



## **PES to PES Dialogue**

### **The European Commission Mutual Learning Programme for Public Employment Services**

DG Employment, Social Affairs and Inclusion

# **PES to PES Dialogue Report 2013**

**Dissemination Conference:  
Results from the third year of the PES to PES Dialogue  
programme**

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The seven-year programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-28, EFTA-EEA and EU candidate and pre-candidate countries.

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## Executive summary

### Introduction

Public Employment Services (PES) have played an important role in taking forward the priorities of the European Employment Strategy, the corresponding employment guidelines, as well as the Employment Package agreed in April 2012. Against this background, the final Dissemination Conference to mark the third year of the PES to PES Dialogue was dedicated to examining innovative and effective approaches to the strategic management of PES within the context of employment policy priorities.

### **Thematic strand 1: PES organisation and management strategies**

*Performance management: Communicating, managing expectations, sharing good practices and equipping managers are at the centre of successful design and implementation of continuous learning in PES.*

**Organisational learning is a key feature in effective performance management;** learning from experience contributes to improving accountability and clarity, thus supporting the achievement of management objectives. There are several ways in which PES introduce and use continuous learning, depending on national structure and size of the organisation. Introducing self-assessment, group learning, individualised development plans and creating proximity between the top and bottom tiers of the organisations can form part of a learning culture, which can be supported by individualised or localised financial reward systems. Others use sophisticated open data sources which are made accessible across the PES for staff to assess and understand their performance relative to others and other offices and regions.

**Transparent communication over targets, expectations and support to all staff** is essential to establish trust in the performance management process and to foster organisational learning. PES are also mindful of setting targets that do not distort the volume versus quality ratio, which in itself places emphasis on communicating the logic behind the evidence that is used to measure performance.

Finally from an **HR perspective**, development or career plans are a central feature of how PES monitor, but also offer support to staff in order to encourage learning and improve overall performance. This in turn requires clarity over job roles, expectations, targets and progress requirements, where sanctions and rewards both play a role in how performance is treated. A strong message from PES is that **well-equipped and trained managers are central** to the successful implementation and on-going delivery of continuous improvement and learning processes and PES need to invest more in their line management capabilities. On the issue of financial incentives, individual level performance-related pay for counsellors is less commonly used by PES. It is more common for incentives to apply at branch or manager level; focusing performance-related pay on the team rather than individual level can help avoid unhealthy competition between individual employment counsellors. That said, **performance-related pay at individual level can work providing there is collective buy-in, understanding of the performance management system and an opportunity to appeal any decision.**

*In making the business case for PES, the use of Cost Benefit Analysis (CBA) can inform assessment of which interventions and offices are the most effective and cost-efficient and where higher investments in PES service capacities are returned by lower costs for unemployment.*

**Cost-benefit analysis (CBA)** is a useful tool in the implementation of New Public Management. CBA **provides information of key interest to PES and stakeholders – including measures of net impact, efficiency, effectiveness and economy.** A full CBA includes capturing the costs and benefits for the individual, the economy and society however it is not widely used amongst PES. A more limited assessment of financial objectives, cost per unit of outcome, is the more common application. CBA has been used to analyse the net impact of different programmes and to assess relative productive efficiency across PES offices. Findings from CBAs have been used to demonstrate the added value of the PES to a wider audience - increasing transparency and accountability.

Some of the practical constraints to the wider application of CBA are linked to: technical design; the costs of generating and collecting the data; the technical skills needed to undertake the analysis; and institutional commitment to the approach. Potential solutions lie in: building managerial support for evidence-based decision making; starting with developing net impact evaluations; better exploitation of PES data and linking PES data with other government sources (e.g. tax and revenue data). **To facilitate wider adoption of analytical tools such as CBA, there is scope for developing guidance on the practical application of such techniques in the PES context and in exploring the potential for developing clusters of PES in order to facilitate valid comparisons of performance.**

### ***Thematic strand 2: Personalised services for target groups***

*Links with employers and a high professionalism of employment counsellors are crucial for successful and efficient integration of the low-skilled*

Train-first approaches are primarily used for young low-skilled but can also be used for adult low-skilled where a jobseeker's skills are outdated. **Ensuring that training is closely matched to (local) labour market need is key to improving the effectiveness of train-first approaches;** PES can achieve this through establishing or further strengthening structured co-operation with local employers and education and training providers. For young people, PES emphasised the importance of co-operating with schools to identify young people at risk of dropping out, and the inclusion of work-practice within education or training to ease the school-to-work transition. Other ways to improve train-first approaches include: more focus on monitoring and improving the quality of training, further efforts to evaluate labour market outcomes from training, and awareness-raising for employment counsellors to ensure they have sufficient knowledge of available training options for jobseekers.

Work-first approaches are mainly used for integrating low-skilled adult jobseekers who are more likely to be 'job-ready'; they can also be an option for some young low-skilled jobseekers, although this group may require more support. For young low-skilled, **PES emphasised the importance of working closely with employers and other local economic development actors to identify new job opportunities, including in new sectors such as the green economy, as well as focusing on improving the sustainability and quality of job matches and work placements** (e.g. through ensuring that jobseekers will gain new competences in placements and providing follow-up support following placement). For adults, job-search assistance and the use of sanctions are considered effective approaches; work placements should be in line with the profile and motivation/interests of the individual jobseeker.

Effective integration of low-skilled jobseekers starts with orientation, followed by professional assessment and individual action planning. Apart from where legal

rules apply, **PES employment counsellors have the crucial role of deciding which approach (and investment of resources for active labour market measures) would be most effective in achieving fast and sustainable integration of the jobseeker.** PES counsellors require the right competences, as well as support from managers in order to balance the need for fast integration with sustainable activation. Strategies to ensure a quality professional assessment include using specialist counsellors with smaller caseloads for young people, the use of profiling tools and developing a knowledge base on what works best for whom. Finally, PES counsellors increasingly need the right competences to work effectively with health and social agencies to help those jobseekers with multiple disadvantages.

*The labour market integration of people with disabilities remains a challenge; there is still potential for development of PES services and measures for this group*

**Despite an improvement in the health of the labour force, disability benefit claims have increased in most, though not all, Member States over the past decade and the labour market integration of jobseekers with a disability continues to pose a challenge to most EU member states.** To achieve good employment outcomes, disability policy needs to tackle all stages of entering and exiting the labour market and in all stages, measures should ensure early and well-targeted access to high quality rehabilitation services while limiting access to cash transfers to those in genuine need.

While there is evidence of a convergence towards activation policies and away from cash transfers, actual practice lags behind. **In particular rehabilitation services are under-developed, under-funded, or under-used** except in *Finland, France, Germany, the Netherlands and Sweden*. Where rehabilitation services are available, these are also administered or signposted by the PES. Research indicates that personalised services such as supported employment, i.e. individualised vocational rehabilitation and job preparation (trials), job coaching and follow-up support are more effective in promoting transition to the open labour market than programmes like sheltered employment, i.e. placement in a sheltered workshop, subsidy to employer and/or employee and on the job training.

**Partnerships, with disability interest groups and medical institutions, play an important role.** These may focus on the development of training schemes and services tailored to the needs of particular disabilities, awareness raising and activation for prevention and early action, or on promoting anti-discrimination.

### ***Thematic strand 3: Continuous improvement of PES to PES exchange and learning***

*PES to PES Dialogue has helped bring about positive changes in PES across Europe; the production of more evidence-based outputs could further improve the programme*

The results of the European Commission survey carried out among PES in the summer 2013 confirmed that **the PES to PES Dialogue has been a highly valuable initiative in bringing about and influencing positive changes in PES across Europe.** Over the past three years, 62 changes have been reported by 22 PES, most of these were in relation to the refinement of individual action planning, strategic use and development of profiling and initiatives addressing youth unemployment. Presentations from PES gave testimony to this impact, citing the opportunity that the PES to PES Dialogue provided in terms of enabling the

comparison, qualitative review and benchmarking of PES services, business models and concepts.

According to PES feedback, **one of the main success factors in facilitating change in national PES is the inherent desire and plans for change already within the organisation.** The PES to PES Dialogue activities can therefore give added impetus and information to facilitate the change process. For example, PES representatives actively used their participation in Peer Reviews and Dialogue Conferences to get feedback on their ideas and take away new insights from others. The process for change also needed pro-active follow-up after the events took place. Several PES, for instance, created a focus group in order to embed the process of change and transfer the knowledge to others within the organisation. Transparency is crucial to introduce new services successfully; an open-mindedness and a supportive organisational culture in the PES was important to generate buy-in by employment counsellors and managers.

**The survey results and discussions at the conference demonstrated a high level of satisfaction with the PES to PES Dialogue programme and generated fresh ideas on how to further improve mutual learning and transfer of results.** PES participants saw the need to improve the engagement of their own organisation: PES staff should have allocated time for mutual learning activities, and the awareness-raising and dissemination of knowledge should be further encouraged within PES, as well as amongst other labour market stakeholders. Another key priority was deemed to be the **reinforcement and dissemination of more evidence-based outputs, taking account of national good practice examples on each of the PES topics addressed.** The programme could also be enhanced by organising follow-up workshops to further facilitate transfer and observe the evolution of topics over time; collating information on shared online platforms; promoting bilateral exchanges; involving a wider range of PES representatives; and raising awareness of the activities and results among politicians and expert groups at EU level.

Results from the survey and discussion with PES will be taken into account to further develop the programme in 2014. It is a question for future discussion on how all the activities mentioned above could be supported. There are some activities like bilateral exchanges or follow-up workshops that the PES themselves would be well placed to initiate, thereby making mutual learning a truly shared responsibility at all levels.

### **The way forward**

The third year of the PES to PES Dialogue has seen its further development of an established platform for mutual learning and exchange between European PES. It has continued to focus on some of the key issues for the effective modernisation of PES in the context of Europe 2020 and has gained recognition as an important source of information on the latest developments on PES practice. The PES to PES Dialogue has also been able to demonstrate its practical added value as a source for informing implementation and facilitating change in national PES.

The programme for the PES to PES Dialogue in 2014 will reflect priorities identified by the PES network. Topics of interest identified by the participants of the dissemination conference included the sustainable activation of long-term unemployed and young people, modernisation of services, for example via on-line tools, reviewing the cost and benefit of providing services and increasing PES resource efficiency, positioning PES as a strategic player in the implementation of labour market policies; and human resource issues including developing the portfolio of competences for employment counsellors.

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The 2014 work programme will be adopted by the Heads of PES in December this year and information on the programme will be posted on the PES to PES Dialogue website.

