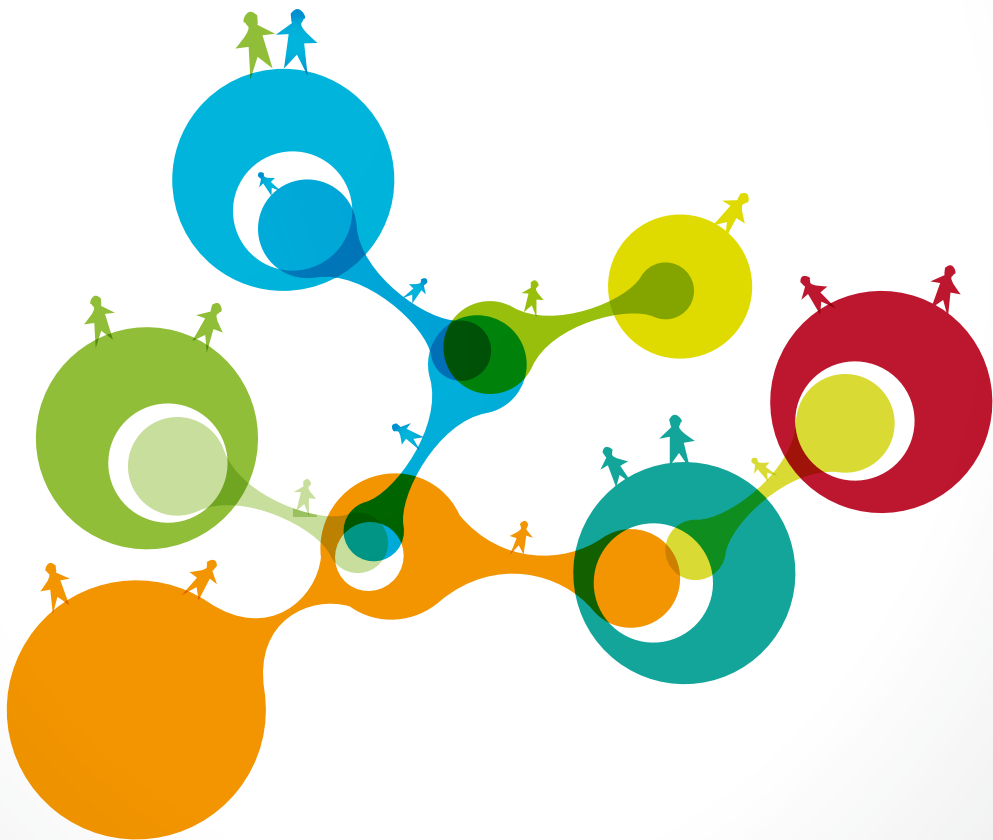


SUMMARY REPORT

PES NETWORK SEMINAR: CHANGE MANAGEMENT IN PES



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Luxembourg: Publications Office of the European Union, 2016

ISBN 978-92-79-59494-6

doi:10.2767/205092

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014 (DECISION No 573/2014/EU). Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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

