ANALYTICAL PAPER

HOW TO ACT?

Implementation and evolution of the PES conductor role: The Belgian PES in Flanders as a case study

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Implementation and evolution of the PES conductor role: The Belgian PES in Flanders as a case study

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Abstract

Public Employment Services (PES) are increasingly affected by changes in the economy and labour markets. Rather than focusing on the imperative for change (what to do), this paper focuses on the action (how to do it). Our starting point is that to deal with the current changes in governing and implementing tasks in advanced economies, PES needs new ways of making governance work. The aim is to consider how the move from 'actor' to 'regisseur' (Conductor) as a model for labour market governance affects the role of PES. This new role of conductor is a key element of the PES EU 2020 Strategy Output Paper, adopted at the end of the Danish Presidency in June 2012. The purpose of the PES EU 2020 Strategy Output Paper is to establish a Vision for PES delivery by 2020. It describes the necessary elements to create a modernised service to deliver the EU 2020 Employment Strategy. It calls for a shift from a traditional employment service to a labour market 'conductor'. Implementing this Vision demands that PES offer a wider set of services to enable various transitions over the life-cycle and to support new customers (workers, inactive groups) with no traditional links to PES. PES therefore need to become enabler, coach and also a 'conductor' and facilitator in the labour market by building partnerships with other labour market actors. Based on the individual case study of the Belgian PES (Flanders), we conclude that the label of 'conducting' means more than just coordination through partnerships and networks. In practice, there is an evolution from a single mode of governance towards a multiple mode combining characteristics from all three modes of governance, i.e. hierarchy, markets and networks. A key element of the conducting role is the interaction with other actors, regardless of the mode of governance. Moreover, the mix of governance is changing over time. A key factor for PES in our case study, and probably also in other advanced PES systems, is keeping vital labour market information and matching processes under public control in an increasingly digitalised labour market. In this way, thinking of PES as a conductor is not the end of PES as we know but rather the beginning of a process of reinventing PES as a prime public service.

The paper is structured as follows. In section 1, we briefly introduce the PES 2020 Vision, the intended changes to the role of PES and the subsequent conductor role as described in the policy document. Section 2 gives an overview of the different types of governance and meta governance, followed by a discussion of how the PES 2020 Strategy refers to it. Following this analytical section, section 3 offers an in-depth review of conducting by the Flemish PES based on four main activities: tendering, local job shops, public-private partnerships and digital services. Finally, section 4 offers a discussion of lessons learned, followed by a conclusion.

CONTENTS

1. INTRODUCTION

The face of Public Employment Services (PES) has changed radically over the past two decades, as has the underlying paradigm of public service. While academics have studied the causes, processes and consequences of the transformation of PES in relation to activation policies (e.g. Considine et al., 2001; Eichhorst et al., 2008; Van Berkel et al., 2011; Weishaupt, 2011), only a few, mainly historical studies focus on the change in public service as a whole (e.g. King, 1995). There is even less scientific evidence regarding its future orientation. This paper offers insights into the PES 2020 Vision, by focusing on the approach of the European Network of Public Employment Services[1]. How do they tackle the new role and functions of PES in response to fundamental changes in labour markets and societies? These new functions are intended to support an individual throughout his/her entire career, instead of focusing on the unemployment-employment dichotomy. PES will therefore be required to support a number of transitions, including the switch from education to first job, job-to-job transitions, the transition from inactivity to employment, and exit from the labour market. This means targeting customers on both sides of the labour market, i.e. jobseekers (including employees) as well as employers (including intermediaries). This vision is rooted in the Transitional Labour Markets (TLM) approach (Schmid & Gazier, 2002; Schmid, 2010), which can be seen as a new paradigm for PES.

This new role as conductor in the PES 2020 Strategy, formulated by the Heads of PES and supported by the Commission, challenges PES's traditional role as a welfare agency. The PES 2020 Vision represents a radical shift for PES, the services they provide and the customer groups they serve. This transition is consistent with a new mode of governance called 'conducting'.

PES customers typically exist within a highly complex policy sector, with both a high level of 'public interest' and a certain level of competition with private intermediaries (Struyven, 2009). The pressure resulting from both political drivers and the private market creates a continual challenge for PES to demonstrate efficiency and effectiveness. In our view, this is the main reason that PES have focused primarily on a NPM logic (customer-focus) rather than a new public service logic (citizen-focus) (cf. Denhardt & Denhardt, 2015; Hasenfeld, 2015). In other words, PES reforms were first driven by the goals of efficiency and effectiveness through new forms of steering via partnership with both public and private profit and non-profit agencies. Less central to PES reforms were goals related to the promotion of democratic governance and the realisation of citizenship. However, it is important to acknowledge that the PES 2020 Strategy envisions a *value-driven* approach, promoting the translation of concepts and values such as equality, honesty, reciprocity, respect, social responsibility, professionalism and engagement into everyday service delivery.

The way employment services are organised in each country and the institutional characteristics of the organisations delivering these services are deeply embedded in the broader political-administrative structures of the different welfare states they operate in. This results in considerable cross-country variations in terms of their departure points. The Vision presented in the PES 2020 Strategy Paper has been heavily influenced by VDAB's (Public Employment Service of Flanders) long-term strategy, as formulated in the so-called VONK note (VDAB op Nieuwe Koers [VDAB takes a new path]) between 2008 and 2009.

The PES 2020 Strategy Output Paper contains a number of elements already part of VDAB's national agenda which have now been integrated into the PES 2020 Vision. Consequently, VDAB has been chosen as an individual case study for this paper. Several arguments justify reviewing a single case study. As explained in section 3, the Flemish PES was established in 1988 as a purely service-oriented provider with, until recently, no responsibility for delivering benefits and controlling jobseekers. As one of the exceptions in the EU, it still has authority over competencies and training of both jobseekers and workers. From the beginning, the

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[1] The Network was established in 2014 on formal legal footing following Decision 573/2014 replacing previous voluntary co-operation in the former Heads of PES (HoPES) Network.

organisation was characterised by relative stability and autonomy vis-à-vis subsequent Ministers of Employment, creating space for the PES to develop a long-term strategy. Furthermore, VDAB was an early adopter of computerised labour market information and matching[2]. For these reasons, VDAB is an obvious place to experiment with innovative PES strategies in Europe.

In order to better understand the PES conductor role(s), this paper provides:

1. An overview of conducting models (including stakeholders and actors involved) based on existing examples, including how the PES conductor role evolved in general and in relation to specific intervention areas, with a specific focus on digital services;
2. An analysis of the conductor role(s) in terms of context, drivers, triggers, types of conducting strategies and actions, capacity requirements, accountability mechanisms and coordination with other 'conductors';
3. An empirical study of *the why, what and how* of conducting strategies in practice, based on the case study of VDAB (PES of Belgium Flanders).

To that effect, we rely on three methods for our analysis. Firstly, we look at existing sources and perform a secondary analysis of available material. Secondly, we conduct a review based on the literature on meta governance in order to strengthen the analytical foundation of the new roles. Thirdly, we produce an in-depth case study of the Flemish VDAB, mainly based on interviews[3] with management and stakeholders together with research from previous studies[4]. We pay particular attention to the areas of labour market transparency and digital services.