## 1. Introduction

### 1.1 Purpose of the report

The purpose of this paper is to summarise the main results from the third year of the PES to PES Dialogue programme. It is based on information gathered through the activities held during the third year of the PES to PES Dialogue (Peer Reviews, Dialogue Conference and follow up study visits), a series of analytical papers on PES topics, as well as the final Dissemination Conference entitled 'Innovative and effective approaches for the strategic management of PES', which was held in Brussels on 3 – 4 October 2013.

### 1.2 EU policy relevance of the PES to PES Dialogue

PES have played an important role in the achievement of the [European Employment Strategy](#) targets by turning employment policy orientations into concrete actions. This role is set to continue – if not strengthen – in taking forward the priorities of the [Europe 2020 Strategy](#), the corresponding employment guidelines, as well as the [Employment Package](#) agreed in April 2012.

The PES delivery role is particularly central in taking forward priorities set down in Employment Guidelines 7 and 8.

#### **Guideline 7: Increasing labour market participation of men and women, reducing structural unemployment and promoting job quality**

'Employment services play an important role in activation and matching and they should therefore be strengthened with personalised services and active and preventive labour market measures at an early stage. Such services and measures should be open to all, including young people, those threatened by unemployment, and those furthest away from the labour market.'

#### **Guideline 8: Develop a skilled workforce responding to labour market needs and promoting lifelong learning**

'Member States should promote productivity and employability through an adequate supply of knowledge and skills to match current and future demand in the labour market. Quality initial education and attractive vocational training must be complemented with effective incentives for lifelong learning for those who are in and those who are not in employment.'

The European Commission (Commission) launched the PES to PES Dialogue, their dedicated mutual learning programme for PES, in September 2010. The programme aims to enhance the capacity, quality and effectiveness of PES service delivery by facilitating the exchange of information and learning between PES across the EU (and beyond).

The activities of the PES to PES Dialogue are guided by and contribute towards the work of the [European Network of Heads of Employment Services \(HoPES\)](#). Each of the topics covered by the programme are key issues on the PES agenda formally agreed by the HoPES network. The third year of the PES to PES Dialogue has built on the results of the previous two years by continuing to focus on optimising PES delivery mechanisms in a climate of growing budgetary pressure, challenging labour market conditions, as well as the need for increased financial and public accountability. The main messages of the programme do not only reflect the priorities of the PES 2020 Strategy Output Paper endorsed by HoPES in

Copenhagen in June 2012, but also define building blocks on how to implement these priorities.

PES have used the results from the previous years of the programme to stimulate further bilateral cooperation with other PES and to consider how their own services and measures can be improved. The findings have also been used by the Commission to inform their policy initiatives within the field of employment, above all with regards to the development and implementation of the [Council Recommendation on the Youth Guarantee of 22 April 2013](#), the development of lifelong guidance policies by sharing the results with [ELGPN](#) (the European Lifelong Guidance Policy Network) and other international organisations.

### 1.3 Thematic strands of the PES to PES Dialogue

The topics covered during the third year of the programme fall under two thematic strands, as follows.

#### Thematic strand 1: PES organisation and management strategies

Quality assurance and continuous improvement are core themes of the PES 2020 Strategy Paper endorsed by HOPES in 2012. As well as on-going enhancements and individualisation of the service offer to jobseekers, they involve a greater demand orientation and enhanced partnerships with other labour market actors, all with the goal of achieving sustainable and efficient activation and job matching.

Since its inception in 2010, the activities of the PES to PES Dialogue have emphasised the core role played by employment counsellors in achieving positive integration outcomes and effective resource allocation. A [conference](#) this year addressed the topic of **quality management through the professionalism of employment counsellors**. It built on the [analytical paper](#) on job profiles and training for employment counsellors prepared in the second year.

The management theme has also been taken forward in the third year via the examination of performance management and improvement, which is framed by broader models of new public management and includes important concepts such as continuous learning and improvement. A [Peer Review](#) on **performance management** in PES explored how PES can balance central steering and local autonomy and how continuous learning and improvement can be built into performance management systems. It built on the findings of analytical papers on [Performance Management](#) in PES and [Organisational Development, Continuous Improvement and Innovation](#) in PES. An analytical paper on [Making the Business Case for PES](#) examined how PES can use information from performance management in order to **make the business case for PES** to governments and ministries.

#### Thematic strand 2: Personalised services for target groups

In the context of the crisis with both rising unemployment and reducing budgets, it has become increasingly important to find effective ways to integrate vulnerable groups into the labour market. In the third year of the programme, a [Peer Review](#) and [analytical paper](#) on the **sustainable activation of low-skilled adults and young people** explored the two different activation approaches of work-first and train-first and which elements of these worked best for the different target groups of adults and young people, as well as which PES service concepts were most effective for integration. The paper built on the findings of a [Peer Review](#) and [analytical paper](#) on Youth Integration in 2011.

The PES 2020 Strategy recognises that the low participation rate of people with disabilities, along with other target groups, remains a structural problem and calls

on the PES to make their services accessible to disabled jobseekers (the inclusiveness principle). An [analytical paper](#) on the **sustainable activation of people with disabilities** explores the PES services and measures that are available to integrate this target group.

The identification of new employment opportunities for jobseekers and the provision of active labour market training measures which are relevant to the current needs of the labour market, including for growth sectors in the 'green' economy, are important aspects of the sustainable integration of jobseekers, particularly those with low skills levels. The role that PES can play in supporting jobseekers into new 'green' occupations and in identifying and meeting the new skills requirements are explored in the [analytical paper](#) on **PES and green jobs**.

The Europe 2020 Strategy and Guideline 7 of the European Employment Guidelines emphasise the importance of developing personalised services for jobseekers. Lifelong guidance, multi-channelling, profiling and individual action planning all play an important role in personalising the support for jobseekers and are relevant to the provision of personalised services for the target groups of low-skilled adults and young people and people with disabilities as well as supporting jobseekers into 'green' jobs; all of these topics were covered during the first and second years of the programme.

For each of the two thematic strands, the paper presents the key findings and selected issues for discussion for PES.

The topic of **partnership**, which falls under the thematic strand of PES organisation and management strategies, was also addressed in the third year of the programme through the publication of an analytical paper<sup>1</sup>. The paper builds on the findings of the two analytical papers on sub-contracting and the analytical paper on decentralisation prepared during the first and second years. The topic of partnership is dealt with under the Commission initiative PARES (Partnership between Employment Services). Consequently, the most recent analytical paper has been presented at the PARES conference on 24-25 October 2013 and will not be detailed in this paper on the Dissemination Conference.

#### 1.4 Structure of the report

For each of the above-mentioned topics, the report presents the key findings, followed by issues for future discussion and collaboration for PES. The paper also reviews the impact of the PES to PES Dialogue to date on participating PES and discusses proposals for improving the programme in the future.

It then cuts across the topics and provides a summary of the transversal issues for the strategic management of PES. Finally, it concludes by drawing overall messages and looking ahead to the future work of the PES to PES Dialogue.

Further information, including PES case-studies, can be found in the analytical papers and the documents prepared for the various activities. Please note that the analytical papers are intended to provide the latest information and insights into PES practice across Europe. They are also intended to kick-start debate and identify further questions and issues that could be taken forward within the context of the PES to PES Dialogue.

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<sup>1</sup> The paper will be published on the PES to PES Dialogue website shortly after the conference.

## 2. PES organisation and management strategies

### 2.1 Performance management and fostering continuous learning

Quality management models and particularly the development of performance management systems are increasingly a key element of the modernisation process undertaken by PES across Europe. As highlighted in the analytical paper (Performance Management in PES), organisational learning is a key feature in effective performance management. Learning from experience contributes towards improving accountability and clarity, thus supporting the achievement of management objectives. The process of generating and sharing knowledge on good practice, as well as weak points are important elements of this process. A balanced mix of incentives and sanctions is also a strategic factor in fostering continuous learning and improvement.

#### Key findings

The [analytical paper](#) (Performance Management in PES)<sup>2</sup>, the [Peer Review](#)<sup>3</sup> on Performance Management in PES and a [follow up study visit](#) focusing on benchmarking and individual performance management and discussions at the dissemination conference identified the following key findings for PES.

*PES use a variety of tools for detecting good practice and performance weaknesses*

- **Target setting should deliver a meaningful balance between national and regional (local) targets and should pay attention not to overemphasise quantitative versus qualitative targets.** Different Member States achieve this through various consultation mechanisms in regular target setting processes. Targets should be measurable and achievable (within local contexts), while remaining ambitious.
- **The accurate measurement of performance, and the correction for regional (local) external factors such as labour demand, is a prerequisite for systematic comparison, detecting good practice and fostering continuous improvement.** Benchmarking can help drive healthy competition but if not differentiated by context (resources, targets, labour market conditions) such comparisons of individual agencies can also potentially have negative consequences such as perverse behaviour (e.g. focussing on jobseekers who are easy to place into work). Some PES (e.g. *Germany, Switzerland and Austria*) have introduced grouping (clustering) models to be able to control for external factors. In *Austria*, for example, the following contextual factors are used to create clusters of similar districts:
  - relative share of working age population born in other EU-15 countries;

<sup>2</sup> European Commission 2012, Performance management in PES, Brussels, Author: Alex Nunn

<sup>3</sup> European Commission 2013, Review of Performance Management in PES: Comparative Paper, Author: Alex Nunn; European Commission, 2013, Performance Management in PES: Toolkit for PES, Author: Agota Scharle

- relative unemployment rate compared to the maximum;
  - share of part-time workers;
  - activity rate;
  - gender wage gap; and
  - median income.
- **An organisational culture of trust in the accuracy and fairness of comparison and support for information sharing, risk taking/innovation and improvement helps to promote healthy competition and continuous learning.** Trust is developed in several ways depending on the context and the size of the PES in question. Some PES develop trust by involving staff in the definition of their own targets – giving staff a degree of influence over their own targets helps them trust in the process and buy into the overall performance management process. Inclusive planning for performance improvement is also an effective way to get regional and local PES to engage in the process of defining good practice and setting annual objectives, although exchange of good practice mostly takes place at management level. To palliate this, *Switzerland* for example has recently built clusters for groups of offices to exchange more efficiently at counsellor level.
  - **PES use both hard and soft methods to identify good practice and areas for improvement.** Quantitative methods include customer satisfaction surveys; benchmarking with outcome indicators; dedicated surveys of beneficiaries; and, impact analysis based on administrative data, including experiments with control groups and randomised control trials. The soft, qualitative tools include regular internal meetings, both managerial and staff meetings, or working groups to discuss good practices; visits to local offices from external experts or local actors; in-depth interviews with clients exploring the customer experience; and suggestion boxes used by both clients and front-line staff.
  - **Regular and individualised performance tracking processes are increasingly common in PES.** Tracking good performance and identifying areas for improvement is an increasingly individualised process across PES, and of growing importance when fostering a culture of continuous improvement. Semantics appear to play a role in that process, where the use of 'development conversation' instead of 'performance appraisal' can send an important signal to counsellors when rolling out a development culture across the organisation.
  - **Benchmarking and evaluation of active labour market policies (ALMPs), including the use of control groups, is used to support evidence-based design and implementation.** While most PES implement some form of performance benchmarking, systematic evaluation with sophisticated methodologies are also increasingly embedded in policies and processes. In *Denmark* and *Germany*, there is a long-standing tradition of the evaluation of ALMP using randomised control trials and other quasi-experimental design methods. In the UK, pilots combined with ad-hoc evaluations have supported the development of evidence-based policies and implementation for many years. In the Netherlands, impact evaluations are currently being run to assess services with diverse intensity.