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**PES NETWORK SEMINAR:
CHANGE MANAGEMENT
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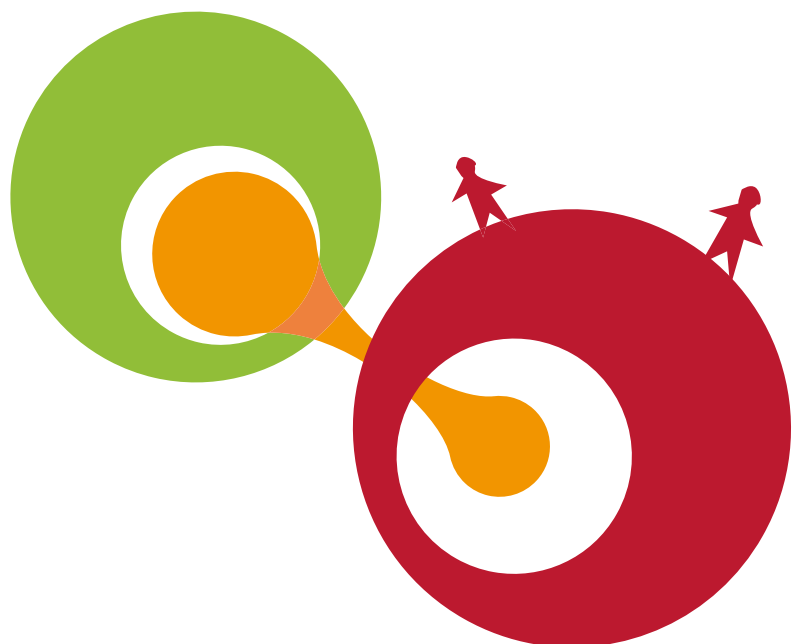
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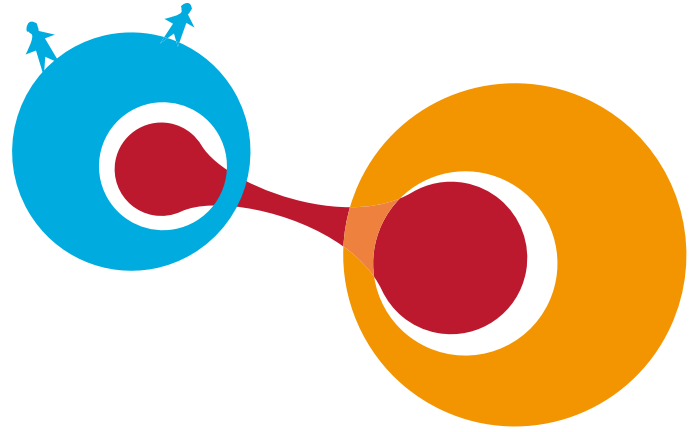


JANUARY 2016

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1. Introduction

Faced with today's complex labour markets and the myriad pressures on public administrations, change management has become a substantial and continuous part of their everyday business of Public Employment Services (PES). PES are increasingly tasked with initiating, managing and monitoring organisational change. Therefore, change management is a topic that merits further examination and a deeper understanding within the PES context.

On 19 January 2016, the PES Network brought together Heads of PES and senior management representatives from 25 European PES to discuss how change management can support the modernisation and strengthening of PES. Positioned as the first in a series of learning events, the seminar focused on sharing experiences and approaches to change management and reinforcing PES' potential to integrate the results from Benchlearning.

This report summarises the main conclusions from the discussions, grouped around the following topics in line with the guiding questions of the seminar:

- Change, leadership and vision;
- Critical success factors supporting effective change management;
- The value and effective take-up of Benchlearning results; and
- Future learning opportunities for the PES Network.

2. Change, vision and leadership

The work of the PES Network can support PES to respond to external drivers of organisational change and to operate as learning organisations that have the capacity and capability to continuously facilitate and drive change from within. This helps PES to adapt their organisations, services and measures to the challenges of changing labour markets and support shifts in supply and demand requirements.

The role of PES in driving change

How PES respond to drivers of change has a significant impact on the design and implementation of the change process. For most PES, government priorities are a principal driver of change. However, this does not imply that PES do not play a role in managing the implementation of change. On the contrary, **PES can take forward reform processes from within their organisation** and are instrumental in deciding how they handle and operationalise change that is required of them because of external political agendas. In many ways, it is their way of **reconciling the political will with the operational reality of the change situation**. Moreover, PES must and often do deal with incremental change taking place within their organisation alongside larger, externally-driven transformational change – these drivers are not mutually exclusive.

Change driven by national government is often more urgent with concrete targets imposed and a fixed timetable for PES to deliver. When responding to political priorities, PES highlight the importance of maintaining a **focus on internal priorities and transforming the political objectives into meaningful operational goals**. Indeed, PES can continue to determine internal management and external change priorities if they engage in negotiations with political stakeholders without losing sight of the key issues affecting their organisations. The recent Dutch PES reform is a good example of how ministerial budget reductions created an urgent set of priorities. In order to comply, the PES management opted for a rapid and significant shift towards digitalised service delivery. They worked with and improved incrementally their existing IT system, which highlighted the importance of applying flexibility when accommodating large-scale change affecting all users and staff.

Some PES have invested in their **ability to identify the need for change internally**. Through performance management systems or other specific tools and practices that help to assess, evaluate,

and monitor performance progressively, some PES support and stimulate incremental change from within; such approaches require relatively **sophisticated and mature performance management** processes to be in place. Through their quality management system and input from local offices, the Lithuanian PES has, for example, developed an internal Common Assessment Framework (CAF) aimed at revising the organisational model and continuously identifying areas for improvement.