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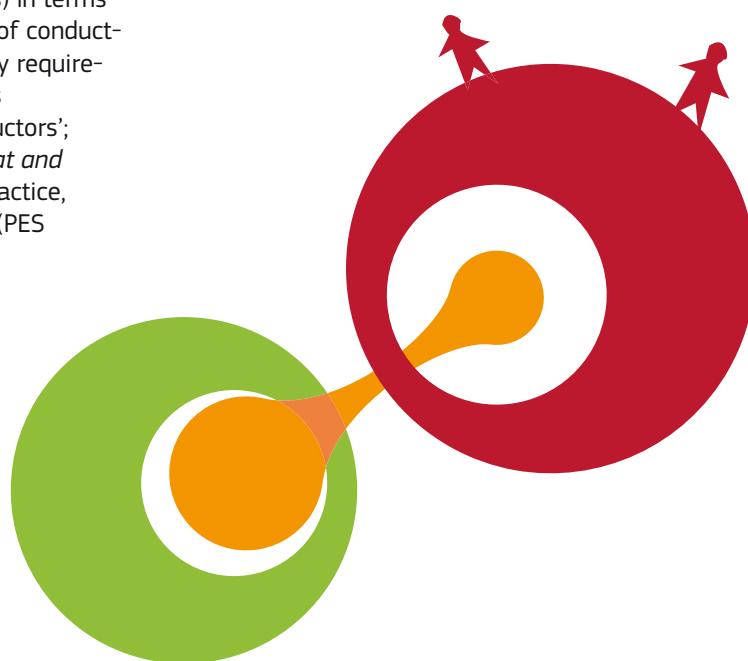
2 For that reason, in Section 3 special focus will be on labour market information and digital services.

3 We are grateful to the following respondents in the set of interviews specially undertaken for this paper; in alphabetic order these are Mireille Gillebeert, Sven De Haeck, Ria Deketele, Walter Dobbelaere, Sabine Pardaens, Joris Philips, Koen Pollet, Willem Vansina – all VDAB staff – and Paul Verschueren (Federgon, the peak body of private labour market intermediaries in Belgium).

4 See list of references in annex.

2. PES 2020 AND THE CONDUCTOR ROLE

2.1 Three types of change

The change in PES' role envisioned in the PES 2020 Vision encapsulates three types of changes. First, the Vision seeks to establish a new role for PES in terms of service provision and target population based on the holistic TLM approach, in which a person's working life is described in transitions that should be facilitated by the PES system[5]. Secondly, the Vision introduces the role of conductor vis-à-vis other actors, including customers, whether jobseekers or employers. Thirdly, the Visions' changes centre on *management* changes to increase efficiency and effectiveness of service provision. These three types of change, however, should not be seen in isolation: the management- and role-based changes are essentially rooted in the move towards a TLM-inspired labour market policy. In other words, the aspiration to TLM provides the initial framework for change at PES level as well as in the broader institutional setting of the PES system.

In the literature, the focus is mainly either on administrative reforms (mostly with a top-down approach studying evolutions such as agencification[6], contracting-out and decentralisation) or on the role of PES organisation in the functioning of the labour market. Our paper focuses on the governance of PES from an *operational* point of view, in combination with the three main functions of a PES: job brokerage; intake, registration and screening; referral to active labour market instruments (OECD, 2015). The analytical angle draws on extensive literature on public sector organisational reform, and on PES innovation as well. Because of

the importance of linking public management and organisation to public institutions' role and functions, we also build on insights from public management theory, (see Bouckaert et al., 2010; Hill & Hupe, 2002; Lægreid et al., 2011; Pollitt & Bouckaert, 2004) and on analytical and empirical studies on employment services[7].

We start by outlining the PES 2020 Vision, and consider how PES currently perceive themselves in this context.

2.2 'Conducting' as a key strategy for PES

In 2010, under the Belgian presidency, the heads of all three Belgian PES and the Commission launched an initiative to link PES strategic positioning with the new 2020 employment guidelines adopted by the European Council in December 2010. The Commission's discussion note on 'Making Transitions Pay' (MTP) invited PES to take a position on the subject, while the view of EMCO[8] on MTP (approved by EPSCO on 21 October 2010) was to encourage the Commission to work with the Heads of PES (HoPES) Network in order to share information and analysis on best practices. This high level debate resulted in the PES 2020 Vision adopted at the end of the Danish Presidency in June 2012 (HoPES, 2012). Throughout this process, there was broad consensus on the central role of PES in increasing labour market participation (Guideline 7). PES largely agreed on their role to improving links between supply and demand of labour and to offer tailor-made services, particularly for client groups with specific needs.

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5   In the PES 2020 Strategy Output Paper, the notion of PES system is used to allow for their role to be performed by non-state actors.

6   Agencification refers to the creation of semi-autonomous organisations that operate at arms' length of the government, to carry out public tasks (regulation, service delivery, policy implementation) in a relatively autonomous way i.e. there is less hierarchical and political influence on their daily operations and they have more managerial freedom. Agencies can for example have a different financial system and personnel policies, although the degrees of financial, personnel, and management autonomy vary by (type of) organisation (Pollitt & Bouckaert, 2004).

7   See Thuy et al., 2001; Considine, 2001; Sol & Westerveld, 2005; Struyven & Steurs, 2005; De Koning & Mosley, 2002; Bredgaard & Larsen, 2008; Schmid, 2010; Weishaupt, 2011; O'Sullivan & Considine, 2015. This paper also took advantage from a number of previous studies under the PES to PES dialogue as well as other work done under the PARES initiative (see references in annex).

8   The Employment Committee (EMCO) is the main advisory committee for Employment and Social Affairs Ministers in the Employment and Social Affairs Council (EPSCO) in the employment field. It operates within the policy framework of the European Employment Strategy.

Strengthening personalised services, offering early-stage support, prioritising vulnerable groups and extending services to inactive groups are objectives shared by all PES throughout Europe. There is, however, less of a consensus on the role of PES in the development of a skilled workforce (Guideline 8). This makes sense since not all PES are responsible for providing training and services to groups other than the unemployed.

The PES 2020 Strategy Paper highlights balancing the supply and demand of labour as the core business of PES. To prioritise this function, the Vision advocates that *"Public Employment Services should approach labour demand and supply from a more holistic point of view which takes into account the multiple transitions presenting themselves continuously on the labour market and during individual careers"* (HoPES, 2012). This is necessary to achieve the objectives of the EU 2020 Strategy, such as increasing the employment rate and reducing the number of bottleneck vacancies. This type of holistic approach entails *"a shift from functioning (only) as service providers towards (also) functioning as service seekers, that compose scenarios for the most qualitative, effective and efficient constellation of services to meet a specific need on the labour market"* (ibid).

With regard to service delivery, the PES 2020 Strategy document argues for an increase in services delivered by different actors through *"intensifying partnerships with private employment services' as well as other public, not-for-profit and profit actors in other policy domains such as education and welfare."* This is identified in the Paper as "conducting", a key term for PES to achieve the objectives of Europe 2020.

The different "levels of conducting" are described here (ibid):

- **enhancing** labour market transparency and providing evidence to support policy design;
- **securing** standards for active labour market policies;
- **identifying** labour market needs and available service offers;
- **matching** citizens and employers with appropriate and accessible services;
- **enabling** labour market actors to cooperate and innovate;
- **commissioning** market operation and partnership formation;
- **aligning** labour market actors with labour market policy/labour market needs (by selecting, certifying, coordinating, directing, managing);
- **acting** as supplemental service providers where market failure occurs.

These are the recommended successive steps within the core role of labour market conducting. This role should be seen as a layered concept, involving different tasks that can be executed to varying degrees. In this respect, no contradiction between different roles is mentioned in the PES 2020 Vision. Applying this type of lifecycle approach means the target group for PES expands to encompass new "customers" (i.e. workers, inactive groups) who may not have traditional links to the PES. PES therefore need to act as both enabler and coach (by informing citizens and investing in them while they make transitions), but also as a "conductor" and facilitator in the labour market (by building partnerships with other labour market actors and managing contracting-out practices rather than keeping services in-house).

