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General Feedback Report TLD 2 – EUIF
'Change Management'



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¹ DECISION No 573/2014/EU

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1. INTRODUCTION

The second Thematic Learning Dialogue (TLD) on "Change Management" was held on 9-10 April 2019 in Tallinn. It was hosted by the Estonian Unemployment Insurance Fund (EUIF) with Participating PES coming from Bulgaria, Hungary, Lithuania and Malta, each represented by two experts. In addition to that, the peer PES in France and Luxembourg both sent an expert to act as supporting peers for the Participating PES. The lead expert from the ICON consortium was in charge of moderating the TLD. Finally, one additional member from the ICON consortium attended the TLD, as well as a representative from DG EMPL in the European Commission. Dossiers on Participating and the Host PES had been drawn up, checked and sent to all participants before the event. A preparatory 'virtual kick-off meeting' was held on 25 March. This helped to clarify the roles of all the participants, and it discussed the final agenda and participants' expectations from the TLD.

2. PRESENTATIONS BY HOST PES

After the welcome and a brief round table, the first presentation was an overview from the Host PES on significant changes that have taken place at the EUIF since its establishment in 2002. Since then, the mandate and the responsibilities of the EUIF have increased steadily, as has the number of EUIF employees. Established in 2002 with a focus on the usual responsibilities of an insurance fund, the EUIF then started to implement Active Labour Market Policies (ALMPs) and, since 2009, counselling services for jobseekers. With its 'Workability Reform' programme, the activation of people with reduced capacity to work was integrated into the EUIF portfolio in 2016. In 2017, preventive measures for upskilling employees which reduce their risk of unemployment were added to the EUIF's responsibilities, and in 2019 career counselling services for young people at school were also added. As a consequence, the number of employees at the EUIF has risen continuously, from 20 staff in 2002 up to 906 more recently.

In order to cope with this increasing number of responsibilities and field of activities, the EUIF introduced a matrix organisation which very much helped to manage the changes in an effective way. The clear advantage of this organisational set up is the flat organisational model which allows quick communication between top management, middle management, local office managers and employees. Another helpful element facilitating change processes is the relatively high degree of freedom enjoyed by the EUIF. This ensures that organisational processes can be adapted to new needs in a relatively easy and quick way.

In addition, the EUIF has implemented a clearly defined change process with four characteristic core elements:

1. A clear process orientation with four consecutive phases
2. The establishment of thematic working groups
3. The support of ownership within the organisation for change
4. A clear and targeted communication strategy.

All change processes have to go through the following *four phases*.

- *Phase 1 – Initiation:* the objective of the initiation phase is (1) to gain full understanding of the change needs and to contextualise them, (2) to clearly define the needs and (3) to agree on the overall objective of the desired changes with the relevant stakeholders (e.g. the government, the Supervisory Board etc.)
- *Phase 2 – Planning and piloting:* the aim of this phase is the development of an action plan, designing the relevant services and processes to be delivered, developing suitable performance indicators, defining and securing necessary

resources (e.g. HR and ICT) and establishing a suitable communication strategy. Where necessary and feasible, small-scale pilot projects are set up.

- *Phase 3 – Implementation:* in this phase, the changes affecting the entire organisation are rolled out. Results from the piloting stage are taken into consideration. During implementation, it is necessary to quickly identify and effectively deal with setbacks and resistance at the different levels both within and outside the organisation.
- *Phase 4 – Securing change:* the fourth phase is the sustainable implementation of the changes by collecting and systematically analysing results and feedback related to the changes, implementing corrective actions if needed, and celebrating success.

In addition to this clear process, the setting-up of in-house project teams as '*thematic working groups*' helps to secure the success of change activities within the PES. Each change activity is organised as a separate project with a clear definition of its subject, the relevant sub-activities, the expected outcomes, the responsible actors, relevant deadlines and an ongoing overview on how the defined sub-activities and tasks are being achieved.