It is important to note the role that the **Benchmarking process can and will increasingly play as a new driver for change** in PES, through external support and structured, internal self-reflection. In Spain, for example, the external assessment visit was the starting point for PES reforms, amongst others, related to training and vocational education. This led to the establishment of a common database / information system in cooperation with regional PES offices and training institutions.

The role of leadership in setting a vision

A **shared vision**, proactively and transparently promoted and supported by leadership and senior management, is key to successful organisational change. A clear vision provides the rationale for change and sets out an organisation's direction and goals. **PES leaders' agility and ability to inspire, motivate and engage staff** is crucial in this context.

Firstly, a coherent vision needs to be based on i) an **analysis of the status quo** (e.g. the quality or efficiency of service delivery processes) and ii) the development of a **conceptual framework** that outlines how the changes will improve performance and affect the organisation. This requires PES leaders to both convey the need for change, and create a convincing vision that explains the benefits of change.

Secondly, the change process needs to be based on a holistic approach that takes into account the **organisational culture** of the PES in question. By **involving employees**, as well as external **stakeholders** in the change process, leaders can cultivate internal and external support to implement the change agenda more successfully. Employee engagement increases general acceptance and creates a state of personal ownership at all staff levels. Indeed, the moment where the vision is no longer an idea in the minds of a few, but becomes shared across an organisation was described by the Danish PES as the so-called **'tipping point'** for the basis of change. The Swedish PES further stressed

the importance of clearly defining the core values and mission statements that underpin a PES' vision. This helps to create a meaning and shared understanding of the change journey ahead.

Finally, PES have effectively used individual **'change agents'** to legitimise the change effort and mobilise the resources and support required to implement change more smoothly on the ground. As PES not only look at what needs to change, but also who needs to drive the change, identifying 'change agents' or 'change management teams' can prove to be a highly successful strategy to **embed, promote and sustain change** within PES. However, it is important that PES carefully select and brief such change agents / teams as they will strongly influence how change is understood, perceived and experienced across the organisation. For instance, the Belgian-Brussels PES benefited from the use of, what they called, 'campaign ambassadors' to communicate the changes that are currently underway.

3. Critical success factors supporting effective change management

Change management offers a systematic approach to organisational change based on a range of strategies and methods that aim to support the effective implementation of change. This is particularly useful in the context of diverse and complex organisational settings like PES.

The seminar discussions centred around three key elements of change management: designing the change process; managing the implementation of change; and communicating the change process. They yielded insights into the critical success factors that can help PES with implementing, managing and sustaining change.

Designing the change process

How PES implement organisational change varies according to their institutional setting. Up until now, there has tended to be two main approaches, depending on the PES' existing structure: PES either have **temporary change management teams guided by external advisors**; or they invest in **permanent and dedicated in-house structures**. Either way, they decide whether and what type of 'dedicated' change management structures and processes are necessary for any particular change to take place successfully.



Today, a third approach is becoming more widespread amongst PES: **co-creation** as an innovative strategy in the change design process. Co-creation involves the people who will be affected by change in the design of that change. Engaging staff right at the beginning of the process can help **generate new, creative ideas and effective change concepts**, and thereby make full use of staff resources, right at the beginning of the process. Co-creation can also be guided by external advisors. The strategy is being successfully used in several PES, among others, by the Belgian-Wallonia PES and the French PES.

Another important aspect of the change process is to carefully consider how the strategic change plan can be broken down into achievable **milestones** in order to plan and execute change, and monitor progress thereafter. **External assessments**, for example via Benchlearning, can be helpful in **translating an organisational change strategy into tangible actions**. Ultimately, PES need to decide:

- How to ensure transparency in the change process and the progress of change?;
- How to involve the organisation in the process?; and
- How open they are to bringing in the skills needed to design and drive the process?