For the individual customer, this means that PES will be involved both at the point of job placement and in broader skills development and life-long learning activities. Moreover, PES clearly state that they aim to become more demand-driven, meaning a substantial increase in the current level of collaboration with employers. Although some concepts and suggestions are rather abstract, allowing for different interpretations in national contexts, the Vision describes some of the common operational and management consequences of PES' new roles and functions. As such, a lot of attention is paid to optimising PES performance through improved efficiency and efficacy. It also touches on the new role of technology in achieving this.

In summary , the main building blocks underpinning the PES 2020 Vision centre on four important topics for PES: the conducting role and partnerships; skills development and career services; employer services; and sustainable activation. The label 'conducting' can be considered as the cornerstone, involving several layers or activities and ways of working. Some of them are meant to have direct influence on service provision and actor; others have a more indirect influence on service provision.

3. DIFFERENT TYPES OF GOVERNANCE

3.1 Modes of operational governance

With a strong focus on partnerships and multiple roles, the PES 2020 Strategy Paper touches on both the 'what' and the 'how' of strategic goals. However, this concept of 'partnership' conceals a wide range of relationships, with varying degrees of self-governing, steering, intensity, scale, duration and intention. The same is true for the 'network' concept, closely related to partnerships (See Brown & Keast, 2003). With the need to cope with increasingly complex and changing environments, PES need to find answers on how to act. Action may take many forms, depending on context, motivation and capacities.

Following theoretical approaches developed since Etzioni (1961), Lindblom (1977), Kaufmann et al. (1986) and Thompson et al. (1991), three general models of social coordination stand out. These are known as the 'trinity' of i) hierarchies, ii) markets and iii) networks. Some authors (see above) refer to the trinity as organisational settings, others refer to it in terms of modes of governance, namely the forms governance can take in practice (Milward & Provan, 2000; Hill & Hupe, 2002). Typically:

- When the organisation mode is hierarchical, it requires "effective methods of command and the use of coercion or threat to ensure compliance with authoritative rules".
- In the market mode of organisation, the problem of compliance will be perceived as "rooted in self-interested behaviour".
- Network or "community" organisational forms "rely on the operation of custom, tradition, common moral codes, values, beliefs, love, a sense of belonging to a 'clan' (Ouchi, 1991), reciprocity, solidarity and trust" (Parsons, 1995: 518-519).

It is not enough to focus on one mode of governance as a universal panacea and to dismiss the others. Paraphrasing Parsons (1995), in the real world of PES there are almost nothing but combinations. Other authors state that "it is the mix that matters" (Rhodes, 1997; Keast et al., 2004). In current discussions around PES, there seems to be a move towards increased partnership and less hierarchy, although there is a question on the practice. How are different modes interrelated? Are they really to be understood as new expressions of governance, leaving behind more bureaucratic approaches? When does market-type or network type coordination turn into a hierarchical mode of governance? Is there really a switch away from the hierarchical mode?

In their seminal work on policy implementation, Hill and Hupe (2002) further elaborate on the three modes of governance by linking circumstances and management. Hill and Hupe's taxonomy clarifies what is happening in the evolution of PES (also see Table 1 below):

- Starting with the first mode of governance "by enforcement", the central subject of action here is regulation and imposition. The delivery of products and services is seen as having a non-excludable (public good) character, such as considering entitlement to and paying unemployment benefits or administering a vacancy database. The term "government" refers to PES as a political-administrative actor operating under a legitimate mandate that justifies the government's monopoly position. This role as governmental actor has been labelled a *Chief Executive Officer*.
- To the extent that PES move towards contracting with other public and private providers, they govern "by performance". Action consists of creating frameworks in which other actors can perform. At the same time, compliance and results need monitoring to ensure that delivery frameworks function properly. The role of PES/government is that of an *Inspector*. In this type of contracting-out, the PES itself is not necessarily a purchaser, a role that an administrative department or any other public authority can perform. Once a market based system is established, an inspection is needed to monitor proper market functioning.
- A third mode of governance is called "co-production"; here an invitation to participate is central. PES and other actors work together to achieve shared objectives. PES takes the role of *Regisseur* (or 'conductor') and invites, other actors to collaborate. Here, PES are asked to make reflective choices about modes of governance and governance tools (Pollitt & Bouckaert, 2004).

Table 1 : Modes of operational governance

GOVERNANCE ROLE	'CEO'	'INSPECTOR'	'REGISSEUR'
Fitting mode of operational governance	'Enforcement' (Management via inputs)	Performance' (Management via outputs)	'Co-production'/ 'Co-creation' (Management via outcomes as shared results)
Central mechanism	'Rules'	'Contracts'	'Trust'
Managing intra- and inter-organisational relations	Creating clarity on tasks and competences Taking care of sufficient resources Realising compliance to standard operating procedures Leadership	Creating level-playing field Enhancing contract compliance Enhancing and maintaining service orientation Rewarding target compliance	(Helping) realising partnerships Enhancing professionalisation Sharing resources Fostering innovation Communication flows in both ways
CIRCUMSTANCES			
Ambitions	**High** Legitimate government monopoly	**Moderate** Possibility to specifiy standards of performance	**High** Complex services requiring high levels of creativity
Dependency on other actors	**Low** Technical competence in-house	**Moderate** Availability of other potential agents	**High** Need for a more creative relationship

Source: adaptation from Hill and Hupe (2002)

Which of the three modes PES choose depends on a combination of factors, including political will and ideology. Hill and Hupe (2002) identify two key factors: the level of ambition and the level of dependency from other actors. They state that: *"when the level of ambitions and the level of independence are high, a governance role as CEO seems appropriate. When on the other hand ambitions are high but there is a large dependency on others, a governance role as Regisseur fits (...) in circumstances characterised in-between*[9] *(...) the governance role can be one of setting the structure (cf. the market) and monitoring its functioning (the role of the Inspector)"* (p. 186).

What is the PES view of these three modes of operational governance?

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9 Circumstances in-between may be for instance an awareness that other service providers than oneself can do the job better combined with moderate ambitions as the state's own service provider.

3.2 Governance in PES 2020 Strategy

The picture painted by the PES 2020 Strategy, Paper of conducting at each stage of the process – even as an actor providing services – limits the role of PES. Looking deeper, three distinct modes of governance and related coordination instruments can be phased out by using a single partnership metaphor. This highlights the following:

1. The Vision hints at the need for a value-driven approach and horizontal coordination via a single point of contact for citizens. Thinking of PES as a facilitator and conductor of labour market partnerships can be seen as a call for constructive collaboration between trusted partners – hence networking. Partnerships and networking usually involve a wider range of actors, including schools, employer organisations, local governments, pursuing common goals of public interest. The Vision also touches on another mode of market

coordination. Indeed a major section in the PES 2020 Strategy document refers to the renewal of the internal organisation and management of the PES. These types of reforms often follow New Public Management concepts and tools, such as performance management, decentralisation and competitive tendering. Surprisingly, tendering and voucher systems are hardly mentioned, even though in practice these are central to the recent evolution of PES.

2. The metaphorical and superficial use of partnership can be partly explained by the fact that, in reality, no single model of tendering, i.e. networking, exists. Hybrids are much more common than pure forms, which are currently in place only in Great Britain, until recently in The Netherlands, for defined periods in Denmark, or at specific stages of implementation in Australia (Struyven, 2014). In some countries, the tendering model may even be closer to a co-production model, while in others it is a hybrid between the hierarchical and contracting models (e.g. Australia).

3. Looking at shifting modes of governance, the "partnership lifecycle" is very important (Lowndes & Skelcher, 1998, p.320). In a pre-partnership collaboration, PES can invite actors to make a particular contribution. At this stage, the network mode dominates. Once a partnership has been created, hierarchy establishes formal procedures. Next, partnership service delivery takes place through market mechanisms of tendering and contract. In partnership termination, there is a re-assertion of a network governance mode. Problems in establishing a market and steering it towards a government's goals are typical for emerging market models, because market coordination is inherently driven by an actor's own interest. In the same way, a co-production model inherently raises problems of accountability – who carries the responsibility when actors are jointly responsible?

