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General Feedback Report TLD 3 – NAV

‘Performance Management: leadership, quality and communication’



*Written by ICON Institut Public Sector GmbH
Marco Puxi
ISG
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Contact Gudrun Nachtschatt

E-mail: EMPL-PES-SECRETARIAT@ec.europa.eu

*European Commission
B-1049 Brussels*

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1. INTRODUCTION

The third Thematic Learning Dialogue (TLD) on “Performance Management – Leadership, Quality and Communication” took place on 29-30 April 2019 in Oslo. It was hosted by the Norwegian Labour and Welfare Administration (NAV) with Participating PES coming from Finland, Iceland and Lithuania, each represented by two experts. In addition, there was an expert from the German PES and an expert from the Estonian PES acting as supporting peers for the Participating PES. The lead expert from the ICON consortium moderated the TLD. Finally, a representative from DG EMPL in the European Commission also attended the TLD. Prior to the event, dossiers on Participating PES and the Host PES had been drawn up, checked and sent to all participants, and a preparatory ‘virtual kick-off’ meeting took place on 11 April. This helped to clarify the roles of all the participants and discuss expectations and the final agenda.

2. PRESENTATIONS BY HOST PES

The participants were welcomed by the General Director of the NAV who pointed out the great pleasure of hosting this TLD and sharing NAV’s experiences with its ‘leadership’ approach as a core element of the organisation’s performance management strategy. Around 19,500 employees form the backbone of the Norwegian welfare state working for the NAV and the Insurance Fund, of whom around 5,000 are directly employed by the municipalities. The high level of autonomy given to the municipalities, and the very different local contexts in which local PES services are offered, were important reasons for introducing the ‘leadership’ approach as a core element of NAV’s change agenda. In this TLD report, the word ‘leadership’ refers to a delegated ‘leadership’ concept that originates from the US. It is characterised by the principle that decisions are best taken by those who are directly affected by their consequences. ‘Leadership’ in the Norwegian PES also aims to make the best use of the diversity within the organisation and its potential for creativity. It offers significant potential for encouraging employees at all levels to do things differently, by offering them more freedom and more responsibility. So far, this approach has not been very typical in Norwegian public administration, and through setting up the leadership approach as a core element in its organisation, NAV became a “frontrunner” among other parts of the Norwegian public administrations. For promoting creativity and ownership, the PULS programme, which aims to safeguard leaders in their role, was a crucial element.

In general, the PULS programme uses different approaches for reaching its objectives, depending on the different types of leader found in each organisation. Most of the training is organised internally, but all training is based on academic expertise, grounded on a sound theoretical approach, focusing more on ‘leadership’ rather than on management. It is linked to the digital transformation of the PES. Up to now, around 1,600 NAV leaders have participated in the PULS programme.

Representatives from the Participating PES were very much interested in concrete and practical examples from the Norwegian PES on how to -

- Effectively involve staff in the change process,
- Motivate employees at all organisational levels to work as a team, and
- Improve cooperation with (external) partners.

Norwegian colleagues pointed out that the central condition for implementing leadership effectively in an organisation is that the top management must *want* the ‘leadership system’ to work effectively. Without a strong commitment, support and desire at the top of the organisation, it is quite likely that ‘leadership’ would remain a vague theoretical concept without having a practical effect on how work is carried out. As well as strong

support at the top level, an important condition for making it work is that the top management has to believe in what its managers are doing and deciding. It is only when this happens that managers themselves will start trusting their employees to take responsible decisions by themselves and encourage them to have a sense of 'ownership'. As empirical evidence, the NAV made reference to the McKinsey Organisational Health Index (OHI), which showed that high staff motivation for innovation combined with a high sense of responsibility among the staff has a positive influence on the long-term performance of an organisation.

Before introducing the PULS programme, no such 'leadership' approach existed at the NAV, which means that changes, innovation and even progress in performance was generally assessed as barely achievable. In order to change this, the PULS programme was initiated as top-down process following three steps:

- *1st step:* opening talks between the NAV's top management and 40 Directors on what to improve within the NAV gave a first impression of the most important areas that hold staff back from a sense of involvement, engagement and ownership.
- *2nd step:* seven one-day workshops with a total of 1,500 people sharing the three pillars for organisational development (below) between top management and local office management:
 - Integration of jobseekers into as NAV's core business.
 - Improving the dialogue with the users of services offered by the NAV.
 - Using the expertise existing within the NAV in a more efficient way.
- *3rd step:* workshops at the local level with the objective of elaborating concrete solutions for creating "One NAV", which can be recognised as "One NAV" throughout the entire country, while at the same time offering services customised to the local needs.

