



# Benchlearning Initiative External Assessment

Summary report 2<sup>nd</sup> cycle –Sweden



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### PES of Sweden – Arbetsförmedlingen

### Summary Report 2<sup>nd</sup> cycle

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## 1. Introduction

This report outlines the results of the second Benchlearning (BL) external assessment of the Swedish PES (Arbetsförmedlingen), conducted between May 29<sup>th</sup> and 31<sup>st</sup>, 2018. The team of eight external assessors had three peer PES staff (Dutch, German and Finnish PES), three representatives 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 Arbetsförmedlingen, and a visit to two local offices in Södertälje and Enköping. The time and resources invested in the preparation for the Benchlearning visit by Arbetsförmedlingen, particularly its very well-structured change report, the additional thematic papers and the internal self-assessment, were crucial to its success.

Arbetsförmedlingen – the Swedish Public Employment Services – is a government-funded agency working on behalf of the Swedish Parliament and Government and under the remit of the Swedish Ministry of Employment. The Government issues binding ordinances, setting out provisions for the operations of Arbetsförmedlingen in different fields of labour market policy. At the end of every year, the Government issues an appropriation directive, which, among other things, specifies the tasks for Arbetsförmedlingen, the funds that it has at its disposal from the central government budget and how the funds should be allocated. Arbetsförmedlingen is led by a Director General, who is appointed by the Government together with the Deputy Director. It has a Board, whose members are also appointed by the Government and which is responsible for strategic decision making. Social partners are not represented in Arbetsförmedlingen.

Operational activities are carried out by 280 local employment offices clustered into three regions (South, Central and North). The agency's core activities are divided into three national and specialised areas of operation: Arbetsförmedlingen Employers, Arbetsförmedlingen Jobseekers and Arbetsförmedlingen Direct, which provides service via telephone and digital channels and which is responsible for developing the digital channels of Arbetsförmedlingen.

All recipients of unemployment benefits are obliged to register with Arbetsförmedlingen, which is responsible for monitoring that jobseekers fulfil the general entitlement conditions. Benefits are disbursed by the Unemployment Insurance Funds.

Key responsibility of Arbetsförmedlingen is to provide employment services to registered jobseekers and to employers. Its main objective is to improve the functioning of the labour market by

- Effectively bringing together jobseekers and employers searching for workers;
- Prioritise those jobseekers who are far from the labour market;
- Contribute to a stable long-term increase of employment.

## 2. SHORT SUMMARY OF THE CHANGE AGENDA

Arbetsförmedlingen is undergoing a fundamental change since 2014. The basis for this change process is the "Journey of Renewal", which describes objectives, targets, activities and milestones. It will be implemented by 2021 and its overall strategic objective is to become a modern and efficient expert agency, one that is highly respected in society and regarded as the natural partner of all those seeking

employment or new employees. In order to achieve this, it is Arbetsförmedlingen's ambition to fulfil the following conditions:

- meeting client needs,
- providing clear benefits for clients through the services offered,
- implementing well-defined routines for all support functions, as for example planning, monitoring and communication,
- introducing different channels for servicing clients,
- being leading experts on the labour market,
- being an engaged partner in relevant networks,
- working proactively and in a resource-oriented way, and
- having a clear and efficient organisation.

Currently, Arbetsförmedlingen focuses on four major change areas for achieving the overall strategic objectives defined in the Journey of Renewal and which will form the basis for additional change steps. These four areas are:

- the development of Arbetsförmedlingen's offers and services,
- the development of services via digital channels,
- the development of services via local and face-to-face meetings, and
- ensuring that Arbetsförmedlingen is the leading expert on labour market issues.

### ***Development of Arbetsförmedlingen's offers and services***

Arbetsförmedlingen is currently re-defining general services offered to all clients and, in addition, complementary services targeted at customers with specific needs. Continuous support through a chain of uninterrupted services has to be guaranteed for both groups. Once this task has been completed, a clear communication strategy will ensure full transparency in matching the appropriate service to each customer group. This should help to describe offers and services more clearly, both within the organisation and for the clients. In addition, it is planned to introduce procedures that allow for a constant further development and systematic renewal of the services. In addition to experiences from officers and customers, actual results and the outcome of pilot projects will play a significant role in this ongoing revision.