*Information sharing contributes to improvement and learning*

- **There is a rich toolbox for promoting continuous improvement which is used in different ways by PES depending on the national circumstances.** Introducing self-assessment, group learning, individualised

development plans and creating proximity between the top and bottom tiers of the organisations can form part of a learning culture, which can be supported by individualised or localised financial reward systems. Others use sophisticated open data sources which are made accessible across the PES for staff to assess and understand their performance relative to others and other offices and regions.

- **Open communication and regular information sharing needs to happen on all fronts as it helps to explain the 'why'.** Open communication on the actual performance management process helps non-management staff to understand the targets they work against, to make sense of their own objectives and relate to the overall ambitions they are asked to identify with.
- **Identifying and sharing practice and experience includes investment in dialogue and infrastructure.** Methods for sharing information to promote learning and continuous improvement include meetings of regional and local PES managers; qualitative assessment from experts; workshops and conferences for PES staff (sometimes extended to local partners); and, study visits. Information technology tools such as data warehouses and banks of good practices are gaining momentum as cost-effective measures to collect, extract and share information in a more structured way. The *Estonian* PES makes extensive use of face-to-face transfer of practice between units, with presentations and discussions on performance improvement and practices, and yearly office visits amongst PES offices. In the *Netherlands*, 'Learning Circles' and Quality Audits are also used to facilitate face-to-face knowledge-sharing sessions between PES. *Austria* and *Denmark* run meetings and workshops at regional level.
- **There is a diversity of sophistication in knowledge-sharing systems, but these are becoming increasingly popular.** Some countries have invested a considerable amount of resources to fully develop the identification of practices and knowledge sharing. For example, *Denmark* implemented the "Knowledge Bank" [www.jobeffekter.dk](http://www.jobeffekter.dk) to archive and share their good practices, and *Estonia* is developing an internal data warehouse by involving those who will ultimately use it. In *Denmark*, the results, reliability and relevance of evaluation studies are also available to users, and messages about good practice are promoted through different channels (e.g. newsletters to PES staff and external stakeholders). *France* is piloting a directorate for innovation in two PES regions to drive bottom-up innovation and create centralised exchange mechanisms for the exchange of good practice.
- **There is an increasing appreciation of PES administrative data as a resource for ex-post evaluation and a growing interest in linking different sources of government-held administrative data.** In *Germany*, the "TrEffeR" (Treatment Effect and Prediction) approach allows for comparison between participants and non-participants in given profile groups. In *Germany*, *Austria* and *Norway*, there are initiatives for integrating administrative data owned by several government agencies, for example, linking the unemployment register data with tax or social security records would allow the monitoring of jobseekers' labour market transitions.
- **Engendering healthy competition and fostering commitment and motivation rather than mistrust** should be at the heart of information sharing and dissemination of good practice for continuous improvement in the system. Sharing is more effective if it is focussed on specific themes or problems and if it involves homogeneous teams.

*Hard and soft levers are used to incentivise continuous improvement and cultural change*

- **Continuous improvement can be encouraged through both financial and non-financial incentives.** Hard incentives, such as performance-related pay are most commonly applied at branch manager level, but less frequently applied at individual level. The *Estonian* PES, amongst others, use financial incentives in a carefully balanced way, by which the level of incentive is linked to performance against three levels of objectives (including organisational) in order to minimise over-individualisation of incentives. Ranking and 'naming and shaming' at office level, benchmarking at individual level and awards for high performance are also used to encourage competition. Tools that encourage competition should be balanced by good local and regional leadership which provides honest and clear messages on the type of behaviour and performance expected from individual counsellors to ensure that competition does not lead to perverse incentives.
- **Human resources (HR) and management practices can support the creation of a culture of best practice and continuous improvement.** One way of doing this is for HR and managers to create an environment where performance data, evaluation, reward and promotion processes are accepted, trusted and deemed as fair and accurate by PES staff. The support of HR practices in creating a culture of best practice and continuous improvement was felt to be important in *the Netherlands*, while the *German* PES believe this process needs a culture of 'open communication and tolerance of mistakes'.
- **Managers are critical in the process of implementing performance management and a culture of continuous improvement because they are the ones who can translate organisational ambitions into operational targets and outcomes for local staff.** But managers need to be equipped and trained to assume these types of responsibilities, which is not always the case. Not all PES have official management training paths and line management competences are often not clear. However, there is a shift towards a new generation of managers in PES as performance management and continuous learning is picking up in pace, highlighting the central role that local managers can play.

#### **Selected issues for future discussion**

- **Some concerns remain about potential perverse incentives in quantitative target setting.** Further investigation therefore appears warranted on approaches and tools available to combat such impacts, particularly related to 'creaming' or 'parking' of harder to place PES clients. Targets can also lead to behaviours which discourage the sharing of innovative practices in order to retain an advantage over other individuals or groups – competition within organisations is not necessarily a bad thing, the challenge lies in balancing incentives and rewards for teams and individuals with a culture of trust and commitment to collective success.
- **There is a need for agreement within the PES about the indicators used to correct for local or contextual factors outside the control of the PES** that can influence performance and call benchmarking results into question; confidence among staff and managers that comparison is fair is critical to generate trust in the system. Further exchange on identifying, understanding and integrating contextual factors into performance

measurement would be of value, as would methods on promoting the acceptance and use of benchmarking methods internally.

- **Systems for measuring the performance of individual employment counsellors require careful management.** Such information can serve as a useful tool for managers and counsellors in reflective practice and in their professional development. Caution needs to be exercised in interpretation of individual level performance to ensure fair assessment of actual and relative performance and to avoid perverse behaviour and poor morale. The best ways to use performance information merits further discussion.
- **The impact of different approaches on individual motivations, as well as the impact of different HR and communication strategies on outcomes remains to be investigated.** The Dissemination Conference also pointed to organisational resistance and lack of staff ownership of key aspects of performance management as areas requiring further investigation.
- Finally, PES emphasised the importance of **strengthening qualitative assessment of service organisation, processes and staffing, as well as the design and implementation of ALMP measures**, as not all performance can be captured quantitatively.

## 2.2 Making the business case for PES

To meet maximum labour market impact, modernisation and the adoption of new public management models are key drivers in the on-going transformation of PES. In a context of profound economic changes and high levels of public expenditure, PES are under frequent scrutiny and increasingly required to demonstrate their added value by providing evidence of the effectiveness and efficiency of implemented services and measures. Making the business case involves using the available intelligence on the PES from the performance management system and from applying a range of analytical tools such as cost benefit analysis (CBA), to demonstrate PES impact, measure the return on investment and analyse performance to improve processes, adjust the service offer and measures, and ultimately improve outcomes.

*CBA can measure the impact of PES services in ways that are meaningful for policy makers, management, staff and stakeholders though cost calculations are more complex in the field of social services compared to the production of goods.*

CBA is one analytical tool which is able to take administrative and performance management information beyond volumetrics to provide robust intelligence to inform decision-making on alternative policy/service options and on measuring productive efficiency. **CBA can quantify the impact of PES or PES services in monetary terms, taking into account the costs of services relative to the effects on the welfare of individual beneficiaries of PES services, the wider community from which they are drawn and society as a whole (allocative efficiency).** It enables cost effectiveness analysis enabling comparative analysis of different interventions delivering the same outputs. CBA can also be used to measure the degree of un-productive capacity within PES, i.e. the extent to which, for the same budget, higher levels of outputs can be achieved (productive efficiency).

The [analytical paper](#)<sup>4</sup> confirms a lack of clear evidence on the extent to which CBA is applied by PES, both in their internal decision-making processes and externally to promote their activities or make the business case. CBA is easier to employ the more the options to be examined are similar to those that are the subject of commercial profitability assessments. It is therefore to be expected that CBA is rather more prevalent as regards clearly-defined public investment projects (e.g. in investments in infrastructure). It is a more demanding task to apply the fundamental principles of CBA on activities that have socio-political and socio-economic aims. This and the fact that the use of CBA in PES depends on the institutional settings and the corresponding structure of inducements to decision-makers helps to explain the limited use of CBA within PES currently.

**Although the use of CBA is demanding, it is a promising tool which some PES are starting to use.** It can assist PES, not only in their internal decision-making process, but also externally in supporting the development of evidence-based approaches for PES reorganisation and adjustment of ALMP measures. It can also demonstrate the added value of PES activities with policymakers and the general public and help to explore PES efficiency. In today's context of fiscal austerity and increasing demands on PES services, **CBA has the potential to offer powerful insights and conclusions on provision and opportunities for continuous improvement.**

### Key findings

The [Peer Review](#) and [analytical paper](#) identified the following findings for PES:

- **Rigorous assessment of PES performance can provide accurate evidence about the efficiency of the organisation and its contribution to national and European employment goals, thus making the business case for PES.** Thus far, the main focus here is on the evaluation of ALMP measures, with customer surveys as the main tool to measure satisfaction (rather than impact of PES services). In some countries, strides are being taken to use the outcomes of such evaluations to make the business case for PES among policymakers. In *Denmark*, for example, an internal statistical portal with information on programmes, services and their impact has also become a valid instrument for this purpose.
- **The use of CBA is currently mainly being developed in a few PES** to support the assessment of ALMPs. This focusses on indicators such as **the duration of unemployment and off-flow information and direct resources committed to a programme, and does not yet take full account of costs for PES core services** (e.g. PES counselling and intermediary services) **and benefits** (e.g. to families or wider society). Some examples do, however, exist of the use of CBA to assess PES services.
  - *Germany* uses CBA primarily in the management of specific projects, as a decision-making tool and as an input in the monitoring process. The PES is currently running a pilot project with additional personnel in counselling activities for a specific target group - reducing the case load per adviser. The future evaluation will aim at judging whether costs for the additional staff will be financed by savings in unemployment benefits and the generation of additional insurance contributions.