The PULS programme covers six important areas:

1. Implementation of a unifying tier for all employees at all organisational levels by placing the benefit to customers at the centre of all actions;
2. Reducing top-down management and implementing the leadership approach to enhance bottom-up activities;
3. A systematic sharing of knowledge within the organisation, especially in relation to providing the best outcomes for specific customers;
4. Developing leaders to employers in the public sector;
5. Achieving an organisational culture that is characterised by openness to change;
6. Improving communication within the organisation.

The implementation of the PULS programme was supported by the creation of management teams at the local level. Their function is to support the directors of the local PES offices to develop ideas for change, and then implement them and finally to ensure that management development becomes a continuous process in all PES offices. Each management team is coordinated by a facilitator who also has the task of directly working together with the director for developing and implementing change projects. The time allowed for facilitating activities can range from 0% to 100%, and this is decided by the director of a local office. At the national level, a national team of facilitators provides additional coaching and support for leaders.

The implementation of the PULS programme and the introduction of management teams is monitored and evaluated systematically. In this context, an interesting result of a survey

among directors and employees showed that the perception of achievements in implementing the PULS programme differed a lot, with directors believing that progress had been greater while the staff saw less progress. The result showed that an open discussion between management and employees about the change progress helps to assess the achievements in a more objective way.

An in-depth presentation by an external academic claimed that 27 variables determine a successful organisational change, through making use of effective management teams. According to the theoretical approach, effectiveness (of the management teams) is interpreted as (a) added value for the organisation, (b) added value for the individual team member and (c) the emergent state that increases the individual's ability to cooperate effectively in the future.

The effectiveness of management teams depends on the following core variables:

1. *The size of the management team*: the bigger it is, the more difficult it is to work effectively.
2. *The interactivity within the management team*: the effectiveness varies with the intensity of the interaction within the management team. The more interaction, the more effective the management team.
3. *The so-called "emergent states"*: psychological and emotional interaction has an influence on the quality of the results achieved in a management team. The more transparent the emotional and the psychological patterns that are displayed, the more effective the management team.

The importance of "emergent states", which could also be described as honest interaction, cannot be underestimated, since psychological safety and team cohesion, as well as team spirit, have a considerable impact on how teams work and perform.

Other important factors are:

- *The definition of a clear purpose for each team* on the (desired) added value that the management team would create for (a) the organisation and (b) each team member.
- *The definition of appropriate team tasks*: these should require input from all team members, relate to important issues, balance administrative and core-business aspects, refer to strategic and operational issues and allow enough time for information, discussion and decision-making.
- *Appropriate team composition* in relation to its size, the professional and interpersonal competences of team members, and the attitude eliciting the best from each team member.
- *Effective interaction*: team meetings should follow clearly defined goals, based on a focused dialogue and a belief in continuous team learning.



Figure 1: Fishbowl-session during the TLD on “Performance Management” at the NAV in Oslo

The feedback following the in-depth presentation was carried out as a “fishbowl”. The fishbowl is a method of organising presentations and group discussions that offers the benefits of small group discussions – most notably, a spontaneous, conversational approach to discussing issues – within larger group settings. The fishbowl focuses the entire group’s attention on a discussion among a limited number of people. Other people present become observers, active listeners and potential participants through a rotation process which reduces the distance between speakers and the audience. It allows direct conversations with experts and is especially suited to controversial discussions.

In the fishbowl, participants were asked to discuss the following questions:

1. What do you think is the most important aspect of ‘leadership’ development?
2. What is the biggest lie about ‘leadership’?
3. What is your key take-away from the first TLD-day, and how will you use this knowledge?

On the *most important aspects of ‘leadership’ development*, participants first of all pointed out the continuous need for investing enough time: single projects with clear start and end dates will not be sufficient to promote ‘leadership’. Since ‘leadership’ is more an attitude than a result, it is necessary to make ‘leadership’ an integral part of all management processes within the PES. Nevertheless, a variety of skills and competences are needed in order to become a good leader, since the leader’s personality has to take responsible and well-thought decisions in “troubled and calm waters”. This means, that a good leader can be characterised by his or her ability to be a cooperative partner and a coach in different situations.

Discussing *the biggest lies about ‘leadership’*, participants first of all pointed out the incorrect assumption that everybody can be a leader and behave as such. Specific knowledge, expertise and values are needed for being a successful and good leader. Public administrations (including PES) are often characterised by managers feeling they should be ‘leaders’ but behaving in a very administrative way. Leading in these cases is often limited to the decision-making process while the staff then expect that those decisions will simply be executed. Within this approach, acting as mentors and coaches for their staff is often not seen as prerequisite for being a good leader.

The *most important aspects* that participants highlighted as result of the presentation rounds related to the importance of a systematic communication within the organisation in order to get all the staff involved in the performance management process, since this affects all organisational levels. Another element regarded as crucial by participants was the strong commitment of the top management level towards promoting and pushing forward the leadership approach, and the existence of facilitators and management teams at the local level to support local office directors and staff in the change process.