Following the principle that 'organisations do not change, but people do' is the key for successful changes, the *creation of a sense of ownership of change programmes among the staff* is also a core element of all change activities within the EUIF. The starting point for this is the participation of staff in the process at the stage of creating ideas, of deciding with staff on contents, methods, timeline and outcomes for the proposed changes. Through integrating staff at this early stage, employees play an active role in the change process. Ideas are discussed openly and suggestions for improvements are taken seriously. When a change project is underway, the so-called Strategy Days with representatives from all organisational levels help to identify implementation problems and they agree together on targeted solutions for overcoming obstacles.

A central element for a successful change process is a clear, comprehensive and consistent communication strategy. At the EUIF, the communication strategy is targeted to the different audiences outside (e.g. partners, customer groups and the general public) and inside the organisation (e.g. middle management, local office management and counsellors). For internal communication, it is important to clearly show to the staff what gets lost with the introduction of the changes, what will be kept and what the (potential) advantages and opportunities are connected to the planned changes.

The objective of the EUIF's in-depth presentation was to illustrate its strategy for developing and implementing changes on the basis of a practical example: the 'Work Ability' Reform. This reform was introduced in 2016 and it aims to get people with reduced working capabilities back to work.

Core elements of the reform include the introduction of new elements for supporting people with reduced work capability:

- a new form for assessing their ability to work,
- the assessment of benefits payment according to their degree of working capability with lower amounts of benefits for partially reduced work capability and higher amounts for those who are fully incapable of working,
- mandatory activation measures for people with partially reduced work capability,
- specific employment measures and schemes for activating people with partially reduced work capability, and specific measures for social welfare support for those who are totally unable to work.

The EUIF's engagement in the Work Ability Reform led to a series of organisational and service-related changes. The earlier two-tier employment counselling was strengthened by adding disability employment counsellors as a third tier:

- *Disability Employment Counsellors* work with customers who need more extensive help in finding or keeping a job because of their disability or health situation on a case management basis. They have a maximum of 100 customers and the average duration of individual contacts is around 54 minutes. Around 60% of the target group are serviced by Disability Employment Counsellors.
- *Case Managers*, with around 140 customers, also work on a case management basis. The average contact lasts around 37 minutes. Roughly 30% of the target group are counselled by the Case Managers.
- The remaining customers from the target group (10%) are supported by *Job Mediation Counsellors*. Each of these counsellors works with around 220 clients. The average duration of the contact is 22 minutes.

Contacts include face-to-face meetings in the employment office or on the premises where rehabilitation takes place, to phone and skype-based contacts and to contacts via E-Töötukassa (the online platform of the Estonian PES). Depending on the customers' needs, the EUIF can offer a wide range of targeted support services, including work-related rehabilitation, peer counselling, supported employment, travel-to-work allowances and mobile counselling, assistance with job interviews, and technical 'aids to working'. In addition, employers who are willing to fill a vacancy with someone with reduced work capability are offered specific counselling and training (e.g. on disability management), financial compensation for disability-related training costs, wage subsidies and social tax benefits.

3. WORKING GROUPS AND THEIR RESULTS

There were two group work sessions in total, the first one (on day one of the TLD) lasted around two hours, the second one (on day 2) lasted around three hours. At the end of each working session, working group results were presented and discussed in a plenary session. For the working sessions, the following pairings were made between Participating PES on the one side and Host PES or supporting peer PES on the other side: representatives from the Estonian Host PES functioned as supporting peer for Lithuania and Bulgaria, a coach from France supported the Hungarian PES, while the Maltese PES representatives were assisted by a coach from Luxembourg.

3.1 FIRST WORKING SESSION: STOCKTAKING

The *first working session* aimed at identifying those elements of the Estonian PES which offer interesting ideas for the Participating PES in their specific situation. Since the context, mandate and current challenges faced by the Participating PES are different, different aspects of the Estonian PES were highlighted.