### ***Development of services via digital channels***

Another field of action is the expansion and improvement of digital services. In future, for example, customers will be able to meet employment officers and specialists through digital channels. This requires the modernisation of the support system, which will lead to a significant increase of self-service features. At the same time, the somewhat scattered IT-development initiatives will be prioritised to link them to each other more effectively. Furthermore, the number of dependencies between different technical sub-systems will be minimised, thus reducing interfaces and increasing the effectiveness of the system.

Another important part of the modernisation of digital services is the clear definition of customer groups and segments, and the corresponding services from which they can benefit. Minimum standards of delivery and quality of digital services have to be set.

### ***Development of services via local and physical meetings***

In addition to the establishment of digital services as the most important entry point to the service, Arbetsförmedlingen will implement a strategy that allows employment officers to provide in-depth support and qualified counselling directly to customers. The seamless services require the office network to adapt to client flows and needs. In addition, the right balance between services offered digitally (beyond such initial services as registration and basic matching) and face-to-face has to be defined in accordance with the different client segments. Part of this definition process is a coherent communication of which services are provided digitally or directly.

### ***Ensuring that Arbetsförmedlingen is the leading expert on labour market issues***

Arbetsförmedlingen is further developing its business intelligence. So systematically evaluating the impact of service provision is crucial to understand better what works and what doesn't. There is currently no systematic monitoring of services and Active Labour Market Policies (ALMPs). The biggest challenge is to implement the evaluation of delivery strategies. In this context, evaluation concepts must be able to measure effects of services that vary from one customer to another, since they usually consist of a mixture of different ALMPs and measures, depending on the individual need.

Apart from finding methodological solutions, Arbetsförmedlingen is on the right track when working on a strategy to translate findings from evaluation into practical action. This has to include ways of communicating and disseminating evaluation results.

In addition to these activities, Arbetsförmedlingen is continuously working to improve its employees' skills and its cooperation with labour market stakeholders to strengthen Arbetsförmedlingen's role as a labour market expert.

The general objectives and activities described in the Journey of Renewal have been further specified. Of particular importance is the strategic map. It sets goals for the next few years in a more differentiated manner, one that forms the basis for annual operational planning.

The strategic map is an important management tool for long-term planning and prioritising and for effective allocation of finances and resources. It defines strategic objectives and the respective conditions that Arbetsförmedlingen needs to achieve them. The conditions to be fulfilled relate to these five areas:

- an innovative service developer,
- a pro-active, in-demand partner,
- a sought-after expert,
- an attractive, challenging employer, and
- a good administrative culture.

Defined conditions can be seen as milestones to assess whether the Journey of Renewal is on the right path and whether the changes will work.

Yearly operational reports at all levels of Arbetsförmedlingen help to understand whether the expected results could be achieved. These operational reports form the basis for follow-up measures. If results are below expectations they can be used to implement further changes in order to meet the objectives set in the strategic map.

### **3. RELEVANCE, COHERENCE AND CONSISTENCY OF THE REFORM AGENDA**

The focal point of Arbetsförmedlingen's reform agenda is the Journey of Renewal. It describes the overall vision of the reform process and its central strategic goals. In order to achieve these objectives, superordinate measures have been described which create the conditions necessary to achieve the expected "cultural change". Strengthening ownership by applying the self-leadership principle is of particular importance here. Greater accountability of local offices is also a characteristic feature of the reform. Both are important tools for offering and continuously improving services to both jobseekers and employers.

The strategic and structural orientation of the reform process is complemented by reform or change areas in which actions have begun. They currently relate to the provision of services, the digitisation of processes and services, the relationship between supporting e-services to customers and face-to-face support and the anchoring of Arbetsförmedlingen as the central player in the labour market.