Managing the implementation of change

Identifying the right **concepts, tools and techniques** to support the implementation of change is crucial when aiming to manage change effectively. **Performance management systems**, such as performance dashboards or scorecards, are therefore useful tools for monitoring results and reporting to employees on the progress made. In Austria, the use of a balanced business scorecard brought about greater transparency and helped the PES management to gain the commitment of their staff and manage expectations throughout the implementation process. Similarly in France, a shared performance measurement system helped to keep a strong focus on the change process and maintain the momentum of change across the organisation. Indeed, driven by the need to improve its service system, the French PES has undergone big cycles of transformational change over the past few years. In order to implement that change effectively, the PES used a dashboard with 15 core result indicators (quantitative and qualitative) which incorporated the key change objectives, enabling them to monitor and share information about progress. A large

proportion of staff have access to these indicators and can openly monitor progress against each indicator. Such transparency and accessibility are central to staff buy-in across the French PES.

How change is implemented is often shaped by the nature of the change. **Incremental change** is mostly reliant on smaller steps that maintain a momentum and allow for a co-creative and collaborative environment to emerge where staff take part in the implementation of the change. However, big **transformational change** is more often driven by economic considerations and requires i) setting clear expectations and ii) ensuring employees understand how the changes will affect them and the organisation. Mostly because transformational change is externally driven it can limit the possibility of staff involvement in the initial phase of the change process. Close coordination between the departments that are carrying out the change (or are affected by the change) is therefore essential to ensure the provision of continuous and early feedback, as well as staff commitment throughout the implementation phase. Moreover, some degree of flexibility when implementing change is required in order to adapt the process to operational realities.

The Belgian-Wallonia PES provides a good example of the importance of employee involvement. The PES has been engaged in a reorganisation process since 2014, which is aimed at building a single access point for all PES services. With the help of a joint team of experts (both external consultants and internal experts), the PES has introduced a detailed change management action plan that has been supported by workshops, seminars and trainings and allowed staff impacted by the change to adjust to the new requirements. By securing quick wins and communicating these to staff, the PES has been able to maintain progress with its reorganisation from the outset of the process.

Communicating the change process

PES can and should **mobilise the support** of those who are affected by change and/or those who will carry out part of the necessary changes. Effective communication requires the **visibility of senior management** and their ability to clearly communicate the established vision. **Employee and stakeholder engagement** throughout the change process is widely seen by PES as an important success factor, and the Irish PES illustrates



this point well. In order to increase engagement with jobseekers and employers and tailor services around individuals' needs, the Irish PES rolled out an integrated public employment and benefits service system. By adjusting its strategy to operational realities and receiving (and using) continuous feedback from their staff, the Irish PES achieved tangible results within a short time span. Similarly, to support major reforms in 2012, the Greek PES developed a tailored communication plan that responded directly to the concerns raised by staff and stakeholders.

The communication strategy / plans that PES choose to implement partly depend on the scale of the change and the resources available to carry out communication activities. However, the points below are considered to be especially relevant.

Firstly, involving **external communication service providers** in the development of a strategy can create added value and be cost effective given positive benefits. For example the Belgian-Brussels PES has made good use of an external agency in their recent rebranding exercise. Similarly, the French PES has invested in its own internal communication capabilities, allowing them to execute a fully-fledged, digital communication campaign from within the organisation. The decision to use in-house or external skills being at least partially driven by a consideration of in-house capacity, available expertise, and cost.

However, there is also space for **smaller-scale, targeted communication activities** in the context of communicating sensitive information, where a degree of 'pedagogy' in the message is important. In such instances, direct communication with staff and teams helps to **'divide fact from fiction' and overcome resistance**. Such an approach has been particularly important for the Dutch PES which, despite carrying out a large-scale, transformational change to digital services, has carefully balanced its internal communication methods to secure staff buy-in at all stages of the process. Similarly, in Norway, the PES mobilised support and overcame resistance from staff by focusing on securing their commitment and engaging senior management as the main communicator of change throughout the process; this was to support staff in improving how they match jobseekers with employers, which touches directly on their core competency.



Finally, **digitalisation** can have a transformational impact on PES communications. Indeed, the use of the intranet and social-media platforms supports many PES in making internal communication more efficient and dynamic.