3. WORKING GROUPS AND THEIR RESULTS

There were two group work sessions in total, the first one (on day one of the TLD) lasting around two hours, the second one (on day two) lasting around three hours. At the end of

each working session, working group results were presented and discussed in a moderated plenary session, collecting important feedback from all PES representatives. Before starting the 2nd working session on day two of the TLD, an exercise involved two people firstly observing each other, and then turning their backs and changing five things on the clothes they were wearing that day. The other person was then asked to point out the changes. After repeating the exercise three times, participants started to change unexpected things, even integrating objects they found in the seminar room into their clothes. This exercise was very much appreciated by participants, because they learned in practical terms that innovative ideas (in this context related to changing their outfit) need time and repetition.

For the working sessions, pairings were made between Participating PES on the one side and the Host PES or supporting peer PES on the other side. Representatives from the Norwegian PES functioned as supporting peers for Iceland, a coach from Germany supported the Finnish PES while the Lithuanian PES representatives were assisted by a coach from Estonia.

3.1 1st working session: stocktaking

The *first working session* (on day 1 of the TLD) aimed at identifying those elements of the Norwegian 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 Norwegian PES were highlighted.

Finnish Public Employment Service

In its function as Head Office of the Finnish PES, the Department of Regions and Growth Services within the Ministry of Economic Affairs and Employment (MEAE) is in charge of steering the activities of the ELY Centres and the TE Offices. The 15 TE-Offices (Offices for Employment and Economic Development, together with some 120 local service units and a national call centre, are responsible for service provision to customers. Business-related services at regional level are offered by the 15 ELY-Centres (Centres for Economic Development, Transport and the Environment). The work of both, TE-Offices and ELY-Centres, is coordinated by the KEHA-Centre (Development and Administrative Centre of the ELY Centres and the TE Offices), which was established in 2015 and which also produces development and management services for them. The KEHA Centre works under the MEAE. In addition, there are about 30 “one-stop shops”, where labour market-related and benefit-related services are provided under one roof. Furthermore, there are almost 60 one-stop shops for youth which offer integrated and specialised services for young people (“Ohjaamo” networks). However, these one-stop-shops/networks are not directly part of the official organigram of the Finnish PES, but they are offered to some of the customer groups.

For the last two years, there have been plans in Finland for a fundamental administrative and regional reform which includes the regionalisation of public administration, forming new “autonomous” counties as a third administrative level between central government and the local municipalities. The implementation of the regional government reform has been discontinued several times, as this Reform Bill has not yet been passed by parliament. The previous government resigned in March 2019, and a new government took over after the Elections in April 2019. As a consequence, the environment in which the Finnish PES is embedded and its future shape are still uncertain, thus making institutional, organisational and strategic changes more complicated.

Despite this unclear future, the Finnish PES works on the further development of services and the development of a performance management structure which can be kept regardless of the future governance structure.

In the first working session, the representatives of the Finnish PES partly related to the characteristics of the leadership approach presented by the Host PES, and partly to the experiences with performance management in Germany as the German PES was the supporting peer PES. The existence of systematic performance dialogues between Head Office and Regional Directorates as well as between regional directorates and local offices, carried out three times a year, were considered very interesting. The same applies for as a specific model for the systematic exchange between local offices. This exchange is organised in clusters of local offices, operating in similar labour market and economic contexts. By comparing and discussing different performance levels in comparable contexts, good experiences on what works and under which circumstance can be exchanged. In comparison to the German model, the Finnish PES only has performance dialogues once a year (mainly a literal exchange of views between the Ministry and the ELY Centres), and this exchange within the Finnish PES is not organised in clusters. Another element that representatives from the Finnish PES highlighted in view of the input given by the Host PES related to three major characteristics of the leadership approach:

- Getting everybody in the PES involved in ‘leadership’.
- Increasing efficiency through a better allocation of PES resources as a result of activating the staff’s creativity and engagement, and by creating an individual sense of ownership and responsibility.
- Ensuring that all PES employees (including the top management) take responsibility for actively contributing to change.

In their feedback, participants from the other PES highlighted the importance of establishing a culture of communication in the Finnish PES as decisive for achieving the desired participation of all staff in the change process.