The external assessors believe the selected action fields are relevant and coherent. The fact that a strong focus is placed on the provision of services is consistent as Arbetsförmedlingen faces the challenge and high expectations on offering its customers real added value in their search for employment or for employees.

In the past, differentiated instructions, procedures and manuals have regulated processes to the smallest detail. As a result, there was a far-reaching bureaucratisation of services while the local potential of the employees could rarely be used to improve processes.

As part of the reform strategy the responsibility for improving services is transferred to local offices, freeing the potential and creativity of staff. Moreover, the substantial limitation of procedures coming from the central level, which was introduced with the Journey of Renewal, is assessed as consistent by the external assessors. However, from their point of view, it also bears the risk of fragmenting services. Minimum standards beyond the legal framework should ensure consistent individual and equal customer treatment throughout the country. This is challenging if the content, intensity and quality of the services offered are solely at the discretion of local offices or employment counsellors with no systematic exchange between the offices in place.

All in all, external assessors see a particular need to balance the relationship between decentralised implementation responsibility and guidance from the centre. Assessors acknowledge the decentralised approach and the opportunities offered by this when fully supported by the highly engaged staff of Arbetsförmedlingen. Guidance from the centre could support staff while preserving room for manoeuvre.

### **4. Assessment of change management**

The change management process of Arbetsförmedlingen is planned, organised and implemented in a very systematic and well-structured way and has a long-term



orientation. The Journey of Renewal as a reform agenda is a basis for all change processes that started in 2016 and will be complete by 2021. The starting point for defining the Journey of Renewal was a critical in-depth analysis of Arbetsförmedlingen's organisation and structure, its processes and offered services. At this stage, a couple of weaknesses were identified which led to a rather negative image of Arbetsförmedlingen among jobseekers, employers, stakeholders and the general public. A significant imbalance between customers' expectations and delivered services and expected quality could be observed. Furthermore, employees often had no overview of the broader context in which they were operating. In consequence it was not always clear why specific activities were performed in a specific way and how they were linked to activities carried out by other colleagues.

In order to overcome this situation, the Journey of Renewal initially aimed at a fundamental cultural change within the organisation. Core elements of this cultural change are (a) the self-leadership principle, (b) the integration of change into the ordinary management structures and (c) a strong client focus.

The concept of self-leadership aims to activate responsibility among all employees in what they do. Responsibility has therefore to be taken by everybody and not be delegated to "superior" levels. With regards to the integration of change into management structures, Arbetsförmedlingen decided to make change processes routine in the organisation. This is also achieved by delegating responsibility for steering and leading change processes to all managers.

Changes are piloted in some local PES offices but not implemented via separate change projects as this would risk being seen as additional activities, thus reducing the potential for employees to identify with the planned changes. In addition, the strong client focus was introduced via the so-called "greenhouse" principle, where frontline staff and customer develop new services and processes that create a real added value for Arbetsförmedlingen's customers.

Another important element for making the change process work is the Strategic Map that implements the overarching Journey of Renewal objectives. Results of implementation are discussed in the Director General's Management Group on a regular (monthly) basis and are embedded in the general framework for monitoring and assessing performance.

This framework for change processes leads to the involvement of all organisational levels. The activation and motivation of the entire staff is seen as crucial for succeeding in the desired fundamental cultural change by senior management of Arbetsförmedlingen. To achieve willingness and ability to change among all employees, support mechanisms have been implemented with which employees are helped

- a) to understand the purpose of change,
- b) to accept the change,
- c) to achieve the necessary ability for contributing to change, and
- d) to be willing to implement changes.

One important activity is to increase transparency of the planned changes. As an example, eight "strategic movements" have been defined, describing what should be changed and how:

- 1) The shift from unclear demands to empowerment of the customers

- 2) The shift from “my customer” to the “customer case”
- 3) The shift from administration to added value services
- 4) The shift from local dependence to digital independence
- 5) The shift from a general qualification profile to specialisation
- 6) The shift from unplanned to booked meetings between job-seekers and employment officers
- 7) The shift from IT-support to IT-core and
- 8) The shift from vague divisions of responsibility to well-functioning partnerships within the organisation.