4. Finally, the term 'conductor' invites PES to take advantage of new forms of collaboration. Conducting is an overarching concept that leaves a lot of room for interpretation and implementation. Indeed: Does conducting mean the same as coordination, steering, commissioning? Or does it refer to all types of collaboration with other actors (other than contracting-out)? What difference does it make in practice? Is it compatible for PES

to be a credible labour market conductor and at the same time as being a substantial service provider? In this paper, we state that the fundamental element of conducting is the interaction with other actors, not just in relation with a network mode of governance but with all three modes of governance.

Before returning to these questions, the next section discusses the role of the PES as a 'meta governor'.

3.3 Meta governance roles

The term 'labour market governance' denotes a process in which a number of public and private actors interact to govern the labour market. This stems from the fact that PES have become a differentiated, fragmented and multi-centred institution dealing simultaneously with benefits, labour market information, job brokerage, activation, training, and even career guidance. The dividing line between public and private is blurred because governance is often produced by networks involving all types of actors. This sits in contrast with PES operating in a top-down bureaucratic system of hierarchical rule.

When complex labour market issues and capacities are scattered between different actors, indirect ways of influencing and coordinating the actions of self-governing actors or networks are needed. Meta governance is an indirect form of governing, performed by influencing various processes of self-governance. This involves the management of complexity and plurality through the "organisation of self-organisation" (Sørensen, 2006). Sørensen, later refined by Sørensen and Torfing (2009), identifies four distinct ways of metagovernance of self-governing actors (cf. Temmerman et al., 2015).

- The first role is "hands-off" network design. According to the authors, this role aims to "influence the scope, character, composition and institutional procedures of the network" (p. 246). In the network design role, PES seek to create social and political meaning in the identity of the network.
- The second role is network framing. PES set out the goals, financial conditions and administrative basis for the network.
- The third role is network support and facilitation.
- In the fourth role of participation, PES become one of the members of the network.

In terms of the Conductor role vis-à-vis self-governing actors, these range from distant "hands-off" to "hands-on" roles. "Hands-off" means not directly interfering in operations, whereas "hands-on" means interacting directly with the self-governing actors. The authors describe "hands-on" as in no way assertive, but substantively neutral, simply to promote actions by other actors.

The question remains then: in which situations is meta governance the only applicable form of labour market governance? If meta governance is believed to be the only applicable form, which type of meta governance is the most applicable in which situation? Although PES may be in a good position, meta governance is not only exercised by PES, but also by various actors at regional and local levels in the labour market ecosystem. Following governance theorists, meta governance can indeed potentially be exercised by any resourceful actor – public or private (Sørensen, 2006, p. 103).

3.4 Meta governance in PES 2020 Strategy

Various indirect ways of influencing and coordinating the actions of other self-governing actors in the labour market gives PES more scope to support them or become one of them. Several lessons can be learned from this.

In the role as meta governor, PES should adopt a mix of "hands-off" and "hands-on" roles. Meta governor role-playing is dependent on the objectives and contexts in which it should happen. But, particularly in mandated networks, how is their right to exercise rules reconciled with the practicalities of meta governance role-playing? Firstly, networks or partnerships supplement hierarchy rather than replacing it (Laegreid et al., 2015a). It might typically be associated with policy networks, but the meta governor role can also help in a service delivery context where PES activities involve managing internal and external relations to comply with standard operating procedures and reward target compliance. This is different from a policy network context, where PES activities involve appealing for responsibility and realising partnerships to "make it happen". Current PES often operate in both.

The mere existence of hierarchy-based coordination instruments in network settings is not a problem on its own, but it should not be allowed to dominate because it threatens the self-governing capacity of partnerships (Temmerman et al., 2015). To analyse precisely how each role should be played in practice, several strategies come into play, based on how far the "shadow of hierarchy" is actively deployed. Deployment of hierarchy can be useful or even necessary to protect the public interest from negative compromises and practices (Hill & Hupe, 2002). After all, hierarchy is a strong coordination mechanism (Laegreid et al., 2015, p. 935). It may prevent unwanted effects of networking arrangements, e.g. when a private actor prescribes its own model or employs self-seeking tactics against PES or other actors. But it may also lead to exactly the opposite of an intended pre-partnership stage and undermine shared goals. Particularly within the context of service delivery, there is a new tension between meta governance role-playing and preserving and securing a public service.

The "hands-off" roles of network design and framing are particularly promising when it comes to finding innovative solutions and mobilising the expertise and resources of other actors to deal with repeated job transitions and transitions between working and learning, caring or job seeking. PES strategy mentions "the capability to constitute partnerships, enable cooperation and compose networks" as the "strategic conducting function that PES are acquiring or have to acquire" (Leroy & De Haeck, 2014). This is because "PES have to extend their own mediation and guidance services with those of other public and private service providers" (p. 44). This is particularly useful where PES need to anticipate and react quickly to meet labour market challenges (e.g. employment integration of refugees). A precondition is that PES and government policy goals align. However in a context of increasing target setting at the European policy level (e.g. Youth Guarantee), there is also an increasing risk that supranational policy goals are not in line with genuine policy challenges at regional and sub-regional level. Also conceivable are cases where PES execute "hands-on" roles without taking the lead in operational delivery. However, in general they do not exist for long as room for manoeuvre is limited because PES are forced to deploy scarce resources to meet organisational targets. Indeed, PES require considerable discretion from government if they want to act as a meta governor in networks conducted by other actors. Another important precondition is to create a balance between vertical organisation-specific accountability and horizontal cross-cutting accountability.

4. THE CASE OF THE BELGIAN PES IN FLANDERS (VDAB)

4.1 Introduction

Not only does multiple role-playing require room for manoeuvre and a relatively autonomous organisation, it also rests on adequate corporate governance and organisational structure. VDAB is an organisation that *"pushes constant learning, co-creation, innovating"* (Leroy & De Haeck, 2014). In its own terms, *"PES ought to pursue constant service design renewal and organisational maturity upgrading in view of increasing responsiveness to changing labour market needs"* (p. 45). PES must reinvent themselves. Core functions of mediation, registration and activation are at stake. Stated this way, the main driver for PES is to reposition itself as an indispensable and leading conductor of the labour market. However, this inevitably causes concern within the PES system and the implementation of this imperative is very complex.

This section contains an analysis of expanding and evolving conductor roles based on the Flemish PES as a case study. After an introduction to VDAB's structure, reforms and transition into a conducting organisation, four sub-sections focus more specifically on the PES's conducting across four main activities: contracting-out through tendering; co-production through local job shops; public-private partnerships; co-creation through digital services.

4.2 Organisational structure

VDAB is the public actor in the Flemish labour market. It enjoys the status of an externally autonomous government agency, and is run jointly by the Flemish representatives of employer organisations and trade unions (the "social partners"). Following the second state reform in 1988, unemployment insurance schemes remained the responsibility of the federal social security institution RVA, while responsibility for job brokerage and reintegration of jobseekers passed mainly into the hands of the Flemish government and VDAB. Unemployment benefits are paid by the National Employment Office (RVA) while other relevant social benefits (the so-called minimum income recipients) are paid by the municipal Public Centres for Social Welfare

(OCMW). The PES oversees the initial registration of unemployment and the monitoring and sanctioning of jobseekers' availability to work[10]. VDAB's performance is assessed against the goals and targets set out in the Yearly Business Plans[11]. The current government decided to dispense with the (5 year) Management Contracts from 2016 onwards, which may mean less room for VDAB to make its own strategic choices.

