices. Introducing regular dialogue formats could therefore help to establish continuous staff discussion about the changes and potentially improve the results achieved.

5. SUGGESTIONS AND RECOMMENDATIONS

For the purpose of making the specific achievements and challenges of the ESS as comprehensible as possible, the assessor team decided to visualise them using the picture of a cake. The current state of organisational development at the ESS can be compared to a delicious-looking three-tiered cake, that could be further refined by adding more chocolate sauce, topping it with whipped cream, and adding cherries to turn it into an exquisite chocolate gateau. This would put the ESS staff as being on their way from traditional bakers to becoming pastry chefs. In the following, we provide some suggestions and ideas for transforming that cake into an exquisite chocolate gateau, together with suggesting some peer PES as valuable exchange partners in this endeavour.

The ESS's cake is on a solid plate of clear strategic thinking which manifests itself in the "2020 Development Strategy" and its three sub-strategies on IT, HR and communication. Furthermore, as mentioned above, the systematic and well-managed approach to organisational development and change makes another element of the plate the cake sits on.

The cake itself is made up of three tiers. The first is an open mind-set and a noticeable team spirit within the whole organisation, a high degree of self-reflection and awareness of necessary changes, an active approach to networking with other PES, remarkable transparency and strongly participative leadership, as well as systematic partnership building done with foresight. The chocolate sauce on this tier could be extended by refining performance management. The ESS has established all the essential elements of a fully-fledged, results-orientated strategic performance management system and it is currently working on its refinement. In this endeavour, a stronger involvement of local offices in the planning process should be considered for improving the acceptance of, and identification with, the performance targets. This can be achieved by giving local issues more room in the budget allocation process. At the moment, only the number of unemployed and the amount of previous spending are taken into account. This could be complemented by including the structural nature of local unemployment and by awarding more ambitious target levels with a higher budget share. Finally, the implementation of *bilateral* performance dialogues to identify corrective actions and good practices should be considered. The German PES actively offers its participation in discussions on these issues. The Estonian PES could also act as an exchange partner in this regard.

The second tier of the cake is formed by an elaborate jobseeker support model, and a strong focus on employers. The model for supporting jobseekers is based on a reasonable assessment of jobseekers' employment potential, and a segmentation system where the ESS is aware of the fact that it needs to be extended and refined with a competency model and better support for counsellors to put it into practice (e.g. by a statistically assisted profiling tool). The focus on providing services to employers is one of the key strengths of the ESS, and many initiatives have been launched to reinforce this further. Continuous efforts in this direction - including enlightening employers about demographic development - are crucial in the context of the ESS's attempts to use the whole national labour force's full potential (elderly people, ethnic minorities, and people with disabilities).

To add chocolate sauce to this tier, the development of a fully integrated and supportive IT system seems indispensable. The ESS is aware of these issues and it has taken the first steps into the right direction. However, external assessors see a clear urgency in this context since functional IT support is an essential requirement for the majority of all other organisational developments and the efficient work of front-desk counsellors. Of course, developing an appropriate IT system requires adequate resources and therefore an investment decision by the ESS's governance stakeholders. As the opportunities and benefits for the ESS - and its counsellors in particular - are so rich, all possibilities for speeding up this process are worth considering. They most probably require "thinking out of the box". The Flanders PES offers its support for discussing such options. The French and Dutch PES might also be valuable partners for an exchange on this issue.

In addition, the refinement of the ESS's multi-channel approach could add even more chocolate on this tier of the cake. Given the limited human resources, making sure that all possible channels are available, working and stable is essential, so they convince both reluctant clients and reluctant counsellors. Furthermore, it is worth considering to group clients in relation to different channels and to set quantitative targets in this regard ("by x deadline, we would

like y% of our clients to use channel z"). The Flanders and the French PES might provide inspiration in this context.

Furthermore, external assessors see the possibility for adding two cherries on this layer of the cake. The first cherry would be "strength-oriented" counselling. This picks up the idea of a more solution-oriented approach mentioned in the ESS's "2020 Development Strategy" and it refers to the fact that counsellors do not only need expert knowledge, but they also need methodical skills and social competences like empathy to be able to empower clients to make the most out of their assets. In this regard, the 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 ESS 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.

The second cherry is the interface between employment counsellors and employer counsellors where an employee-orientated mediation approach could be strengthened by reducing the "barriers" between the two counsellor groups. This could intensify the flow of information and ensure a better mutual understanding of the needs of both client groups. Employee-orientated mediation can be especially helpful for jobseekers who "on paper" appear unattractive for employers because, as typical examples, they suffer from a fragmented labour market biography or they lack formal qualifications, while their counsellors could be convinced that these jobseekers show potential for success on the labour market. For these "unpolished gems", employer counsellors can act as a door opener by actively offering them to employers during their visits. The assessor team very much acknowledges the first steps in this direction taken by the Ljubljana regional office and it would like to encourage the ESS to proceed in this direction. The more permeable design of the interface between jobseeker and employer counsellors is currently also an issue in the German and Swedish PES, so contacting these organisations for an exchange of ideas could be helpful. Furthermore, the experiences of the Flanders PES establishing a matrix organisation is certainly also interesting in this regard.