From the perspective of the external assessment team, the Journey of Renewal and its consequent implementation can be highlighted as a reference example for other PES in Europe of a well-prepared and thoroughly implemented change process, including cultural transformation. To a large extent, the change process of Arbetsförmedlingen is based on trust from top and senior management towards all other employees. All management levels fully support the idea of developing Arbetsförmedlingen into a modern public organisation delivering relevant services to customers effectively. With this commitment of the management to the change process, strong support and openness of staff towards change has been achieved in recent years.

In this context, external assessors see the Journey of Renewal as a comprehensive and appealing strategy for achieving the desired cultural change of Arbetsförmedlingen. The first years of implementation are more than encouraging: broad support of employees, a bigger focus on client-orientation, enough opportunities for further developing services and processes in co-production between staff and customers (via the “greenhouse” approach) and the strengthening of bottom-up initiatives are some indicators of successful change management.

External assessors emphasise that the self-leadership approach is the important factor helping to increase the widespread ownership and commitment of the employees. Apart from being committed, self-leadership also increases the flexibility of staff in thinking out of the box, proposing alternative solutions for identified problems and/or weaknesses of processes, structures, organisational arrangements, and assuming the initiative in implementing appropriate solutions. External assessors are convinced that due to the self-leadership approach ambition and enthusiasm of the staff has increased significantly in recent years.

The change management process is ensuring that throughout the organisation new ideas are carefully examined before implementation. This is also possible because the Journey of Renewal leaves enough time for implementation and for achieving sustainable results. The long timespan for putting into practice the Journey of Renewal can therefore be seen to greatly aid the change process of Arbetsförmedlingen.

Nevertheless, the external assessors believe two specific aspects of the change management could need future attention.

One, a better balance between freedom and guidance seems necessary. Coming from a governance tradition characterised by a wide range of procedures, checklists and manuals that structured the operational work and reduced individual responsibility, the Journey of Renewal now offers huge potentials for local frontline staff and managers to take their own decisions. Here, external assessors see the risk

that services offered in the different local offices may vary considerably in terms of contents, intensity and quality. A better guidance from the regional and/or central level could therefore help to achieve minimum quality standards all over the country without reducing local creativity and flexibility.

Two, despite the Journey of Renewal, the Strategic Plan and the annual operational planning documents, the external assessors had difficulties identifying clear priorities of single change areas over time. Milestones have not always been defined clearly, using, for example, quantified targets. This makes it difficult to assess the current state of implementation and to decide which change areas need more attention and resources and which have already progressed beyond expectations.

## 5. SUGGESTIONS AND RECOMMENDATIONS

On basis of the findings, the external assessors' team would like to make the following suggestions that may help Arbetsförmedlingen in its renewal process:

- In order to successfully complete the modernisation of Arbetsförmedlingen within the envisaged timeframe and to strengthen sustainable structures for effective and customer-oriented labour market services, the external assessors suggest revising the relationship between individual freedom and governance. As has been said above, the self-leadership approach bears the risk of differences in contents, intensity and quality of services provided to customers. In order to guarantee a reliable service quality in the country, the external assessors therefore suggest giving more guidance to local offices and employment advisors. For example, common standards were considered useful for ensuring a level of standardised quality services. These should be developed at local level involving the respective staff members. Moreover, standards should be continuously checked and, when necessary, improved in a bottom-up process in order to enhance service efficiency and effectiveness. In this process, the regional or central level should facilitate and support developing and sharing good procedures and practices throughout the country in a systematic way. As reference examples, the Austrian, the French or the Flemish PES can be used.

For example, the Austrian PES defined a multi-level process map and reviewed its process management based on ISO 15504. A quality handbook was published that documents the management agreement regarding quality and process management, as well as opportunity and risk management concerning the customer management of the PES. As a result, minimum quality levels for processes and standard procedures have been described and are used by all officers. Despite the high level of standardisations, local variations are still possible and are actively encouraged by the management.