Provincial management boards are established, at sub-regional level, under the responsibility of head office. They in turn are responsible for the 13 labour market management offices. These have a front office function only, with everyday management responsibilities brought together at a higher level. Within local communities, PES operates around 90 job shops (*werkwinkels*)[12]. These job shops are intended as a single point-of-contact for people seeking employment. They combine PES services with those provided by the municipality and other actors, including the social welfare centres (OCMW) and organisations providing assistance to people with work disabilities. In addition, most cities and larger municipalities have a competence centre for professional training. The management of these was already largely established at the intermediate provincial level, but they will now be coordinated by the management board at provincial level, alongside local job shops.

The reinforcement of decision-making power at VDAB's provincial level, introduced in 2012, was intended to increase coordination between the mediation and activation services, as well as the training services. A large part of VDAB's budget is spent on in-house training services for both the unemployed and employed. Integrating the competence centres aimed

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10 Since the latest (sixth) state reform in 2014, finally the monitoring and sanctioning competence has been referred too to the regional PES and implemented from January 2016.

11 VDAB was the first public agency in Flanders for whom the Flemish government made use of multi-annual management contracts, practiced from 1993 until recently (2015).

12 Derived from 134 job shops in the early 2000s, which corresponds on average with 1 shop per 3 municipalities.

to simplify the tendering process by organising it at provincial level for both competence centres and labour market management offices. This approach creates more room for smaller external providers.

4.3 The quest for a new VDAB role

The quest for a new definition of the role of the VDAB began in 1999 and took a decisive turn in 2003. The new government coalition took the new ILO Convention no. 181 as an opportunity to launch a radical shake-up. The relevant passage from the government coalition agreement stated that:

"As a result of the recent International Labour Organisation Convention, the labour market has been opened up to private intermediaries. These intermediaries play a vital role in the labour market and each contributes in its own way to better coordination of the market. To foster this, the role of the VDAB must change from that of a central actor to the steering role of a central *'regisseur'*. This steering function will mean that the VDAB enters into cooperation agreements with the private sector to ensure the efficient and transparent functioning of the labour market and increasingly develops into a support organisation for that market. The services it provides are moreover complementary to the qualitative services provided by other intermediaries, and particular care will be given to safeguarding the provision of services for those at risk in the labour market" (Flemish Coalition Agreement, 1999).

The Flemish Parliament supported this shift and agreed the motion calling for, among others, (1) a clear separation between the steering (*'regie'*) and implementation (*'actor'*) functions to ensure transparency of the public provision, and (2) full integration of the private sector in the service delivery.

Firstly, the intention was that the existing public service, which for a long time had enjoyed a monopoly, should be transformed into a conducting function (*the regisseur role*), with reference to the role of the government relative to the entire field of intermediaries. Secondly, the government was keen to embed the notion of 'basic' services in the public service, with the remainder of the service delivery carried out by private players. At that time, the notion of basic services referred to the entire body of services involved in applying for benefits, screening applicants and managing their intake.

More than 15 years later, VDAB now has a division responsible for its conducting functions, known as the *'Regie'* Department. Currently, tendering, partnership management, labour market information and European funds all fall under its remit. The expenses for other actors amount to 17 percent of the total annual VDAB budget. Over time, conducting emerged in four main activities: contracting-out through tendering; co-production through local job shops; public-private partnerships; co-creation through digital services. All of them are labelled as conducting, for every activity without exception. The next four sections focus on conducting in each of these four activities.

4.4 PES as a conductor of partnerships through tendering

Contracting-out, or tendering of employment and training services, is the first domain in which conducting is critical.

In Flanders, tendering initiatives emerged in 2004 with the political aim to expand and modernise the playing field by inviting tenders for assistance to jobseekers. An important driver was the increased effort to encourage job-search behaviour among jobseekers, which was set out in the 2004 cooperation agreement for activation policy[13]. However, it is important to clarify the policy objective. Firstly, the primary objective is not to reduce the volume of public execution but to organise it differently. Secondly, the responsibility for the execution of the tendering model is with the PES in its capacity as contracting authority. Thirdly, VDAB already had experience in organising the outsourcing of training. There is nothing intrinsically new in this but what is different is that it is being organised in line with the Law on Public Procurement, hence the use of the instrument 'call for tenders'. The aim is to make projects more demand-oriented and to attract new players. Furthermore, tenders for region-specific training packages are relatively small packages. In practical terms, this process means:

13 Cooperation agreement regarding active assistance for and monitoring of job search behaviour concluded on 30 April 2004 between the federal government, the regions and the communities.

- Both training packages and employment assistance tasks have shifted towards competing private (commercial and non-commercial) organisations. The content is contractually stipulated by the PES (as the contracting authority), and one or more service providers are contractors.
- The public service responsible for the registration and allocation or maintenance of a jobseeker's allowance refers the jobseeker to the service provider(s). In principle, the jobseeker can choose between multiple service providers.
- Generally, candidates who are referred to a provider cannot simply be refused or referred back to the public service that referred them. The idea here is to create a barrier that prevents creaming by focussing on jobseekers who are easier to place. Moreover, PES oversees the execution of the contract, monitors placement outcomes and continues to manage the jobseeker's dossier.
- VDAB is still responsible for a given 'basic' service (registration, first intake, referral as mentioned earlier) and does not have to buy services from private service providers for all jobseekers.
- Generally, VDAB offers limited in-house services for recently registered jobseekers, while more intensive services for specific target groups are left to the market players.

There is a potential conflict of interest in the various roles when PES, as contracting authority and in-house service provider, decides which service providers the jobseeker is referred to (internal, public or external, private). Consequently, PES becomes the "judge and jury", which questions the legitimacy of the public service's activities, even though in practice there is no conflict around the referral of candidates to market players.

The process is then played out by autonomous actors. These hold a double position and, to a certain extent, this applies to commercial, non-commercial private actors and even to various public actors: on the one hand they defend the public interest, but on the other they also pose a risk as both social and economic actors. This implies that they *cooperate as well as compete* to achieve a given outcome as efficiently as possible. How the actors prove their worth is very complex and various relationships are created between the actors:

1. between the jobseeker as customer and the placement service, and between the customer and the provider. Both are a professional relationship, a relationship of trust;
2. between the jobseeker as a requesting party in the service providers' market: this in principle presumes freedom of choice and competition;
3. between the PES as contracting authority and the service provider: this is a competitive relationship which turns into a principal/agent relationship;
4. between the service providers: this either involves cooperation or competition;
5. between the PES which provides a basic service and referrals, among others, and the service provider: this in principle is a professional relationship involving coordination and exchange of information.