The Bulgarian Employment Agency (EA) – Bulgaria

The *Bulgarian PES* (the EA) is currently characterised by a clear top-down management structure with limited possibilities for staff to participate in decision-making and change processes. Given this situation, the top management encounters some difficulties in activating the creative potential of its employees and finding appropriate ways for creating platforms where staff can bring in their own ideas and initiatives. Apart from the traditional hierarchical structure of the organisation, the low wage-level, high turnover rates and the amount of Bulgarian 'work regulations' are also seen to be holding back the EA. The first steps for achieving more 'ownership' of change programmes among staff have been made by introducing the "innovation proposals portal" where employees can suggest concrete solutions for identified problems. If an EA employee sends a proposal for innovation through the platform, he/she is awarded a non-financial incentive in accordance with the

Non-financial Incentive Scheme for Employees at the Employment Agency. At the discretion of the Management when a decision was made to implement social innovation in the EA's activities, the employee may also receive a financial incentive.

In regard to the presentations from the Estonian PES, the representatives from Bulgaria highlighted the staff commitment at all organisational levels, their openness to change, as well as their willingness to improve, as remarkable and as a source of good inspiration. On a more practical side, the face-to-face meetings between management and employees in order to generate and discuss potential ideas for the improvement of processes and structures were considered an interesting approach for achieving a high level of involvement and commitment of staff to change processes.

In the comparison between their own PES and the Estonian PES, the Bulgarian representatives developed the following concrete ideas for increasing the commitment level among their staff:

- broadening the information basis of management on staff needs by expanding the current employee satisfaction survey to the regional level. The objective of this would be to give managers of local offices more information about what their own local office staff think, suggest and request.
- increasing the offers of training to improve the competences and skills of their employees.
- implementing new formats for dialogue between all levels of the organisation in order to promote the exchange of ideas, and to systematically exploit the creativity potential of the organisation.
- promoting leadership and supporting a positive attitude of managers at all levels.
- the development of a comprehensive Human Resources Strategy including career opportunities within the organisation, and flexible work arrangements, to attract more staff and better motivated staff.

National Employment Services (NES) - Hungary

As far as the *Hungarian PES* is concerned, national programmes funded by the ESF for the development of labour market policies and institutions (the "Road to labour market" and "Strengthening labour market reforms with the adaptation of county and district labour market offices") currently ensure financial and staff resources for modernising the PES services and they provide tools which are run jointly by the Ministry of Finance and the county government offices. In appropriate Action Plans covering the period from 2019 to 2021, the workflow at the county and district levels, where the local labour market offices are located, are worked out with the participation of the PES staff. The Action Plans focus on employers' needs and have the objective of placing jobseekers and/or public workers on the primary labour market. In total, around 50,000 jobseekers will be integrated on the primary labour market. In order to achieve this, the staff have to be prepared and trained adequately, which means a huge cultural shift away from simply administering unemployment to activating jobseekers and placing them in suitable jobs. In this endeavour, the Hungarian PES encounters some specific difficulties that are a consequence of a rather complex institutional setup. The lack of a coordination mechanism between the ministries which influence the way in which PES services at regional and county level are organised and implemented has also created problems in Hungary. As a first step, thematic working groups have been set up to plan for and implement services targeted to employers' needs, and to bring together labour offers and demands for the further development of a functioning profiling system, and for the development of new tools for clients (typically e-services) and for PES staff (typically methodology).

The representatives from Hungary highlighted as important elements to learn from the Host PES's experiences were firstly the clear and coherent change agenda and strategy, secondly the high level of awareness among staff of the need for change, thirdly the mixed top-down and bottom-up approach for planning and implementing those changes, and, finally, the way of communicating change progress throughout the organisation. At a concrete level, the "Strategic Days" with regular staff and management meetings on strategic issues, creating the possibility for evaluation, systematic follow-up, and mutual planning (etc.) of the change and the leadership programmes for managers were indicated as examples which could also be interesting for the further development of the Hungarian PES. In cases of fundamental changes in the organisation, "Motivational Days" were organised for relevant staff groups involved in the change process.