<sup>4</sup> European Commission (2013), Making the business case for PES: cost-benefit analysis and productivity analysis, Brussels, Authors: Jonas Mansson, Lennart Delander and Lars Behrenz

- *Sweden* has estimated costs and benefits for three of its ALMPs, including displacement costs as well as the direct costs of the programmes. Effects on labour market outcomes were estimated by comparing results for programme participants with results for matched groups of non-participants.
- A recent study in the *UK* showed that costs linked to lost tax revenue from unemployment were greater than the costs associated with intervention measures to reintegrate unemployed individuals.
- The analytical paper on cost benefit analysis reviewed a number of European studies that looked at the productive efficiency of PES. These studies looked at the average inefficiency of offices (i.e. the production increasing potential or savings potential) - with results ranging from 5 to 30%. **While there is a need for caution in comparing across these various studies, the authors suggest an average inefficiency of 15% i.e. that it would be possible to increase production by 15% without increasing costs.**
- In constructing the models, the inputs used included staff (by function/grade), office space and technology, and in one case expected workload. Output was measured variously in terms of simple volumes e.g. job placements or by introducing a quality dimension such as temporary or permanent job placement. Studies also differentiated outputs by age (adult/youth) and included entry into education as well as jobs. Controls or attributes for different local labour market conditions and characteristics of the unemployed were introduced including average unemployment duration and average vacancy duration.
- The most recent study quoted, Andersson et al. (2013)<sup>5</sup>, revealed inefficiency in the range of 8-15% in the *Swedish* PES. In terms of cost savings potential this was estimated at 0.48-0.90 billion SEK against an overall cost for the employment office services of 6 billion SEK. The *Swedish* PES was closely involved in the development of the study and are subsequently working on developing the model to be used as a tool for performance monitoring. The authors of the analytical paper suggest it is fair to say that the methodology for this approach has been evolving over time and that **the biggest challenge lies in the appropriate specification of the model - which variables to select for the inputs, outputs and the contextual variables.** However, the approach is becoming more established.
- **The conference explored some of the constraints and enablers to the wider adoption of CBA techniques within and across PES.**
- **Constraints** to the wider practical application of CBA identified, were linked to:
  - Technical design, in particular to defining, measuring and monetising key indicators, inputs (e.g. adviser time – when does the clock start ticking) definition of outcomes and assessment, including intermediate outcomes such as distance travelled and when to measure impact on job sustainability and context variables such as local labour market conditions;

<sup>5</sup> Andersson, C., Mansson, J., Sund, K. (2013). Technical efficiency in Swedish employment offices. Under revision for Socio-Economic Planning Science. Referenced in European Commission (2013), Making the business case for PES: cost-benefit analysis and productivity analysis, Brussels, Authors: Jonas Mansson, Lennart Delander and Lars Behrenz (not yet published)

- The cost of generating and collecting the data. Concerns were expressed about the potential burden on staff of collecting additional data, especially where it may detract from the quality of the interaction with jobseekers or affect relationships with employers;
- The application of management information in a more systematic way and with an economic approach to emphasise the savings, costs and benefits of PES services and measures would require additional research, statistical and economic skills either internally or sourced through external research institutes; and
- Lack of awareness and understanding among policymakers of CBA.
- **Proposed solutions** included:
  - Keeping the roll-out of CBA proportionate to role, function and skills, with responsibility for the more technical design, sophisticated analysis and skills centralised. Promoting the flow of information to the local level where there should be a critical assessment and a dialogue around the implication of the findings;
  - Investing in more sophisticated approaches to evaluation and the assessment of net impact, including the use of quasi-experimental designs, as these are the building blocks of CBA; and
  - Raising awareness and understanding among policymakers of CBA, particularly around the interpretation of findings and their implications for PES capacities and operations.
- **In the context of increasing use of partnership approaches and sub-contracted services in the delivery of PES functions, measuring effectiveness and efficiency increasingly has a wider scope** i.e. the need to incorporate the assessment of delivery out with the PES itself. Measurement of efficiency and effectiveness need to be built into the contracting process and the contractual framework which underpins external delivery. Valuable lessons exist in this arena (for example the STAR Ratings system in *Australia*) in relation to the use of ratings of suppliers, performance measures and payment regimes linked to outcomes and sustainability.

#### **Selected issues for future discussion**

- The authors of the analytical paper suggest that performance management systems have been implemented in all PES across Europe and widely applied for benchmarking. However, the degree of sophistication of performance management systems and **the effective implementation of quantitative tools varies greatly across Member States**.
- At the Dissemination Conference, cost-benefit analysis **(CBA) was accepted as potentially a useful tool in the implementation of New Public Management**, providing information of interest to PES and their stakeholders – incorporating data on net impact, efficiency, effectiveness and economy. The main challenge lies in developing the potential for its wider application.
- **The analytical paper raised the potential for developing the work on productive efficiency to enable comparisons across Member States if a consistent specification of the model could be agreed.** There is scope for collaborative working across PES on deciding on what should/could be monetised within a common approach to CBA and to explore the potential to

set a common basis for pricing. There is a question as to whether it would be possible to develop a model that would be sufficiently robust to offer pan-European comparative PES analysis of productive efficiency. There is potential for developing and using clusters of PES as a solution. This would enable the control of labour market and other factors that influence performance in the analysis, and so offer a more valid basis for drawing comparisons and learning between PES.

- To facilitate the wider adoption of CBA, there is the scope for **developing guidance for PES on the practical application of CBA techniques**. This could pick up on some of the constraints identified by conference participants and how they could be addressed. It could draw on the ideas from the conference and the practical solutions (full or partial) that have already been implemented in the PES who are lead adopters of CBA techniques.

### 2.3 Quality assurance: the professionalism of employment counsellors

Throughout the discussions on performance management and continuous improvement within PES, recognition has been given to the importance of the skills and professionalism of both frontline staff and management. In fact, appropriate staffing and staff competences are a cross-cutting issue of importance for all topics covered in the PES to PES Dialogue programme. The success of PES is strongly related to the continuing professional development of its workforce and effective leadership. It is critical that the PES workforce is professionally equipped to deliver high quality services and that the right opportunities are provided to the workforce to provide fulfilling career paths.

Results from the Dialogue Conference on the Professionalism of Employment Counsellors show that across European PES there is a broad variety of entry-level requirements, recruitment procedures and subsequent training paths for employment counsellors, but there is a strong interest and potential in developing a common competence framework.

#### Key findings

Two [discussion papers](#)<sup>6</sup>, and the [toolkit](#)<sup>7</sup> from the conference highlight the following key findings:

*Employment counsellors need a set of core competences – in particular, the essential combination of both hard and soft skills, complemented by in-depth local and country-specific knowledge*

- **Competence denotes the ability to apply knowledge, skills and behaviours to professional practice and therefore hard, technical and soft skills are all embedded in this term.** The core set of competences for employment counsellors identified by recent research on the European PES include: **hard (technical) skills** (e.g. assessment and matching, communication and interviewing/counselling skills, IT skills, planning and organising skills); **soft skills** (e.g. client orientation,

<sup>6</sup> European Commission 2013, [Discussion paper: Core competences in PES, entrance requirements and on-going professional development: the current position](#), Author: Łukasz Sienkiewicz, and European Commission 2013, [Staffing concepts and the role of leadership in PES](#), Author: Sanja Crnković-Pozaić

<sup>7</sup> European Commission 2013, [Toolkit: Quality Management - The Professionalism of Employment Counsellors](#), Authors: Helen Tubb and Eleanor Breen

communication, problem solving, motivational skills, negotiating skills, flexibility, stress resistance); and **country-specific skills** (e.g. knowledge of the local labour market and ALMP, service-specific tools and activation practice). **Additional competences** include, among others, knowledge of vocational structures and classifications, expertise in labour law, human resource management (HRM), assessment of psychological and social profiles and facilitation skills.

- As the above list of core competences illustrates, at the heart of guidance and counselling lies relationship-building, communication, active listening, problem solving and an ability to motivate clients. Consequently, this necessitates more than the intuitive application of soft skills in a given PES context. A key feature in the professionalisation of counsellors is therefore that these **soft skills must be equally professionalised**.

*A variety of entry-level requirements are mirrored by a diversity of training and recruitment approaches*

- A range of entry-level requirements, spanning from secondary education to Bachelor's degree or above, characterise the recruitment of employment counsellors. Additional qualifications, knowledge, languages and professional experience can also be included according to PES specific requirements. **As a general principle, PES need flexibility in defining their entry-level requirements according to the characteristics of their local labour supply, educational and training system, employment conditions and recruitment legislation.** A number of PES operate within the regime of a general civil service recruitment process, which can limit their flexibility to recruit specifically for the employment counsellor competency profile. Greater emphasis therefore needs to be placed on 'shaping' the candidate to the role through the initial training.
- **The evolution of the professional profile of the employment counsellor is leading PES to develop fit-for-purpose and flexible recruitment methods.** For example, in *France*, Recruitment Simulation Methods used to select jobseekers are also used by PES for the recruitment of employment counsellors; these methods allow for selecting candidates on the basis of capabilities rather than solely previous experience and/or skills.
- **Initial and on-going training varies across PES, in line with the diversity of entry-level requirements, however mentoring and coaching remain a key component throughout.** Initial training covers mostly hard skills and PES-specific knowledge, while the development of soft skills is supported through formal training in counselling and communication, as well as mentoring, coaching and on-the-job supervision. Mentoring and coaching are frequently highlighted as an important feature of both initial and on-going training, not only in terms of supporting the new recruit, but also in helping to bring out the 'soft skills' and attributes required of the job.
- **A number of critical success factors have been identified in initial and on-going training.** In *France*, for example, these are: consistency of training offer; allocation of funds specifically to training and tutorials; the design and plan of training in the early recruitment stage; allocation of time dedicated to practice and observation between training sessions; and, tutorials and support from 'buddies'. In *Germany*, the low rate of staff turnover is considered a successful outcome from investing in long-term training through a specialised university programme from the Federal Labour Agency (BA). The *Estonian* PES has developed a work-focused counselling programme delivered by in-house trainers, a regular update of the

programme and a climate of learning within the PES have been identified as success factors.