These relationships develop against the backdrop of economic and professional contexts, which overlaps for each of the three actors (the contracting authority, the service provider and the jobseeker). This is shown in the figure on the next page.
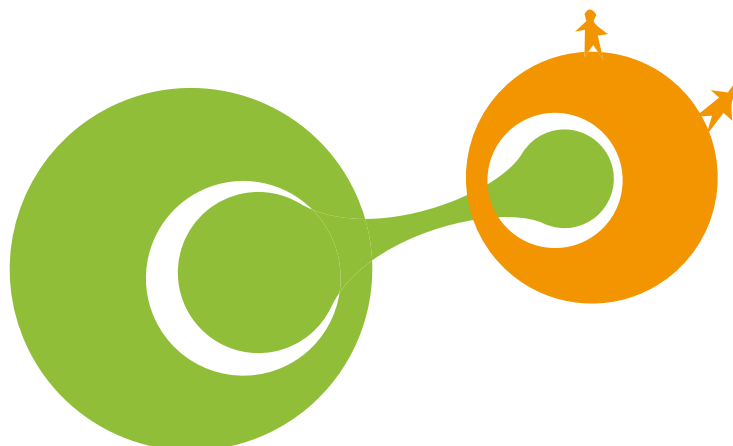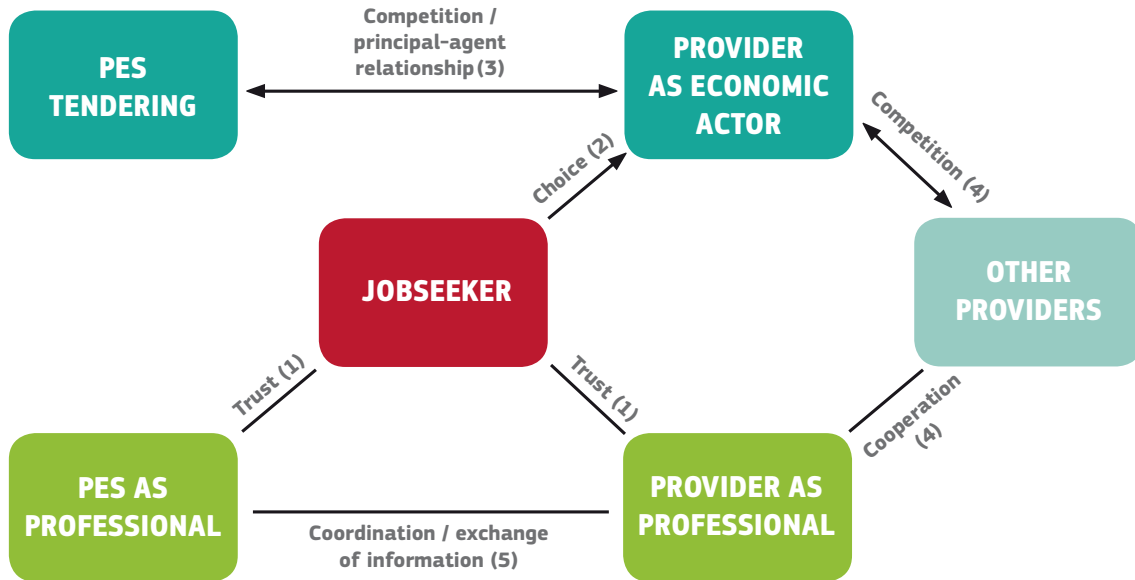
Figure 1: Types of relationships between actors in the tendering model

The new constellation creates a new level of complexity as designing a coherent and stable system becomes more difficult. This stems from the rigorous demands of design, management and organisation of the system (see, *inter alia*, Stiglitz, 1988; Le Grand & Bartlett, 1993; Struyven, 2004; Struyven & Steurs, 2005; O'Sullivan & Considine, 2015). At the same time, each tendering system must consider the appropriateness of the policy goals that are implemented by market governance and the organisation of that system within the framework of current legislation on public procurement. This leads to five fields of tension:

- competition based on price versus quality-based competition;
- low access thresholds versus quality and innovation;
- transaction costs versus competition;
- client's freedom of choice versus activation duties;
- result-driven versus process-driven.

In a tender, each choice has implications for one of these parameters. Choices impact upon each other and the consequences will vary depending on the actors' characteristics and strategies. We can expect differences between commercial and non-commercial organisations, or between large and small organisations.

As mentioned in section 2, there is no single model of tendering. Anyone following the developments in these markets in other countries will realise that there is no single model for organisation and that design choices in countries with greater public market tendering experience also vary (Finn, 2011). This can be explained by the objectives and experiences of previous tender processes, and how actors (commercial and non-commercial) anticipate these (Struyven, 2014).

Having experienced successive tendering for more than 10 years, it is generally acknowledged that the involvement of private actors has helped governments to achieve their activation goals. VDAB focusses on improvements in quality assurance and monitoring. The choices between successive tenders are also changing in Flanders and thus influence the market in terms of development and the services on offer. In addition, more knowledge of the potential market is needed to identify which actors have expertise in which solutions. VDAB, in its own words, is attached to good partnerships and healthy market relationships.

In theory, this should mean that the types of service providers vary, with a mix of large and small players, commercial and non-commercial players. At the same time, tasks should be clearly divided between the PES and the external service providers, and the policy strategy to develop a public market should be consistent.

However in practice, VDAB's senior management acknowledges that they are forced to tender for compliance with the Law on Public Procurement, regardless of the target group and type of services. Tendering as an instrument is not always appropriate to specific aims, in particular when it comes to innovation or specialised expertise (e.g. only provided by NGOs).

Furthermore, in Flanders, NGOs currently seem to have less chance at winning large tenders that cover broader, wide geographical areas. On the other hand, the main body of private providers in Belgium complain about VDAB's case-by-case approach, claiming that there is no specific policy around calls for tender. In addition, the government's perception is that commercial and non-commercial players are each other's competitors, while in reality they complement one another. It remains that opportunities for investment, specialisation and cross-pollination are too limited (Struyven & Van Parys, 2009).

Finally, private providers can feel forced to move into a reference framework for pricing and for measuring results, which does not always take into account 'specific contract requirements. Such recommended prices are often based on VDAB's own estimates of the time needed to provide a specific service, which in turn has contributed to pricing strategies from providers that are too low to develop a given market (Ibid.).

To sum up the above points, while the policy discourse continues to call for cooperation and equivalence (instead of market forces and competition), the tendering process, as an instrument of the market-mode governance, practically results in the use of hierarchical instruments represented in an authority-mode of governance (e.g. quality assurance and monitoring; reference framework for pricing and result measurement). This evolution diminishes the chance for meta governor roles to emerge.

One alternative to the above mentioned complexity, which is typical of tender systems, consists of vouchers or individual accounts. These alternatives do exist in Flanders for employees' career guidance and training and the VDAB has become the central point of information and purchase of vouchers. But this is not seen as part of the conducting role.

4.5 PES as a conductor of local job centres

The second domain of conducting for VDAB relates to local job shops (*werkwinkels*), which began in the early 2000s. The government wanted to bring together related services, which until then had been divided between different bodies to avoid access thresholds and overlap. The local 'job shops' model was the result, a sort of one-stop shop per municipality or group of municipalities under the joint management of VDAB and the municipalities. To reach all jobseekers, basic services became the responsibility of VDAB, meaning they could not be outsourced. Other services could be provided by private players as part of the trajectory guidance. The distribution of steering was as follows: VDAB is responsible for the integrated service together with the other partners in the job shop; the municipalities are responsible for the development of the local service economy. In reality, only the first task came to fruition, with the local job shop primarily run by VDAB. Initially the intention was that the local job shop should be formed like a cooperative structure and established under separate decree. However, this decree stalled at the draft stage. In 2004, the job shops therefore acquired a legal basis via the founding decree for VDAB.

VDAB has been in charge of these job shops from the outset, although their mission is to create an integrated service (a service provided in collaboration with other partners). Counsellors helping jobseekers with basic services such as registration and job search, and jobseekers' trajectory supervisors both have a place in the job shop. In this sense, the job shop is intended to work as a gateway to other actors.