Comparing their own PES to the Estonian PES, the representatives from Hungary developed the following concrete ideas for achieving the desired change of their organisation focusing more on employers' services and jobseekers' placements in the primary labour market:

- firstly, it seemed appropriate to increase their staff's ability to provide services and placements for employers through the development and implementation of a targeted training programme which makes use of modern training methods;
- secondly, a greater involvement of the PES staff and the county office management in the planning of the new services seemed to be necessary;
- thirdly, better communication with the aim of sharing information between the organisational levels, particularly with staff and managers at county level, was regarded as necessary, to make best use of existing staff resources and to avoid resistance to change. In this context, regular information exchange including the Estonian PES's 'exchange formats' seemed promising.

In order to achieve this, some basic activities were elaborated by the representatives of the Hungarian PES:

- the development of a clear, understandable and comprehensive concept for profiling, matching and placement of jobseekers in the primary labour market, as well as appropriate support services according to jobseekers' needs;
- the development of clear regionalised and county-based employer strategies including strategic partnerships with employers at county level;
- a coherent and comprehensive training programme for improving staff competences aimed at creating a better supply of services for employers and jobseekers. These training programmes should be based on surveys on training needs among heads of departments and units.

Lithuanian Employment Services (LES)

One of the most important observations of the representatives of the Lithuanian PES is that change in Estonia is a formal managed process. This means that change does not only affect different areas of the organisation, services or ALMPs, but it has its own structure. This is quite different to the situation in Lithuania which has a rather weak structural approach for change management. One example of this is that there is no formal project team to develop and implement change projects and activities.

Another difference is the lack of involvement of stakeholders within the Lithuanian PES. As a result, the identification of staff with changes resulting from top management decisions is low. Commitment to and ownership of changes therefore remain limited.

A third difference relates to the objectives of change: while the Estonian PES clearly links them to strategic PES goals and to their Key Performance Indicators, the Lithuanian PES' change objectives and strategic goals are not linked to each other. In addition, the current performance indicators of the Lithuanian PES are not connected at local level to quality management or process management indicators.

Strongly connected with this is the strong focus of the Estonian PES to transparency of objectives, the change process and its contribution to the overall PES development and performance. The Estonian PES is working towards improving the accessibility of all PES-related information, developing visualisation tools to enhance an easy access of information for staff, and creating a methodological handbook of PES indicators. A broad variety of information is also collected in the Lithuanian PES, but employees cannot fully exploit the existing data as they lack the knowledge on how to use this information.

As a result, the comparison of change management structures of the Estonian PES and the current state of the Lithuanian PES revealed the following areas for action:

- The identification of internal stakeholders to be included in the change process within a bottom-up approach, in order to promote ownership of local office managers, while connecting it to the already existing top-down approach.
- The creation of a change project team for the implementation of change activities.
- The elaboration of a real project plan with objectives, expected results, responsible actors, deadlines etc.
- Connecting a quality management system with labour market indicators to a single information system.
- The elaboration and implementation of a methodological indicator handbook which increase the staff awareness on the data stored in the system, and how this information can be used.

Jobsplus - Malta

While staff are already involved in the design and in the planning of changes in the Estonian PES, so far staff of Jobsplus have not played an active role in the initial phase of change projects. Another difference between the two PES is that customers are also involved when the Estonian PES plans to modify or revise its services for customers, while customer participation has not played a role when Jobsplus in Malta introduced new or changed its already existing services. Other important differences refer to the following areas:

- In the Estonian PES the need for change is communicated and explained throughout the entire organisation, and feedback is collected at all organisational levels, analysed and taken into account when finalising the concept for planned changes and their implementation. At Jobsplus, major changes so far are decided by the top

management and simply communicated to the subordinate organisational levels, which sometimes creates mistrust and misinterpretation of the desired change.