*Continuing professional development (CPD) is a strategic tool for staff progression and PES success*

- **Most PES have in place CPD provision** to maintain the knowledge, skills and practical experience of counsellors, as well as to promote staff development and support staff motivation. CPD provisions are often based on a minimum number of days training combined with competence profiles, development plans and regular appraisal processes. In PES, there may be limited opportunities for career progression into leadership and management; therefore, **CPD becomes particularly important with regard to 'talent management' to support counsellors in developing their career through, for example, horizontal transitions into new roles such as mentoring and coaching.**
- **PES should provide a range of CPD opportunities to respond to a variety of learning needs, taking into account the diversity of contexts and to keep staff motivated.** For example, in *Germany*, the PES offers two specific career development paths with vertical and horizontal mobility. Staff are supported either into management positions or into specialised roles by deepening their skills and competencies. Individual training plans are developed and regularly assessed. There is also an in-house Leadership Academy which develops ad-hoc tools and concepts for CPD.
- **CPD needs to be linked to the wider strategy of PES, thus the skills and competences of staff can contribute towards the achievement of the general objectives and vision of the PES.** In the *Norwegian* PES, the development of competences and its monitoring is embedded in a more comprehensive approach focussed on the quality of services and the achievement of general goals; additionally, there is a standardised approach to stress management, motivational incentives and career development. In *France*, the continuous training is compulsory for employment counsellors and the training is delivered in regional specialised training centres.

*Effective leadership and a variety of diversity management strategies are required to effectively respond to increasingly demanding scenarios for PES*

- **Diversity management strategies have a twofold application in PES, with reference to a diverse workforce and a diverse client base.** Among PES, there is a variety of approaches to manage a diverse workforce and ensure that the composition of the management strata mirrors the diversity of PES staff, including comprehensive HRM and diversity management practices. Effectively responding to a diverse client base is important for sustainable activation and integration outcomes. PES implement numerous strategies to respond to diverse clients: ensuring the diversity of staff reflects the composition of the client base; diversity training for all staff; employing specialist counsellors according to specific client groups; and, contracting out for specialist services. For example, the PES in *Slovenia* employs counsellors to reflect the composition of ethnic minority groups in the area.
- **The role of PES leaders is critical to keep staff motivated and effectively operate under the pressure of increasing demand for PES services and budgetary constraints.** PES managers require an in-depth knowledge of the 'business' of employment counsellors and adaptable

leadership. An elaborated leadership culture is the approach adopted by the *Austrian* PES to ensure high quality customer services and guarantee a positive influence on the leadership of employment counsellors. **The quality of the leadership is a critical success factor in motivating staff and enhancing the quality and performance of PES.** The *Belgium Flanders* region has developed a programme to specifically spot and nurture future managers, thus investing in talent management and leadership development ahead of the curve. The project targets people that would not commonly apply for management roles and offers ad-hoc events and training to explore and strengthen managerial talent.

- **Effective leadership requires successful strategies both within and outside the PES.** Internally, leaders need to set the right tone and culture for the organisation to ensure motivation and continuous development. Thus leaders need to carefully consider elements such as the structure of teams, the variety of job content, the degree of autonomy, individualised development programmes, mentoring activities and career opportunities. Externally, leaders are required to actively promote the PES, network with key stakeholders, clients and citizens in order to celebrate success within the community and demonstrate the value of PES and the reward from staff commitment.

#### Selected issues for future discussion

- There is a common interest amongst European PES in developing the professionalism of employment counsellors and sharing practices in terms of job roles, competence requirements, training and human resource management. A comprehensive, fit for purpose core competence profile could sit as the focal point for a 'life-cycle' approach for employment counsellors from recruitment through to personal development and career planning. A key competence profile would allow for the search for competent recruits, regardless of whether their skills have been acquired through education, training or work experience. It would support the design of internally-managed, PES-specific inception and on-going training. It could underpin the career path of employment counsellors facilitating in-depth (professional) development, as well as hierarchical progression. **The development of a portfolio of shared competences and elements of a professional qualification requires further investigation, but offers tremendous potential for the network of PES - the next steps in the process need to be discussed further.**
- The training of PES managers emerges also as a particular concern both in relation to the management of employment counsellors and wider performance management issues. **Less is known about the routes to recruitment and training of management staff. This is an issue warranting further exploration.**
- Recognition of the need to manage both a diverse cadre of staff and a more diverse client base is wide spread amongst PES. A number of strategies have been deployed to meet the challenges and opportunities diversity presents. What appears to be less evident is which strategies are the most effective. In particular, there was a call for **greater evaluation evidence on whether the use of specialist counsellors for particular target groups is effective.** Does specialisation and the matching of adviser skills to the needs of specific sub-groups of clients deliver greater and more sustainable outcomes? Do the advantages of specialisation outweigh some of the cost and resource challenges that specialisation presents? To what extent can

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telephony/e-based services help in both meeting specialist needs and providing a cost-efficient service, and what additional staff competences are required to deliver such services?

## 3. PES personalised services

### 3.1 Personalised services for target groups: enhancing the labour market integration of low-skilled young people and adults

The EU 2020 Strategy defines the strategic role of PES in increasing levels of participation in the labour market, developing a skilled workforce and tackling youth unemployment. A transitional labour market and increasing focus on the demand side require activation measures focussed on sustainable outcomes starting from the early activation of school drop-outs and low-qualified jobseekers. Across the Member States, PES have provided a range of services targeted at the low-skilled unemployed, framed by either 'work-first' and 'train-first' strategies. The work-first approach aims at fast entrance into the labour market with the immediate reduction of the pressure on the welfare system, while a train-first approach focuses on enhancing employability and the longer-term development of human capital. Both strategies can present elements of success and weaknesses according to the type of beneficiaries, thus PES have diversified and tailored their portfolio of work-first and train-first services to provide more personalised approaches.

#### Key findings

Results from the [Peer Review](#)<sup>8</sup> on PES approaches for the low-skilled and the related [analytical paper](#)<sup>9</sup> and [follow up study visit](#) provide an overview of the key strategic elements of work-first and train-first approaches for low-skilled young people and adults.

*Early intervention combined with intensive, dedicated and comprehensive support shape working with low-skilled young people and adults pre- and post-employment*

- **Orientation is crucial for young jobseekers to help them assess the occupation options and employment opportunities, understand the reality of work and choose the right training option; it can be offered by PES in-house or in cooperation with separate specialist guidance services.** This can include practical schemes such as the 'job try-out scheme' in *Belgium Wallonia* which offers young people three weeks of work experience covering three different occupations.
- **Counselling and guidance is critical for the effective integration of both low-skilled adults and young people into the labour market; although young people need more intensive support and earlier activation than adults.** PES (or PES in cooperation with other service providers) are increasingly adopting a **holistic approach** as more clients are facing multi-dimensional barriers to work. In *Germany*, the 'Inga' (internal holistic integration service in SGB III) project offers intensive and holistic counselling to clients with a complex situation - the case load for counsellors in 'Inga' is 1:64 against 1:140 for regular counsellors. The results of a pilot project show that the approach has had a positive impact on integration rates.

<sup>8</sup> European Commission 2013, [PES approaches for to low-skilled adults and young people: work-first or train-first: Comparative paper](#), Brussels, Author: Sue Leigh-Doyle and European Commission 2013, [PES approaches for to low-skilled adults and young people: work-first or train-first: toolkit for PES](#), Authors: Ellen Murray and Helen Tubb

<sup>9</sup> European Commission 2013, [PES approaches for sustainable activation of low-skilled adults and youths: work-first or train-first](#), Brussels, Author: Sue Leigh-Doyle

- An individualised approach, based on profiling, assessment and the creation of individual action plans, is increasingly considered to be essential to determine which integration approach is most suitable for a jobseeker. Apart from where legal rules apply, **PES employment counsellors have the crucial role of deciding which approach would be most effective to achieve sustainable integration of the jobseeker and in which jobseekers resources for training should be invested.** Thorough and professional assessment of the jobseeker is critical to enable counsellors to make the right decision.
- **PES counsellors require the right competences, as well as support from managers in order to balance the need for fast integration with sustainable activation.** Strategies to ensure a quality professional assessment include using specialist counsellors with smaller caseloads for young people, the use of profiling tools and developing a knowledge base on what works best for whom.
- **Effective follow up and support during training and following placement into a work-first measure can make a difference to integration outcomes** however these are not offered as standard by many PES given resource constraints. PES can adopt a variety of methods to prevent jobseekers dropping out of training (which can be a significant problem with the most disadvantaged jobseekers) including maintaining ongoing contact with the training provider and jobseeker, additional support for the jobseeker if needed and arranging placement activities before the training measure ends. Maintaining telephone contact with the jobseeker and the employer following placement into a job (e.g. *Germany*) has proven to be effective in promoting sustainable integration and reducing the length of future unemployment spells for jobseekers with a certain risk.

*Effective sustainable work-first measures combine job search assistance, guidance and counselling, case management, mentoring, in-work support and incentives for employers*

- Work-first approaches are **most suitable for people who are job ready and with previous work experience, primarily for unemployed low-skilled adults.** They may also be used to integrate **young low-skilled jobseekers** if the PES does not have legal rules which require a train-first approach for this group. Work-first approaches are used in particular for those young people who are not able or cannot be motivated to undertake training or where resources for training are not available.
- **Job-search assistance, monitoring and sanctions are a key component of work-first strategies;** research indicates they are an effective active labour market method overall in supporting the transition from unemployment to work. PES emphasised the importance of working closely with employers and other local economic development actors to identify job opportunities, including in new sectors such as the green economy. **Subsidised work placements** can be effective for **harder-to-place** adults and young people, although such schemes must be carefully designed and monitored in order to avoid displacement and deadweight effects which are inherent within them.
- **A similar menu of work-first approaches is offered for both adult and young low-skilled jobseekers, but the level and intensity of support may need to be higher for young people.** Work practice/internships, which can include training elements, are considered particularly useful for young jobseekers to provide their first practical work experience. There is

also a need for PES to focus on improving the sustainability and quality of work placements to avoid young people just moving from one placement to the next; this might be achieved, for example, through ensuring that jobseekers will gain new competences in placements.