4. The value of Benchlearning in initiating and taking forward change

Change management plays a key role in the successful implementation of change initiatives that result from Benchlearning. Benchlearning as a concept often complements and reinforces an existing change initiative that a PES is already undertaking. However, the process of Benchlearning (and in particular the site visits) can also help to **improve performance and quality management processes**, as well as take a PES through **a structured self-reflection exercise that can generate powerful learning opportunities**. This was a particularly notable benefit to the Slovakian PES on matters of performance, efficiency and quality management, which have since been introduced into their performance management plans. In Latvia, the Benchlearning visit also helped to highlight the PES's strengths (such as its well-developed quality management systems), as well as some of the challenges it is facing (such as its administrative approach). It is also interesting to note that the staff's initial apprehension about the external assessment visit was replaced by enthusiasm due to the open and constructive approach of the visit and its emphasis on providing an opportunity for self-reflection and peer guidance. This positive dynamic created additional transparency and thereby reinforced the PES's relations with its Ministry and wider stakeholders.

More widely, the individual experiences shared by PES from their Benchlearning site visits highlight a couple of points that resonate with previous observations:

- **Inclusiveness:** Involving a wide range of staff in the preparation for the site visit ensures that relevant information is provided directly by the people involved in the organisational process. Benchlearning covers a wide range of PES processes and topics and the information needed to prepare for the visit is commensurate. A significant investment in staff time is needed however the benefits outweigh the cost.



- **Commitment and clarity:** It is important to select PES offices that will contribute to the assessment. A pre-defined set of criteria allows for the selection of good and 'poor' practice examples, maximising the benefits of Benchlearning site visits. This requires high employee commitment and frequent communication and cooperation between national HQ, regional and local PES offices.

Many of the PES who are preparing for their first Benchlearning visit in 2016 expect that the process will help them to identify both areas of strength and challenges, provide them with guidance to implement change and insight into good and relevant practices from other member states. The Finnish PES expressed high hopes for the external assessment to raise valuable questions regarding good and 'poor' practices when planning, developing and designing the change process. As the Benchlearning visits are carried out using the central elements of the European Foundation for Quality Management (EFQM) Excellence Model/CAF, the Finnish PES seeks to incorporate some of the assessment tools into its own CAF framework, possibly aligning qualitative with quantitative indicators.

Four 'Cs' can be used to summarise how Benchlearning and change management affect an organisation. Indeed, both require from PES: **Creativity**, **Commitment** (to the organisation), **Collaboration** and **Communication** (with each other).

5. Future learning opportunities for the PES Network

Given that little publicly available research has been conducted on change management in the specific context of PES, the seminar discussions provided a useful basis to consider further learning opportunities for the PES Network.

Activities that could support the PES Network in their common change endeavours:

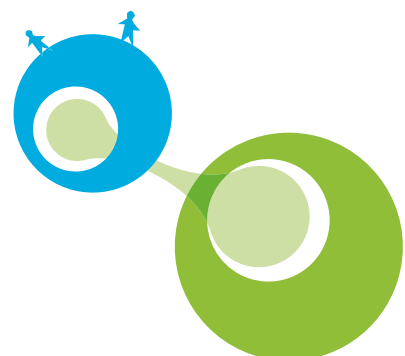
- Organising technical seminars to look at the practical implications of change management.
- Breaking down change management strategies into individual core components to gain a deeper understanding of change management in its steps and processes.
- Organising peer discussions between smaller groups of PES in order to provide insights into successful change management strategies.

- An inventory or a map of recent and current change management experiences identifying where all the PES currently stand and what they are facing. This could serve as a basis for both bilateral dialogue and mutual learning.
- Establishing an interactive online platform for the PES Network Board to initiate a continuous dialogue on change management and promote further exchange on current experiences.

Questions for further discussion:

- How to expand the strategic change capabilities of PES?
- What constitutes the effective leadership of change and what kind of leadership will PES need tomorrow?
- How to expand the remit and role of senior and middle management in the change effort?
- What are the ways of understanding and initiating reflective loops, involving and training middle management to become change agents?
- How to increase employee engagement at all staff levels and improve internal communication through, among others, the use of social media platforms and webinars when planning and implementing the change process?
- How do the drivers and scale of change affect the level of staff involvement in a change process?
- What makes change management strategies successful? What does innovation look like and how do you bring about innovation? How do you change attitudes?
- What does it mean to face and react to digitalisation, downsizing and rationalisation?

Based on the discussions, a second seminar is now scheduled looking at 'Change management: developing leadership for organisational learning, quality management and continuous improvement'. The event will take place in Brussels at the beginning of October 2016.



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