- While the Estonian PES dedicated change project teams are led by those managers who will also be implementing the changes at a later stage, change project teams are not used by Jobsplus.
- In addition, change projects in the Estonian PES are first tested in a pilot phase before being rolled out across the entire organisation. So far, the Maltese PES has not carried out pilot projects in a systematic way.
- Furthermore, the evaluation of pilot projects and of newly implemented or revised services and processes is part of the DNA of the Estonian PES, whereas at Jobsplus a systematic evaluation of what works and what does not work is limited to ESF-funded projects.

In addition to the differences identified, there are also some similarities between the Estonian and the Maltese PES. As in the Estonia, Jobsplus can build on sufficient resources for change projects (e.g. internal/external expertise or financial resources), which can also be accompanied by targeted staff training to ensure that the desired changes in service provision etc. can be realised. As in Estonia, the Jobsplus IT system is based on a rich source of information, referring for example to deliverables for specific target groups such as the long-term unemployed (LTU) and including information on which service is offered, by whom and its level of intensity.

It is worth mentioning, that for the past three years Jobsplus' services to the long-term unemployed have been contracted out to private providers. However, Jobsplus is to again start delivering services directly to this customer segment from October 2019. Jobsplus has committed itself to offering a new enhanced service to the long-term unemployed from October 2019 which will not simply be 'more of the same'. As a consequence, the process of service provision, targeted customer support and relevant tools and ALMPs have to be revised according to the needs of this specific target group. So far, the Change Agenda of the Maltese PES did not focus on the LTU, which means that specific activities for the integration of LTU in the labour market were not part of the overall modernisation strategy of the PES.

On the basis of the identified differences between the Estonian and the Maltese PES and their specific context, the representatives from Jobsplus drew the following conclusions for improving their change activities:

- A clear, structured and systematic plan for elaborating, planning and implementing changes should be followed.
- Change projects should be based on a plan of relevant, realistic and concrete activities.
- The integration of targeted measures for the labour-market integration of long-term unemployed into its general 'Change Agenda'.

3.2 SECOND WORKING SESSION: ADAPTATION

The objective of the second working session was to build on the first session, this time with concrete ideas for activities supporting the PES change process on the basis of the example presented by the Estonian PES. Assisted by supporting peers and experts from the Host PES, all Participating PES managed to elaborate an outline of change with milestone, in line with the identified needs, and they pointed out potential activities and sub-tasks, potential deadlines, responsibilities and relevant stakeholders to be included in further steps. The results of this second working session are presented separately in Chapter 5 of the Individual Feedback Reports.

4. GENERAL CONCLUSIONS FROM THE TLD

Despite the relatively heterogeneous context in which Participating PES operate and the diverging priorities of their change agendas and learning needs, some important elements of the strategy on how to organise and implement organisational changes in the Estonian PES are thought to be crucial for all Participating PES. These elements include:

- a) strong internal and external partnerships,
- b) an active involvement of the staff at all organisational levels in the change process,
- c) a high level of transparency of the planned changes achieved by actively informing the staff and
- d) a strong link between the change project and the overall organisational performance.

In general, participants were very satisfied with the work presented by the Estonian PES. They confirmed a high quality of the presentations: 90% rated both the general introduction on how the change process is structured and the in-depth presentation on the workability reform as either "very good" or "good". Working in teams was highly appreciated by participants as well: in the post-event survey this form of exchange was rated "very good" or "good". General potential for improvement was however seen in the clarity of guidance to the working sessions (in this context, only 80% gave a "very good" or "good" assessment) and the quality of feedback sessions from the working in teams was assessed as "very good" or "good" by only 60% of the participants. Specific suggestions made by participants to increase the quality of the working sessions related to an increase in the time allotted for team-working and a clearer guidance on the objectives of the working sessions and the expectations on inputs from Participating PES and supporting peers/experts.