*Train-first approaches are often prioritised for young people; successful training is closely linked to the needs of employers and certified*

- **PES counsellors must strike a challenging balance between achieving a fast placement into employment and sustainable integration**, considering the reality that most jobs for low-skilled will be temporary, part-time and low paid. Increasing the qualifications of the jobseeker is a pre-condition to change this reality. Some PES have legal rules which require all low-skilled young people under a certain age to be offered training; even where these do not apply, many PES will **prioritise train-first approaches for young low-skilled** given that young people are less likely to have any work experience or informally and formally acquired competences. Train-first approaches are most likely to be used for adults where a jobseeker's skills are out-dated.
- **Training should be closely linked to the needs of (local) employers in order to be effective.** PES (e.g. *Finland, Lithuania*) have developed labour market analysis barometers, which use information from employers to predict future labour market skills needs, and many PES work with employers in order to design employer-specific training schemes. This linkage can extend to making employer involvement a condition of training; for example, in *Lithuania*, most training is conditional on an employer agreeing to retain the jobseeker for 12 months after the training has finished.
- **The most effective train-first approaches for young people include both vocational training and employer-based work experience, for example, apprenticeships/dual training schemes.** Pre-apprenticeship bridging schemes which combine work experience and vocational training (e.g. *Germany*) are a useful approach to prepare those young people who are not ready to complete an apprenticeship. Combining core education components such as literacy, numeracy and language skills with vocational training is also considered effective. In some countries, negative perceptions of training-based employment and apprenticeships/dual training schemes still exist amongst employers; PES can play a key role here in changing these employer perceptions to encourage more to offer placements. PES also emphasised that in some cases qualifications gained through dual training schemes can be restrictive and do not provide many opportunities beyond what the young person is trained for; improvements could be made to ensure that young people leave with qualifications that open other doors to them should they wish to change careers.
- **In general, shorter, job-specific, practical training is considered most appropriate to support fast, sustainable integration for adults.** Whilst it is important for the training to be linked to a specific job offer, training should contain market-relevant elements going beyond the specific needs of an individual employer. Financial support during training is important to enable the jobseeker to participate. Accreditation of prior learning is an option to prevent 'starting from scratch' in re/upskilling a jobseeker (e.g. *Austria, Belgium VDAB*). However, it can be quite costly and requires an established accreditation system.

- Increased focus on monitoring and **improving the quality of training**, further efforts to **evaluate** labour market **outcomes from training** and awareness-raising for employment counsellors to ensure they have sufficient knowledge of available training options for jobseekers were all identified during discussions at the Dissemination Conference as ways to further improve train-first approaches.

*Brokerage and partnerships provide important access to clients, labour market intelligence on employment demand and job opportunities and support services for the low-skilled*

- **PES have an important brokering role to play in order to match skills supply and demand, both in sectoral and qualification-level terms; key to this is the collaboration with employers, the education and training system.** This can include the identification of particular **skill needs for a greening economy**, particularly where there is considered to be strong future demand. Partnerships with employers and social partners play a key role in achieving better activation outcomes. Employers can help in shaping programmes and training curricula consistent with the labour market needs, thus ensuring a better match between labour demand and supply.
- **Cooperation with schools is particularly critical in supporting the school-to-work transition.** For example in *Norway*, the PES participates at Ministerial, Directorate, regional and local office level in a project which aims to increase the rate of completion of secondary education. The county educational follow-up service and youth teams in the PES offices co-operate to establish sustainable structured collaboration follow-up procedures and well-organised training to young people. Measures from the PES, like work-practice, are provided in combination with training from school, adapted according to individual needs. Agreements between the PES and the county education administration concretise local collaboration.
- Cooperation with **health and social agencies** helps to implement more effective measures for jobseekers with multiple disadvantages. *Le Forem* in *Belgium* works with partners to offer a multi-dimensional pathway with social and professional dimensions for the most vulnerable jobseekers. This assists jobseekers to solve problems which are excluded from the pure scope of professional integration (e.g. family problems and behavioural issues) in parallel with the implementation of the job-search action plan. In *Norway*, the PES, health and social services collaborate to prepare an Individual Plan for those with complex health problems. This is both a statutory right and a basis for structured cooperation between a patient, the health service providers and the employment counsellor.

### **Selected issues for future discussion**

- In the context of the wider debate around the implementation of the Youth Guarantee, successful approaches to preventing early school leaving and early re-integration will remain at the heart of discussions, including for PES. Building on the findings of this year's discussions and previous activities in the PES to PES Dialogue, **further exploration of the added value of specialist training for counsellors for specific target groups could become the subject of further debate.**
- **Effective co-operation with partners is also a key issue for further development;** PES have an important brokering role to play in order to match skills supply and demand; key to this is the collaboration with

employers, the education and training system. The value of working with partners in the health and social care sector in order to effectively support jobseekers with multiple disadvantages also warrants further discussion.

- New delivery models with a greater focus on targeted measures and personalised approaches have led to changes in the role of employment counsellors. **What additional actions are needed at this stage to support the development of counsellors' professional profiles and tools to assist in the guidance process?**

### 3.2 Personalised services for target groups: enhancing the labour market integration of people with disabilities

Despite an improvement in the health status of the labour force over the past decades, the incidence of disability benefit claims have increased in several European countries and the labour market integration of jobseekers with a disability continues to pose a challenge to most EU Member States. The working age disabled population without a job is about twice as large as the unemployed population in most Member States and many of them are not actively looking for work. PES have an important role in delivering employment rehabilitation services. The PES 2020 Strategy recognises that the low participation rate of people with disabilities, along with other target groups, remains a structural problem and calls on the PES to make their services accessible to disabled jobseekers (inclusiveness principle).

#### Key findings

An [analytical paper](#)<sup>10</sup> identified the following key findings for PES:

*There is still potential for further development of PES services*

- **Shifting resources from cash transfers to services is necessary to make activation financially feasible** and generate sufficient incentives for labour supply. Whilst there is evidence of a shift towards activation policies and away from cash transfers<sup>11</sup>, this has not yet led to a shift in spending nor an improvement in labour market outcomes for people with disabilities. This is likely to be due in part to the **complex cooperation required between PES and other stakeholders to introduce new benefit rules and organise activation**. Evidence from early reformers (e.g. *Sweden*) shows this shift is possible and has resulted in an improvement of labour market outcomes for people with disabilities.
- Most countries provide rehabilitation services but with some exceptions (*Finland, France, Germany, the Netherlands and Sweden*) these are under-developed, under-funded or under-used. **In most Member States, jobseekers with disabilities can access mainstream PES services and measures** and where rehabilitation services are available, these are mostly administered or signposted by the PES. This model of organising services helps ensure equal treatment and supports integration into the open labour market, as well as avoiding potential duplication of service provision caused by administering services for people with disabilities through separate organisations.

<sup>10</sup> European Commission (2013), [PES approaches for sustainable activation of people with disabilities](#), Brussels, Author: Ágota Scharle

<sup>11</sup> OECD (2010), *Sickness, disability and work breaking the barriers*.

- Countries with an extensive rehabilitation system are usually organised in one of two ways, they have:
  - a **dedicated unit** within the PES that provides services directly to disabled jobseekers (e.g. *Denmark, France, Italy, Malta, Sweden*)
  - **specialist counsellors or generalist counsellors who have received some special training** who refer disabled jobseekers to external service providers, mainly to NGOs dedicated to working with people who have a specific disability (e.g. *Finland, Germany, Ireland, the Netherlands, the UK*).
- In countries where rehabilitation services are less developed, and counsellors are not specialised, some PES offer at least **diversity awareness training for counsellors**.
- A few PES provide **employer counselling**, which focuses on promoting the recruitment of disabled jobseekers, workplace adjustment grants and available subsidies. Some PES employ Disability Employment Advisers to assist employers that are considering recruiting disabled individuals (e.g. *the UK, Germany, Norway*).

*There is limited evidence on what works with regard to PES measures for people with disabilities*

- **According to empirical research, anti-discrimination legislation tends to have no employment effect or even negative effects in some cases.** There is also mixed evidence on the use of employment quotas which have been introduced by many Member States, with some researchers finding no effect of quota systems, whilst other studies have shown that these have an impact.
- There are four main types of ALMP offered to jobseekers with disabilities:
  - **Sheltered employment** (placement in sheltered workshop, subsidy to employer and /or employee, on the job training), targeted at people with severe disabilities. Transition to the open labour market is rare.
  - **Wage subsidies** to the employer and **vocational rehabilitation** (ability testing, case management, training, placement, work adjustment measures) which are targeted at the less severely disabled.
  - **Supported employment** (individualised vocational rehabilitation and job preparation, job coaching and follow up support), targeted at all levels of disability.
- Research evidence indicates that **personalised services, such as supported employment are more effective in promoting transition to the open labour market** than large-scale uniform programmes, such as training or sheltered workshops, however, evidence from Europe is limited. There is also some evidence that, depending on the degree of disability, personalised services such as supported employment combined with sanctions are cost-effective as opposed to sheltered employment.
- Evidence suggests that **outsourcing of services is most efficient in the case of hard-to-place clients**, and that partially **outcome-based financing** can be effective if measures and monitoring are in place to

constrain perverse incentives.<sup>12</sup> Currently few PES (*UK, Netherlands*) use outcome based funding on a large scale, although pilots have recently started elsewhere (*Germany, Sweden*).

- **Other partners, including disability interest groups, advocacy organisations and medical institutions play an important role in the integration of people with disabilities.** They can assist the PES in developing tailored training programmes and services for people with disabilities, awareness-raising and activation, and promoting anti-discrimination and tackling prejudices which prevent labour market inclusion of this target group.

### Selected issues for future discussion

- PES employment counsellors need to be aware of the specific needs of people with disabilities, even if rehabilitation services available for them are limited. **How can PES best provide training to employment counsellors to ensure a focus on the needs and priorities of people with disabilities?**
- Measures to prevent transfer into unemployment during sick leave are rare. The *Netherlands* is an exception, where employers and employees on sick leave are required to develop, follow and update a 're-integration plan'. **How can PES strengthen activation in early stages and cooperate better with health care to prevent transfer into unemployment?**
- There is very little research on the relative efficiency of the various services and measures for the labour market integration of people with disabilities. **How can PES carry out more systematic data collection, monitoring and impact evaluation to assist in better design and targeting of such services and measures?**

### 3.3 PES and green jobs

The European Commission's Employment Package 'Towards a job-rich recovery' identifies the green economy as a job-rich sector. The demand for green skills also has the potential to change the content of existing jobs and thus the skills required for these jobs within sectors (e.g. construction or transport) impacted by sustainability legislation. PES can play an important role in supporting jobseekers into new 'green' occupations where there is market demand, thus helping to reallocate labour between declining and emerging industries and occupations. In addition, the PES have an essential function to identify and meet the new skills requirements, particularly through working with employers.

#### Key findings

An [analytical paper](#)<sup>13</sup> on this topic identified the following key findings:

*PES should consider how and whether to promote green jobs and skills to jobseekers from all qualification levels*

- **PES use multiple sources of evidence on green skills and data from employers**, with some PES undertaking national monitoring of demand in various sectors in the economy, including green jobs (e.g. *Austria, France*),

<sup>12</sup> Corden et al 2003, Finn 2007, European Commission 2011b.