- A higher degree of standardisation could also help to increase the quality of the profiling and matching process. Currently, the profiling is based mainly on the assessment by the counsellors partly because the supporting digital tool is outdated. It is mainly the individual knowledge and experience of single employees that decides on the accuracy and quality of profiling results. External assessors suggest implementing procedures and developing supportive IT tools which guide employment officers through the profiling process in a systematic way, ones which are based on transparent and clear criteria but without reducing the counsellors' scope for action in individual customer cases. The process of profiling should be supported by a modernised digital profiling tool. It should take into account formal qualifications, work experience and the informal competences of jobseekers. Examples of

a more standardised profiling and matching are provided by the Luxembourgish and the PES of the Brussels Capital Region (Actiris).

The German PES can also serve as reference, especially with view to the four-phase model for integration (4PM), which starts with the profiling as first phase. It is followed by the phases 'target-definition', 'selection of strategy/strategies for integration', and 'action and controlling'. The 4PM is based on an individual and capability-based approach. The 4PM-process starts with an assessment of a customer's (re)integration perspective based on individual profiling by the counselling and employment officers in a personal interview. Using a holistic approach, the placement officer regards the full spectrum of the customer's competences. Thus, the profiling not only considers the occupational history or formal qualifications but also social skills, for example, flexibility, ability to communicate or resilience. If necessary, the placement officer can refer certain complex cases to specialised service teams (medical service and/or psychological service). On the basis of the profiling results, adequate support and ALMPs are defined which help in the integration process. The initial profiling has to be reviewed by the placement officer over time and will be enhanced or re-adjusted if needed. Nevertheless, all information regarding a client's profile will be adequately regarded, whenever they emerge in the range of the subsequent process of counselling and placement service. Successive support can also be offered after job integration in order to safeguard sustainable employment. 4PM thus provides a guideline and a structure supported by the IT system and also leaves officers free to conduct individual customer service and to make decisions on an individual case.

- It was not always clear to the external assessors in examining the management of the change process which priorities and timeframes existed for individual reform steps. The assessors' team is aware that not all pursued changes, primarily the cultural transformation, must necessarily be broken down in single steps and determined in time. Nevertheless, especially with regards to operational changes, the team of external assessors would like to suggest a more transparent milestone planning, one which could contribute to a more structured and effective implementation of change activities.

Relevant examples in this field are offered by the French PES, the PES of the Brussels Capital Region (Actiris) and the Dutch PES. In the Netherlands for example, a new service concept was recently introduced to further develop the former Digital First strategy so that in the first three months after registration, the contact between PES and jobseeker was made exclusively via e-services. After critical feedback, especially from employment officers and jobseekers, the possibility of face-to-face contacts was introduced, so that a corresponding need for discussion can also be met personally. To implement the renewed service strategy clear and measurable objectives were defined and communicated to all employees. An implementation plan integrated relevant milestones, intermediary targets and actions that needed to be taken. Staff training was set up with a support structure to secure smooth implementation of this intensified support for jobseekers. Furthermore, a specific monitoring tool (the S+MCA model – Secure, Measure, Control and Accounting) was introduced in order to reinforce the implementation phase, and to guarantee quality in-service provision.

- In order to support the targeted and successful implementation of the Journey of Renewal external assessors also suggest (1) the introduction of more systematic quality management, (2) greater support for local offices by higher regional levels, and (3) improved mechanisms to exchange knowledge and experiences with change processes within the organisation. Thus, a systematic quality management, which refers to processes, services

and organisational units of Arbetsförmedlingen could help to ensure a reliable service quality all over the country in addition to the systematic change/improvement work (Ständiga förbättringar i vardagen - Continuous improvements in the every-day work) already in place. Alongside clearer guidelines structuring the support to customers, a further-developed quality management system would also offer potential for continuous improvement processes. Reference examples for a systematic quality management are offered by the Estonian and the Austrian PES.