The third tier of the cake is the investment in the ESS's employees embodied in many activities to create a family-friendly organisation, extensive staff-training, participation in the EmployID project, a non-financial award system and the objective to implement systematic human resource management envisaged in the HR sub-strategy. Here, more chocolate sauce could be poured over it by developing a systematic management of knowledge, competences and generations. With an ageing staff and an expected retirement "wave" in the near future, the ESS is confronted with the challenge of systematically managing the transfer of knowledge and competences, as well as planning internal staffing. Therefore, the establishment of a clear overview on future internal vacancies, together with the development of a strategy to identify future trends regarding necessary competences is suggested. Ideally, this strategy would also take into account temporary (i.e. project-financed) employment within the ESS to ensure the best possible transition of temporary staff (by then trained) into open positions in the near future. For an exchange on career development and "generation management", the Austrian and German PES are interesting partners. The issue of generation management will also be on the agenda of the upcoming mutual learning events.

A cherry on this part of the cake could be setting up a systematic continuous improvement and a mutual learning process. For this, the regular and systematic use of semi-structured and accompanied customer journeys in local offices to

review the design of processes and services can be beneficial. This is a low-cost tool that provides valuable insights into clients' needs and expectations. The same holds true for the implementation of "Management Assessments" (MASS). For both approaches, the Austrian PES could offer instructive examples and practical advice. This might be complemented with the establishment of mutual job-shadowing and an active learning system across offices as in the Estonian PES. Finally, experimenting with new ways to foster bottom-up innovations (e.g. by opening up a "room of ideas" in all regional/local offices) and to support a "culture of trust" as envisaged by the "2020 Development Strategy" (e.g. by introducing "three empty chairs" at all management meetings to be occupied by interested staff) are ideas the ESS might find worth considering.

The development of low-cost interventions using randomised controlled trials (RCTs) could be another cherry to ice this part of the cake. The insights of behavioural economics suggest that phenomena like chronic procrastination, or an underdeveloped locus of control reduce search activities and increase the duration of unemployment. Relatively small and inexpensive interventions like an "immediate (i.e. on the day of registration) access to a counsellor" or information material using "easy language" to explain the benefits of active job search could be piloted using a randomisation approach. The latter ensures the generation of hard evidence on the impact of such interventions without any need for sophisticated econometric methods. Instead, more effort is necessary for the design of the intervention's implementation to ensure the internal validity of the RCT. The Danish PES is an interesting partner for an exchange of information as it has extensive experience implementing RCTs. The Estonian, French and Norwegian PES have also used pilot projects with randomisation in the recent past, and it could therefore be worth contacting them in this context. The German PES has some early experiences in their "info treatment" experiment on the potential of behavioural economics. Again, the Danish PES is currently also looking into this subject in depth, while the UK has set up a Behavioural Insights Team. An exchange with these organisations therefore seems promising.

Finally, the cake can be topped with some whipped cream formed by attempts to ensure sustainable successes. This means fostering the ambition of all staff at all levels to strive to achieve the best possible results in terms of client-oriented outcomes. These results can be seen as the filling of the cake and, hence, they need to be "squeezed out" to form the topping of the gâteau. In doing so, the Dutch PES practice of "front-runner" offices or the "greenhouse technique" in the Swedish PES are interesting approaches for the ESS to study. In addition, the already-mentioned job-shadowing and active learning system of the Estonian PES can help to achieve this. The same holds true for a system of internships for staff across offices.

All these approaches aim to accentuate the exceptional performance of specific offices, or teams in regard to specific results, and they could therefore incentivise other offices/teams to also try to become "role models". They introduce an element of competition among the offices and, at the same time, they try to ensure mutual cooperation and active exchange to establish a culture of "cooperative competition". During the site visit considerable heterogeneity and a rather broad range of organisational maturity across the regional offices became visible. Thus, the differences in context-adjusted performance across regional offices shown in the internal benchmarking system are a good basis for initiating this process. It can be supported by signalling a clear "demand for the best possible performance" by the ESS's management and rewarding exceptional performance during the recently established "ESS Day".

It is worth emphasising that, based on the impressions formed during the site visit at all levels of the organisation, the external assessor team is convinced that

the ESS could become a pastry chef and bake a chocolate gateau that is so appetising that other European PES would like to get its recipe!