<sup>13</sup> European Commission 2013, [PES and Green Jobs](#), Brussels, Author: Annette Cox

whilst others rely on job vacancies advertised via the PES which excludes many higher skilled vacancies, as well as employer surveys and information from trade associations (e.g. the *UK*).

- While many green jobs demand a high level of skill and qualification, jobseekers registered with the PES often have no, or very limited, formal training. An important priority for PES is to equip jobseekers with the **basic skills to work in the green economy**<sup>14</sup> and to consider **how and whether the promotion of green jobs and skills can be made applicable to jobseekers from all qualification levels**. Establishing partnerships with key local employers may help the PES to identify roles that need filling with some additional training; this may be particularly important if employers are reluctant to approach the PES directly or do not perceive PES as fielding candidates with the required skills/experience. PES (e.g. *Sweden, Belgium Le Forem, the UK and Spain*) have been involved in initiatives to train jobseekers in green skills, although they involve very different groups of jobseekers (graduates in the case of *Spain*, young people with very basic formal qualifications in the case of the *UK*).

*Partnerships are particularly important to support jobseekers into green employment*

- **PES can play an active role in promoting green skills where there is market demand.** PES services on green skills are mostly included within mainstream services. Most PES do not have specialist departments working on green jobs or skills projects (with the exception of *France*), however most have also acknowledged some role for the PES in promoting the 'green jobs' agenda, usually based on engaging with employers, trade associations and other stakeholders to train and place jobseekers in green roles (i.e. those in environmentally friendly industries such as renewable energy, eco-construction and waste management).
- **In several countries (e.g. *Germany, Austria, UK*), social enterprises, professional associations and charities with an environmental focus are the dominant actors in promoting employment opportunities within green occupations.** In some cases (e.g. *Spain, Greece*), the withdrawal of government subsidy for specific green occupations programmes has meant that demand for skills in green sectors has reduced, and therefore specialist PES initiatives in this sector have also ceased.
- **PES have developed approaches and partnerships with employers, employer associations and training providers to support jobseekers into green employment,** mostly at local and regional level. The most effective approaches tend to operate at a local level based on a sound knowledge of local labour market needs or involve local agencies being given considerable autonomy by national actors to meet specific local needs. Examples include support for high level green skills training (involving 350-400 hours of classroom training followed by an internship for 450-550 hours) for under 35 year olds at the *Spanish Basque* PES involving classroom training and internships in companies in the environmental goods and services sector; and a national partnership between employers, a charity and the PES in *the UK* to train unemployed young people in energy retrofitting in UK homes which involves a week long accredited training course, work experience and a guaranteed interview with one of the employer partners. *France* is an exception with national level activity to

<sup>14</sup> Williams 2010

support jobseekers into green employment; it provides workshops bringing jobseekers and employers in green sectors together, plus brokering of training for specific sectors.

- **Some PES are making increased use of web-based systems to provide information on green job opportunities to jobseekers.** Signposting jobseekers to these roles appears not to be systematic, but is offered on an ad-hoc basis, either to jobseekers who express an interest in the environmental goods and services sector or where a major local employer operates in that sector. These systems provide useful information and can be cost-effective, however they are of most use for jobseekers who can make accurate self-assessments of their own skills and abilities. Further face-to-face support may be required for low-skilled or less confident jobseekers to assist them in entering into green employment.
- **PES can play an effective role as a broker in supplying potential recruits or trainees with green skills where employer demand is present.** Workshops to match jobseekers to employers offering green jobs have proved effective (e.g. *France, Belgium Wallonia*). PES should also identify the most relevant partners, such as social enterprises who can provide training and support to jobseekers. Taking such a brokering role can help PES to maximise scarce resources, which may be particularly important if the 'green' sector offers relatively fewer job opportunities within their country compared to other sectors.

#### **Selected issues for future discussion**

- A fairly narrow definition of 'green' jobs is often used to forecast green skills needs across the EU which may result in underestimating changing skills in jobs across a range of sectors where 'green' skills may be becoming desirable. PES and other labour market actors have the opportunity to work more closely with employers to understand their skills needs and ensure that these are met. **How can PES best work with employers at local level together with providers of vocational education and training to better understand and meet their skills needs?**
- Several examples were found of projects that appear to have been successful but have been discontinued due to lack of financial resources. This has led to a lack of employer demand for green skills, as markets shrank when subsidies were withdrawn. This illustrates a need for policy alignment at national levels across climate change, business/industry, consumer and employment/skills, combined with investment by national governments to mitigate the effects of climate change. Otherwise, PES may understandably focus their attention on supporting jobseekers into occupations and sectors where growth prospects are higher and more likely to be sustained. **ESF support is available to help support green economic and employment growth; how can PES best use ESF funds more actively to support employment growth in this area?**
- There is very little information available on what works well and why in integrating jobseekers into the 'green' sector as most programmes have not been subject to systematic evaluation. There is also little evidence of effective practices at local or regional level being disseminated or mainstreamed within PES which could lead to 'reinventing the wheel' on new projects or areas of good practice not being shared with others. **How can PES best examine the cost effectiveness and value for money of the schemes undertaken to better assist PES in targeting future interventions and better share these results with others?**

## 4. Impact of PES to PES Dialogue

### 4.1 Summary and overview of changes recorded

The European Commission recently surveyed PES who participated in the PES to PES Dialogue programme events in 2011 and 2012 to find out whether the programme had influenced a change in practice within their PES. Respondents were asked to provide examples of changes in practice in their PES which were planned, started or already implemented as a result of the influence of the PES to PES Dialogue events or outputs, the main success factors in facilitating and initiating the change and the changes to the programme respondents would like to see in order to increase the capacity for transfer.

Thirty responses were obtained from 22 participating countries. With the exception of three respondents, all PES reported at least one impact on a practice within their PES. In at least 60% of cases where a change was outlined, the PES specifically mentioned the impact of the PES to PES Dialogue event or papers in making this change happen in their narrative response, alongside other factors. The outcomes of the survey were discussed by PES members at the PES to PES Dialogue Dissemination Conference; additional success factors and proposals for improvement to the programme were suggested by PES.

### 4.2 Areas of Change

Participants mostly reported changes to PES activities in the following fields: individual action planning, profiling and interventions focused on low-skilled unemployed (particularly young people).

#### 4.2.1 Profiling

**There were 12 examples of change reported following participation in the Dialogue Conference on Profiling, spanning the development, application, deployment and strategic use of profiling activities across PES countries.**

Notable examples include the design of more complex profiling principles (*Portugal*), new measures of training counsellors to improve risk-profiling for clients of a specific target group (*Bulgaria*) and the use of profiling to support the deployment of a more tailored client approach (*Ireland*), especially in response to growing numbers of unemployed young people (profiling by vocational competence and interest in *Belgium's VDAB*).

PES to PES Dialogue activities and materials have presented opportunities to review how and why profiling is important in service delivery and in aiding individual action planning. *Cyprus* for example used conference materials to support internal discussions on using risk identification, resource allocation matching and action planning tools more effectively to help frontline counsellors with growing caseloads.

#### 4.2.2 Individual Action Plans

**There were 16 examples of change reported following participation in the Dialogue Conference on Individual Action Plans, and in 12 cases the PES specifically linked the changes to PES to PES Dialogue activities.** *Bulgaria*,

for example, used the IAP PES conference to finalise the development of new types of mediated, local workshops. Other participants used outcomes and discussions from the PES to PES Dialogue event in the context of re-engineering (*Greece*,

*Hungary*), re-introducing (*Hungary*), or even laying the foundations/strategy for introducing a new set of IAP activities across a given PES (*Lithuania*) or a given target group (*Norway* and young people). Learning from the conference reinforced the existing idea within *Belgium's* VDAB to develop a Personal Development Plan for a jobseeker which includes an IAP, and *Latvia* are using IAPs as progress trackers in the context of introducing changes to benefits' rules and regulations.

#### **4.2.3 Youth Guarantees: PES approaches and measures for low-skilled young people**

There were ten examples of change reported following participation in the Peer Review on [Youth Guarantees – PES approaches and measures for low skilled young people](#) (nine) and the Peer Review on [Low-Skilled Adults and Young People](#) (one). **Survey results indicate that EU 12 countries have found papers and discussions from the Peer Review on Youth Guarantees very useful in the process of informing, designing and shaping activities targeting low skilled young people and the implementation of the youth guarantee scheme** (*Lithuania, Hungary* and *Estonia*). *Lithuania* for example enhanced vocational guidance by expanding their network of youth job centres in July 2013 and widening cooperation with social partners at local level. *Estonia* studied best practices across other PES to inform their youth guarantee scheme and will launch preventive measures in 2014 (including on-the-job training for low skilled young people).

#### **4.2.4 Other examples of interest across fields of practice**

**The Peer Review on Services to Employers helped to identify good practice and facilitate change in eight PES.** *Lithuania* is introducing new plans to cooperate with employers, *Estonia* signed cooperation agreements with employers in 2012-2013, and *Sweden* led an international dialogue with PES in *France, Hungary* and *Slovenia* in 2012 to work towards a joint model for agreements with large companies. Finally, *Belgium's* ACTIRIS developed a new structure for their employer services and continues to look for ways to increase the number of job vacancies offered by employers, although this change is largely driven by national imperatives.

**Changes in multi-channelling were identified by eight PES.** *Bulgaria* introduced online registration services, registration for training provision and texts as prompts for appointments. Others found similar inspiration from their peers: *Belgium* *Le Forem* introduced a wider reaching multichannel strategy using best practice from PES benchmarks (such as adopting a CRM approach to collecting information from different channels, including social media) and *Germany* have taken inspiration from *Austria's* online coaching services to implement the concept themselves.

**Older workers are a key focus for change in Malta's PES services, who made use of the Peer Review to inform new practices.** *Malta* are introducing new training to enhance older workers' skills, weekly training allowances and a training and work exposure scheme for people registering with the PES in the region of Gozo (as they often experience dual isolation). Furthermore, existing employability training programmes are extended to persons of pensionable age, although not exceeding 70 years, in line with *Malta's* government policy to promote active ageing and lifelong learning.

### 4.3 Success factors in facilitating change

It is difficult to judge how directly PES events and outputs have impacted, triggered or shaped changes to national PES activities, but it is certainly the case that PES events and outputs have influenced, validated and confirmed choices made by national PES in a context of change. The survey highlighted that in at least 60% of cases where a change was outlined, the PES directly mentioned the impact of the PES event or papers in making this change happen in their narrative response, alongside other factors.