However, in practice integrated service delivery between VDAB and local social services never happened and there is an institutional explanation for this. The extension of one-stop shops to unemployment and other means-tested benefits is limited in Belgium by the constitutional division of responsibilities between different policy levels. Firstly, the national Benefits Agency (RVA) in Belgium is not formally involved with the local job centres, although it was not prohibited from doing this. Secondly, social assistance benefits remain the responsibility of the federal government and are organised within the municipalities by their public centres for social welfare (*OCMW: Openbaar Centrum voor Maatschappelijk Welzijn*). An important principle of integrated services is the creation of one file per client (a single view of the customer): client data is collected by all

partners using a single computer system, the PES Client Monitoring System. In practice, this does not yet function properly as registering at an employment offices is not a prerequisite to qualify for social assistance. Research evaluating pilots in five locations and other bottom-up initiatives for better collaboration between VDAB and OCMW have led to different solutions at different locations, both in terms of content and size/scope (Van Mellaert, Kuppens & Struyven, 2013). Generally, proposed solutions were practical/operational with organisational barriers for counsellors that first needed to be addressed at a higher level within the organisation[14]. Upscaling and mainstreaming will depend on the implementation of the sixth state reform of activation of minimum income recipients, devolved to the regions.

In a case study involving the city of Ghent, local job centres appear to be merely local VDAB agencies, rather than broad partnerships in which parties are treated equally, pooling their resources to achieve more integrated service delivery (Temmerman et al., 2015). The authors identify three network-based coordination instruments formally intended to strengthen interaction and collaboration at local level: local partnership agreement, executive board, city manager. But none of the three instruments turned out positively for networking due to an imbalance in power and resources between the actors. It should be stressed, though, that these findings are only based on one city. A previous evaluation proved that, particularly in smaller municipalities, VDAB steering is preferred (Struyven & Van Hemel, 2009). By implication, the role of VDAB needs to be differentiated to meet local specificities. The local job shops rely heavily on VDAB resources; together with the standardised service model, this makes adopting other approaches for the design and management of networks, as is the case in a meta governance context, unlikely. Also, once a service delivery model is put in place, the need for hierarchical and market-based instruments is inevitable. These factors overshadow the initial logic of co-production, which is more likely to take place at the pre-partnership stage of integrated service delivery.

14 Reported barriers in the evaluation study by Van Mellaert, Kuppens & Struyven (2013) are: different work procedures and organisational cultures, different registration systems, pressure to first fill in the available places in the own organisation or services already commissioned, privacy requirements, the current division of responsibilities to follow-up the compliance of customers with the conditions related to the reception of social or unemployment benefits.

4.6 PES as a conductor of public-private partnerships

The first period as a *Regisseur* during the 2000s was characterised by preserving basic services within VDAB through co-production in local job shops. Tendering was a complementary way to enhance capacity and innovation, i.e. taking advantage of other people's expertise. This evolution reflects a process of *institutional layering (Streeck & Thelen, 2005)*, where elements of market competition and other types of partnerships emerge, but without abandoning the existing structure of a PES provider with a guaranteed market share (Struyven, 2014). At the same time, the Regisseur role gradually became broadly interpreted, while tendering and outsourcing turned into relationships between customer and contractor. This involved more balanced public-private partnerships with a range of actors in the transitional labour market, such as educational institutes, sectors, local government bodies, business enterprises, care facilities, temporary agencies, trade unions and employer's associations. While the first type of tendering-based partnership operated within a strict framework of capacity shifts outside one's own organisation, responsibility and control, the second type of partnership was founded on other principles: jointly set objectives, shared responsibilities, bundling of expertise and the shared contribution of resources. Such partnerships vary in the extent of their formality and trust becomes paramount.

The challenges for PES in the initiation and structuring of partnerships are numerous. As an organisation, PES needs the necessary ability and agility to play the role properly. From the perspective of labour market governance, there is a certain tension within PES' own organisational objectives. Ultimately, PES will always balance the benefits of being involved in such networks against the added value of achieving their organisational objectives. As described by one of the parties involved in VDAB, the actors must "fit the script". In such cases, consideration is often given to the efficiency of being involved in a joint initiative. Particularly if the initiative was not launched by the PES itself, it may consider how to introduce the initiative into the organisation over time, which can ultimately result in a public-private partnership. During this process, power and resources are often the decisive factors. In the case of PES, it derives power of legitimacy from its public service mission, which requires it to retain control over the entire service providing process.

Long-term public-private partnerships are often based on an awareness of mutual dependency. There are several examples of long-term collaboration within VDAB. A prime example involves partnership agreements with business sectors, often jointly managed structures of employers' and employees' associations. These sectoral representatives are not only consulted when setting out annual training plans, they also act as partners in their implementation, together with a contribution from jointly managed training funds. This collaboration is more widely embedded by decree and what are politically known as sector covenants. A recent trend was also identified within VDAB towards broadening collaboration in the field of mediation and internships. For partnerships in this field, the PES is obliged to revert to tendering since the provision of guidance in this area is defined as a 'market activity': i.e. a service for which there are also other players on the market.

Another example of long-term collaboration worth highlighting is the coordinating platform of private temporary employment agencies. Here, VDAB has a history of cooperation with Federgon, the Belgian private employment services association comprising temporary work agencies, search and selection companies, private training providers and partners providing other related services. Initially, the cooperation was promoted by the government and a first cooperation agreement was signed in 1999. The creation of a partnership association between VDAB and Federgon in 2005 was the most influential milestone, followed by a second cooperation agreement two years later. In practice, the partnership enables the common funding of activities, better exchange of vacancies, cooperation in the field of career guidance and training of jobseekers and employees, and the organisation of outplacement services. Common quality assurance systems have also been adopted by both the PES and the private employment services association Federgon, which together certify services that correspond to these quality standards. The idea that the Flemish temporary employment industry could contribute to encourage the labour force to meet employers' needs, particularly for vulnerable groups, was also at the heart of the subsequent tenders.

Both examples illustrate how a balanced combination of network- and market-type arrangements, in this case cooperation agreements and tendering, can underpin successful service delivery. This requires a minimum level of power and resources for both parties, which in turn makes it less likely for less powerful actors (e.g. small community organisations) to be involved.

4.7 PES as a conductor of digital services

In addition to contracting-out, co-production in local job shops and public-private partnerships, a fourth trend is emerging in the PES conducting role, namely, the co-creation of digital services. Although this already began in the 1990s, it has only recently been considered the most radical development since the founding of VDAB as an autonomous Flemish government agency in 1989. This has all to do with the incorporation of the digital society into VDAB's operations and the drive to match supply to demand in the labour market by providing digital services. The digital society has become paramount not only to the VDAB, but also to the way the labour market itself functions. As a starting point, digitalisation can help labour market services develop autonomously in the market, without government intervention or any help from VDAB. The crucial question for VDAB is then how it can play a directing role to benefit autonomous provision of services? Its role as a conductor of digital services covers two aspects: the control of labour market information and the control of labour market technology.

Firstly, this involves the intelligent matching of labour supply and demand. For more than a decade, jobseekers have been connected to available vacancies through the automated matching tool ('Elise'). More recently, this function has been supported by a content management system that automatically messages jobseekers when opportunities come up, and follows up with reminders. The Flemish PES uses 'Competent', an existing classification of competency profiles created by the various social partners in the SERV[15], starting from the ROME 3 framework for competences and competency profiles developed by the French PES (Pôle emploi). VDAB then links a candidate's competencies with its own 'translation' algorithm ('Komeet'), which matches the candidate to specific vacancies. This is similar to the online tool offered to the employer to manage vacancies.

15 The Flanders Social and Economic Council (SERV) is the advisory body of Flemish employers and employees to the Flemish authorities.

There are a number of advantages to the automated matching system (Leroy & De Haeck, 2014):

● it takes place early in the process and can be used more frequently, which can help to prevent candidates becoming long-term unemployed;
● where matching does not work, PES counsellors are notified to intervene quickly and act accordingly;
● competence-based matching enables more refined and qualitative mediation;
● instead of focusing on qualifications, employers and counsellors are encouraged to widen the scope on competencies, which can be vital to filling bottleneck vacancies.