Lithuanian Employment Service (LSE)

The change agenda developed at the Lithuanian PES has six major areas for change:

1. The introduction of a seamless integration into day-to-day activities of a quality management system (QMS) based on ISO 9001:2005.
2. The development of a more process-oriented management structure for the central office, as well as for the regional and local offices.
3. The modernisation of human resources management by developing a unified employee training system, and a motivation system adaptive to changes.
4. The modernisation of the allocation of PES resources by developing a budget planning and allocation process based on the results of the performance management system.
5. The introduction of a new client services model to increase customer orientation and enhance service provision.
6. The improvement of electronic document management and exchange to reduce administrative work

The change process was initiated in 2016 following the first PES Benchlearning assessment. Most elements of LES change agenda, which was adopted in November 2016, are already implemented. Therefore, the LES is now in the process of updating the change agenda with new areas of development and improvement. The sustainability and the anchoring of the ‘already implemented’ changes, and the active involvement of the staff, are also top priorities. The methodological approach of the communication processes and strategy, and the active involvement of the staff in decision-making, could ensure team building and active participation in sustainable changes.

Against this background, the following elements of the leadership approach presented by the Norwegian colleagues appeared to be important for supporting the change process in the Lithuanian PES:

- 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 workable project plan with objectives, expected results, responsible actors, deadlines etc.
- The connection of a quality management system with labour market indicators to a single information system.
- The elaboration and the implementation of a methodological indicator handbook increasing staff knowledge on which information is stored in the system and how this information can be used.

The Directorate of Labour (VMST/Vinnumálastofnun), Iceland

Within its change agenda, the VMST introduced a new "Three Year Strategy" which is broken down into "Annual Operational Schedules". The "Three Year Strategy", especially the "Annual Operational Schedule", provides clear orientation on top priorities and long-term objectives for all levels of VMST staff. As part of the changes within the strategic performance management, the elaboration of clear, measurable and result-oriented targets was initiated but not finalised when the 2nd external assessment happened in 2018.

The new "Three Year Strategy" and the "Annual Operational Schedule" play a crucial role in the success of the change projects. These documents are well known at all levels of the organisation, and they give a good orientation on the strategic and operational objectives of the VMST. While the objectives and general strategy are clear, operational steps and activities are not concrete.

Despite the relatively small size of the organisation, its flat hierarchies and its open culture of communication, feedback from employees is still taken into consideration on a relatively small scale within the VMST's change process.

One core element of the VMST's Change Agenda is the implementation of a coherent system of Key Performance Indicators (KPIs) and targets, replacing the former system, which was characterised by a huge number of mainly output-oriented indicators, which were not seen by the staff as being supportive. Therefore, staff will now be involved in the target-setting process. In addition, the VMST is investing in updating its IT system in order to make it more user-friendly.

While these steps will substantially support the implementation of a coherent target system on a formal and technical level, representatives from the VMST expressed some doubts that its employees could attribute less importance to the targets than necessary. As one representative from the VMST pointed out in this context, it is difficult to work effectively if "the heart does not follow".

As a conclusion from the input given by the Norwegian colleagues, representatives from the VMST therefore highlighted the following aspects of the Norwegian PES which could support a successful implementation of the new target system in the VMST:

- *A high sense of ambition within the top management for increasing staff motivation, engagement and ownership.* Focusing on the promotion of 'leadership' in the organisation is regarded as a helpful tool for getting everybody in the organisation actively involved in change processes.

- The strong *connection between 'leadership' and the IT system*: a functioning IT system increases transparency on achievements and performance, thereby pointing out weaknesses in service delivery that can be used as starting point for appropriate measures.
- The *supportive function good leaders can have for their employees*. 'Real' leaders are those who help staff to make best use of their competences and skills. Their role is not limited to taking decisions and delegating tasks, but to motivating staff towards increasing responsibility. In this context, it is important to ensure that individual targets are fully in line with organisational ones.

3.2 2nd working session: adaptation

The objective of the 2nd working session was to develop initial concrete ideas for activities supporting the PES change process on the basis of the Norwegian PES' input. Assisted by supporting peers and experts from the Host PES, all Participating PES managed to elaborate a milestone planning system in line with the identified needs, and they pointed out potential activities and sub-tasks, potential deadlines, responsibilities and relevant stakeholders for inclusion in further steps. The results of this 2nd 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 Norwegian PES are crucial for all Participating PES. These elements include

- (a) the creation of ownership at all organisational levels of the PES by strengthening 'leadership',
- (b) the supportive function of leaders,
- (c) the importance of continuous communication and feedback loops on the change progress and
- (d) the use of innovative formats for activating the creative potential of the employees.

In general, participants were very satisfied with the contents presented by the Norwegian PES. Participants confirmed they found the presentations were of a high quality. Seven out of nine assessed the general introduction on managing change at the NAV as “very good” or “good”, while eight out of nine participants said the in-depth presentation on the leadership approach and the PULS programme were either “very good” or “good”. Working in teams was also highly appreciated by participants: in the post-event survey all the participants rated this method of exchange as either “very good” or “good”. Participants felt that in future the TLD concept could be further improved by better explaining the concepts of the host PES, since language in these kind of presentations is always a challenge, and by advising participants to be more concise and less descriptive when presenting working group results in order to facilitate an open discussion of these results and an exchange of ideas.