Following the example of the Austrian PES, quality management targets could, for example, be incorporated in the Journey of Renewal, the Strategic Map and the Annual Operational Plans. From this starting point, a systematic and comprehensive integration of quality management could be achieved while maintaining the self-leadership approach.

- As already said, the self-leadership principle leaves a lot of space to local offices and their employment advisors to modify the process of organising and delivering customer services. One effect is the increasing ownership, commitment and enthusiasm of Arbetsförmedlingen's employees. To speed the process of local modernisation and innovation, the external assessors recommend better regional support. That should not consist in directing the local offices or convincing them of what to introduce or change and how. The higher levels – head office, regional offices, area office – should have more the role of supporting the local offices in moderating the change process, thus offering methodological support and guidance.

The Danish PES can be regarded as one of relevant examples in this field. In the decentralised Danish system head-office representatives are regarded as specialists who are called in by the local offices according to their needs. Finally, the newly created Italian PES is working on an effective model of supporting the regional PES (run by the regions) in their change process and management.

- In addition, the external assessors also suggest to increase the possibilities for systematic exchange between the local offices, for example via systematising internal exchange and learning formats. These should build on results of existing cluster analysis which provide good possibilities for PES offices with almost the same circumstances to learn from each other. Since the degrees of freedom are huge, process innovations as well as changes in service delivery and organisation take place simultaneously, and often such developments are not known throughout the organisation. To reduce the risk that more local offices work on the same issue without knowing the experience of each other, different strategies have been implemented in the European PES, which could be beneficial for Arbetsförmedlingen.

As an example, in Germany systematic exchange processes among local offices are organised in clusters, i.e. local offices characterised by similar labour market conditions and structures. The Austrian, the French and the Flemish PES also offer relevant expertise in this area. Good results have also come about in the Netherlands with the so-called 'domain structure'. In this model, the thematic competence for specific change processes is delegated to the management of a regional office. In the Dutch system, the regional manager is not only responsible for the performance of local offices in his/her region, but also for pushing forward specific change processes (belonging to his/her domain) throughout the entire country. This strengthens knowledge and increases the overview of which change processes are being implemented, which progress is made, and how potential problems

can be solved. Regional managers thus have the function of multipliers and disseminators of change results and experiences.

- As a major risk for the successful implementation of the Journey of Renewal, external assessors consider the decision-making process on policy level, especially with relation to changing political priorities. In order to be able to demonstrate the added value and the results achieved with the implementation of the Journey of Renewal, external assessors recommend strengthening the evidence-based management system within Arbetsförmedlingen. This should include a transparent performance management that serves results and outcomes on quantified targets as, for example, in the Estonian PES. Intensified scientific evaluation of ALMPs and processes building upon the experiences made with evaluations and analysis carried out by the Institute for valuation of Labour Market and Education Policy (IFAU) could also help to prove the added value of services offered by Arbetsförmedlingen and ALMPs which have been implemented.

Relevant examples of evidence-based management can be found in Estonia, Denmark and Germany. While the Estonian PES counterfactual impact analysis is used as a standard technique for evaluation, the German PES often implements combined quantitative and qualitative research concepts. These quantify the net effect of specific interventions and in the same time help to understand why these effects have been achieved. In this context, the external assessors suggest a stronger focus on some meaningful quantified performance indicators, ones that are directly linked to services and ALMPs offered by Arbetsförmedlingen. This will, as a consequence, also help to create evidence within the political level and the general public that services offered by Arbetsförmedlingen are meaningful and effective. For the time being, success is often related to macro-economic targets that are strongly determined by factors the PES cannot influence.

- In addition to a result-oriented performance management, supported by a scientific-based evaluation approach, a comprehensive communication strategy is also regarded as important element of performance management. This can contribute significantly to Arbetsförmedlingen's ambition to be a proof PES which can (easily) demonstrate its contribution to labour market and societal developments. In the case of Arbetsförmedlingen this could also help to overcome the somewhat negative image the PES still has in media and society. The Flemish and the Irish PES offer good examples of successful communication and public relation strategies.