According to the survey and feedback from the Dissemination Conference, **one of the main success factors in facilitating change in national PES is the inherent desire and plans for change already within the organisation ahead of a PES event.** The PES to PES Dialogue activities can therefore give added impetus and information to facilitate the change process. For example, PES representatives actively used their participation in Peer Reviews and Dialogue Conferences to get feedback on their ideas and take away new insights from others. Therefore the timing of PES events to coincide with planned changes in PES and the timing at national level when introducing change taking into account current demands of clients and political priorities both play a role.

**The process for change also needed proactive follow-up after the events took place,** for example through creation of a dedicated working group or organising specific management meetings in order to embed the process of change and transfer the knowledge to others within the organisation. PES members confirmed that active dissemination after PES events was an important factor in particular during on-going change processes in order to share feedback and qualitative benchmarking results.

**Transparency is a crucial factor for successful change management; an open-mindedness and supportive organisational culture in the PES was important to generate buy-in by employment counsellors and managers.** This culture of open-mindedness of staff and the adherence to change can be enhanced by PES operational values encouraging staff in creative ideas and by involving staff in strategic and operational management. PES representatives emphasised the importance of doing a risk assessment before introducing change and correctly ascertaining the steps needed to achieve the desired new process or service.

**The availability of information, benchmarks and good practices, and the opportunity to learn from other countries also ranked highly in both the survey and conference discussions.** In the survey, several of the EU 12 countries report with notable enthusiasm on the quality of the PES to PES Dialogue papers, outcomes and opportunities to get feedback and exchange on good practice and results.

Finally, access to networks, consistency of participants at PES workshops and availability of technical and general perspectives at PES events are also success factors in facilitating and implementing change.

### 4.4 Main proposals for improvements to the programme

Continuous improvement of the PES to PES Dialogue was firmly supported by the PES. **PES participants saw the need to improve the engagement of their own organisation:** PES staff should have the allocated time for mutual learning activities, and the awareness-raising and dissemination of knowledge should be further encouraged within PES (at all geographical levels), as well as amongst other

labour market stakeholders. Another key priority was deemed to be **the reinforcement and dissemination of more evidence-based outputs, taking account of national good practice examples on each of the PES topics addressed.**

Other suggestions for further improvements to the programme include:

- The organisation of follow-up workshops to further facilitate transfer and observe the evolution of topics over time;
- The opportunity to access expertise from another PES, to visit or twin with them;
- More evidence-based outputs which include details on risk assessment, processes, results, challenges and success factors of particular practices;
- Collating information on shared online platforms;
- Supporting countries with EU jargon;
- Preparing a glossary of EU PES terminology; and
- Presenting outcomes of reviews formally at EMCO level

**Results from the survey and discussion with PES will be taken into account to further develop the PES to PES Dialogue programme in 2014.** It is a question for future discussion on how all the activities mentioned above could be supported. There are some activities like **bilateral exchanges or follow-up workshops that the PES themselves would be well placed to initiate, which would make mutual learning a truly shared responsibility at all levels.**

## 5. PES as labour market transition agencies: key issues for the strategic management of PES

The topics covered during the third year of the PES to PES Dialogue programme have raised a number of issues for the strategic management of PES. In some cases, the issues have continued to explore and build upon the topics raised in the second year of the programme; in others they have broadened the scope and basis of enquiry. But in all cases, they were aiming to have helped PES managers and practitioners to reflect on how best to deal with the challenges for employment service provision across Europe.

The topics in year three of the PES to PES Dialogue reflect the priorities of the PES 2020 Strategy Output Paper. To demonstrate this fit, the issues below have been partly clustered around these priorities.

### 5.1 Key issues for strategic management

*Provision of demand-oriented services*

**Prompted by the challenges of delivering effective activation policies, PES have increasingly been turning to the demand side of the labour market and working with employers.** This is both to secure employment opportunities for jobseekers and to address the future skills needs of employers. Key debates and areas for further development include:

- **Access to labour market intelligence is key.** Knowledge from employers of where current and future employment opportunities lie is fundamental to the guidance process in both work-first and train-first models of intervention.
- **Forward looking labour market intelligence, creatively communicated, is essential for effectively engaging with young people** and motivating them to invest in their future. This is especially the case around emergent sectors and occupations such as 'green' construction and energy.
- PES emphasised the importance of working closely with employers beyond initial recruitment to improve the sustainability and quality of job matches - **qualitative on-going assistance for employers is critical.**
- PES can use financial incentives and corporate social responsibility measures to **prompt hiring by employers 'ahead of demand'** to generate new job growth and avert future skills shortages.
- There is further opportunity to **fully capture and disseminate the business benefits from PES services** including apprenticeships. PES have an important role in marketing the attractiveness and potential of jobseekers to employers and in communicating the business benefits from accessing the full portfolio of PES services.

In working with employers, **the PES function lies in both meeting and stimulating demand** – enhancing the PES function as a key player in the labour market and in the wider agenda of economic development.

### *Adoption of conducting functions*

A common strand throughout the dialogue this year was partnership working as a critical modus operandi for PES. **PES cannot fulfil their role as 'transition broker' or make use of the wider capacities in the labour market except through close collaboration** with other actors.

- Partnerships are important in relation to working with employers and economic development agencies **in order to identify, attract and stimulate new employment opportunities.**
- Wider-based partnership working to include the health sector, the care sector, education institutions and other governmental and NGO social welfare agencies are significant **in working effectively with vulnerable groups.**
- Effective early intervention with young people through **partnerships with schools and other youth service agencies is now of particular importance with the introduction of the Youth Guarantee.**

The increased necessity of **partnership working brings organisational consequences for PES** operational management, people management and performance assessment issues. The forthcoming analytical paper on partnership will draw out the implications and current practice to inform on-going debate.

### *Pursuing sustainable activation outcomes*

While PES offer a wide range of service delivery models depending on financial, political, organisational and other factors, the trend towards **early intervention, more personalised services and ensuring the sustainability of activation** continues.

- The challenge is in getting the balance correct between early placement versus equipping people with the skills to ensure sustainable employment and **necessitates early counselling and guidance for effective integration, especially with young people.** It also flags the critical role played by the employment counsellor (except where legal rules apply) in deciding which jobseeker should receive resources for training.
- **Work-first for the low-skilled needs to be complemented by a wider set of activities** to enhance sustainable employment including: on-the-job training to enhance progression and retention; promoting lifelong learning amongst the low-skilled; equipping the low-skilled to manage labour market transitions in order to minimise spells of unemployment.
- Access to PES mainstream services is critical to enhancing labour market outcomes for people with disabilities but raises questions about **what additional training and tools do counsellors need to assist people with disabilities** and which services would make the greatest difference?
- There is broad agreement on the core competences required of PES counsellors, the development of a shared competence framework and a professional qualification requires further development. **A more detailed specification of core skills and levels of competence that could then be applied in the different contexts of PES recruitment, entry requirements and training is required.**

### *Performance management and making the business case for PES*

The PES contribution to EU2020 has significant implications for the organisation and management of PES, especially in relation to overall performance management.

- **PES have made considerable in-roads in developing performance measurement systems.** Collective experience suggests these require: the agreement of common benchmarks and indicators; the best use of existing performance monitoring data, or the development of appropriate measurement systems; the development of information sharing platforms; and developing a no-blame culture that fosters positive dialogue on continuous improvement.
- **Quantitative and qualitative performance measurement tools ensure continuous learning and improvement.** Comparative performance assessment requires the integration of contextual factors which can explain local or individual performance differentials. **Strong management and communication play a key role in exploiting the continuous improvement potential of benchmarking** without leading to perverse incentives and demotivation.
- **The particular operational challenges faced by PES emphasise the need for the highest standards of competence and effectiveness in leadership and management at every level in the organisation.** Initial and on-going training is important for PES managers who play a crucial role in ensuring the effective planning, use and communication of performance measurement and the on-going assessment of PES delivery.
- **Cost benefit and cost efficiency assessments aid service choices and service improvements.** The use of CBA approaches remain in the early stages of implementation, especially in relation to capturing the (indirect) costs and wider benefits to society of PES services. There is value in developing a practical guide to the application of CBA within the PES context.

**In relation to helping PES to make strategic decisions about how to model their services, there is significant demand for more evaluation evidence to inform the design of interventions, the allocation of resources and continuous performance improvement.** Calls were made to strengthen the evidence base on understanding the relative merits of preventative strategies and early intervention; the value of greater personalisation of services and increased specialisation amongst counsellors; the respective costs and value added of national models of performance management and the explanatory factors that underpin differences in PES performance. The proposed improvements to the PES to PES Dialogue suggested by participants at the conference will further contribute to ensuring the potential for learning and insight are maximised.

## 5.2 Next Steps

The third year of the PES to PES Dialogue has seen its further development of an established platform for mutual learning and exchange between European PES. It has continued to focus on some of the key issues for the effective modernisation of PES in the context of Europe 2020. It has also achieved increased recognition amongst national, European and international stakeholders as an important source of information on the latest developments on PES practice. Further, in 2013, the PES to PES Dialogue has also been able to demonstrate its practical added value as a source for informing developments, implementation and change in national PES.

Going forward, the PES to PES Dialogue will respond to the reflections of participants on how it can continue to evolve and best meet the needs of European PES. It will continue to identify avenues for in-depth analysis of practice, and provide opportunities for discussion and collaboration. The programme for the PES

to PES Dialogue in 2014 will reflect priorities identified by the PES network. Topics of interest identified by the participants of the dissemination conference included:

- The sustainable activation of long-term unemployed and young people including the PES contribution to the Youth Guarantee;
- Modernisation of services for jobseekers and employers, for example via on-line tools and managing change internally;
- Reviewing the cost and benefit of providing services, as well as increasing PES resource efficiency;
- Development of a long-term strategy for PES, positioning PES as a strategic player in the implementation of labour market policies; and
- Human resource issues including developing the portfolio of competences for employment counsellors and efforts to make the PES an attractive employer.

The 2014 work programme for the PES to PES Dialogue will be adopted by the Heads of PES in December this year.

A Commission Proposal on Enhanced Cooperation of PES is currently being discussed by the European Council and the European Parliament. It proposes the formalisation of the European HoPES network. In accordance with the proposal a PES Working Group on benchmarking and benchlearning has been established by HoPES to develop a concept for a combined benchmarking, assessment and mutual learning programme. The potential exists for further strengthening a culture of monitoring, evaluation and continuous improving of PES using new tools and for enhancing the evidence base on policy advice, measuring the impact of PES activities and developing e-learning tools and digital dissemination.

Given the above plans, 2014 looks to be another exciting and valuable year in the development and contribution of the PES to PES Dialogue, for PES individually and collectively. As the new year of activities unfolds, the latest information will be posted on the PES to PES Dialogue [website](#).