Secondly, there are common platforms and tools to improve the efficiency and transparency of the labour market (e-portfolios, e-guidance, e-learning, etc.). The online *'Mijn Loopbaan'* (My Career) platform is a specific career management tool installed by the Flemish PES. The platform was introduced in 2012 to help people collect and manage their career information. Registered customers can link their personal profile to suitable vacancies and training opportunities. As the system is updated with information about skills and competences, it is moving towards an Amazon-like e-service based on competences instead of qualifications. The advantage for the customer is that jobs are grouped by competency requirements, some of which they may not have considered before. Likewise, employers' needs are connected to employee profiles to put forward candidates they might not have previously considered.

Thirdly, with a view to developing new 'open services', VDAB is now offering the market a wealth of information sources and tools. VDAB already receives requests for data from market actors and these tools help them improve their own services and develop applications and websites of their own. This will help third parties to match CVs to job vacancies, for example, by giving VDAB the opportunity to unlock and enrich data by combining information. It will also encourage the development of new services by the market itself. This process of digitalisation is seen as a way to rationalise resources and improve efficiency. The services currently offered are: a competence service (to describe job vacancies based on competences), a matching service[16], a vacancy ser-

16 The VDAB matching system has been bought by Malta PES. This allows further investments by VDAB and lends credibility to VDAB in this context.

vice, an online assistant service (to improve the quality of job descriptions), and a CV service. This offers the VDAB the following advantages:

● investment costs are borne outside their own organisation and the relevant government agencies;
● VDAB stimulates competence-based matching;
● VDAB can supplement its data with information from market players;
● VDAB can incorporate new services from the market.

Ultimately, VDAB aims to offer services 'anywhere, anytime, anyhow' – which can also be interpreted as 'regardless of which party they are offered by'. Fundamentally, it makes no difference which party initiates the job-match. What is important is that the match was made, and the ultimate criterion is whether this benefits the operation of the labour market.

This immediately raises the question whether PES is responsible for the operation of the entire labour market, and, if not, can the additional information held on the PES database actually improve the counselling offered to job seekers? Crucial information is, for example, being collected by the business community in the context of recruitment and selection. This is information that is typically not shared and generates technical and legal questions around privacy, property and user rights, none of which have yet been answered.

However, the search for answers has already begun at the organisational level and VDAB is prioritising its work with partners to identify a joint solution. This may require an autonomous legal form such as a public-private partnership, which should lead to a win-win situation. VDAB could also agree to share information in the opposite direction or to provide a referral to VDAB services. Once it has been developed, VDAB can encourage innovation by offering the new service independently. Joint investments can also be made to maintain and expand the new service. Rather than collaborating to provide physical services, basic services will no longer have to fall under the auspices of the government. This means that the core tasks of matching and providing advice to customers can be left to information networks developed by the market in ad hoc arrangements with the PES. Organisational boundaries become more fluid, meaning PES increasingly becomes an organisation of networks. A lot will depend on the development of new services.

The partnership is currently framed as a co-creation rather than a co-production. As it grows, the need for a regulating framework will increase too, particularly to lay down rules for managing and using information by means of regulations, procedures and quality benchmarks. The hierarchical mode of governance will also become more important in this field.

To sum up this section, the ultimate goal is the combination of the conductor role with the digital society, potentially impacting strongly on public service production and delivery (various digital services to enhance labour market transparency and matching processes). This emerges as a new institutional logic based on big data, digital concepts and templates (Pedersen & Aagaard, 2015), in addition to (or as a substitute for) a more conventional logic based on physical service delivery. The new logic focuses on performance assessment. It also underpins how conventional, physical services are managed, since service production is driven by performance measurement systems on quality, effects, efficiency, costs, user-satisfaction, etc. Arguments in favour of digitalisation often stem from the principle that it can support counsellors in their tasks by freeing up time they can then spend on cases that need a more intensive and personal approach. Whether this will happen in practice is still an open question.

Based on the case of VDAB, a number of preconditions need fulfilling before considering a conductor role for digital services. First and foremost, it requires a considerable amount of data on vacancies and technological know-how to manage it. VDAB was already a pioneer in the early 1990s when it developed technologically sophisticated administrative systems. The integration of labour market data led to ICT-based forms of job brokerage using the Work Information System (WIS), introduced in 1994, with easily accessible kiosks from which jobseekers could consult the vacancy database themselves; posting vacancies on the VDAB website (1995) and KISS (Candidates Information and Selection System), introduced for employers in 1996. The central database and ICT-based services generated international praise for VDAB as one of the most advanced job brokerage systems in the world (Leroy, 2000; Landuyt 2000). The electronic self-help tools formed an important part of the basic service for jobseekers and employers. The subsequent cooperation agreements with Federgon, developed to connect streams of advertisements for vacant posts, have created a considerable market share of all the vacancies reported on the PES database[17].

When it comes to automated skill-based matching, it is vital to take into account both relevant technical and soft skills. This approach undoubtedly adds value to many routine jobs requiring lower qualifications. Such categories are often the ones supervised by PES. The chances of matching may increase when the system takes into account other skills to compensate the lack of a formal degree. However, with the new contingent of jobseekers offering higher levels of education, qualifications cannot simply be ignored. It is also vital from an economic perspective that graduates can enter the labour market at the level that equates with their qualifications. Skills-based matching then provides added value depending on the nature of the qualification, its relevance to the labour market and often issues of demand. Finally, replacing physical services with digital, information-driven services is based on the assumption that self-reliant customers, when left to their own devices, will access suitable jobs. Thus far, there is no conclusive evidence to support this debate.

17 Data on the penetration rate from VDAB and the share of vacancies are not available. Note that the VDAB database integrates not only the VDAB registered vacancies but also vacancy databases from the private sector through a cooperation agreement with the body of temporary work agencies and some job advertisement companies.

5. CONCLUSION

The PES 2020 Strategy puts the conductor role under the spotlight for PES across the EU. While several Member States took steps towards 'conducting' long before the label emerged, the wider reaching breakthrough came in 2010. Indeed with TLM, PES were encouraged to perform within a holistic strategy, based on collaboration and partnerships within the context of a broader configuration of stakeholders and other actors.

This analytical paper mapped the evolving role of the national PES as a conductor in light of that strategy. The empirical section, based on the Belgian (Flemish) case, highlighted significant work that has already been done to understand what it means to take up a conductor (*regisseur*) role in the labour market.

The new strategy is framed within a 'partnership and network' approach. Networking, in the role of a conductor, is important but in the real world PES are expected to control all aspects of the governing process through their monopoly on unemployment benefits and their grip on the referral process. This is true for the majority, if not all, PES in Europe.

We conclude that behind the label of 'conducting', there is more than simply coordination through partnerships and networks. In practice, there is an evolution from a single mode of governance towards a multiple mode combining characteristics from all three modes of governance, i.e. hierarchy, markets and networks. As is shown in the case of the Flemish employment service, conducting is not limited to the network mode of governance. A key element of the conducting role is the interaction with other actors, regardless of the mode of governance. Moreover, the mix of governance changes over time. On the one hand, in particular when it comes to service delivery, the hierarchical mode of governance tends to overshadow the initial market- and network-type modes of governance. On the other hand, new initiatives continue to emerge within a logic of co-production and metagovernance. Both dynamics occur simultaneously and lead to more hierarchical governance and more market and network governance at the same time. A key factor for the PES case study (VDAB), and one likely to be for other advanced PES systems, is to keep key processes of labour market information and matching under public control in an increasingly digital labour market. In this way, PES as a conductor does end PES as we know, but becomes a catalyst for its reinvention as a prime public service.

In cases where there is also a competitive advantage in labour market information, it is likely that they will control the shift towards a more information-driven job brokerage system. We conclude that embracing this multiple role as a conductor in this domain offers the chance for a PES to reinvent itself.
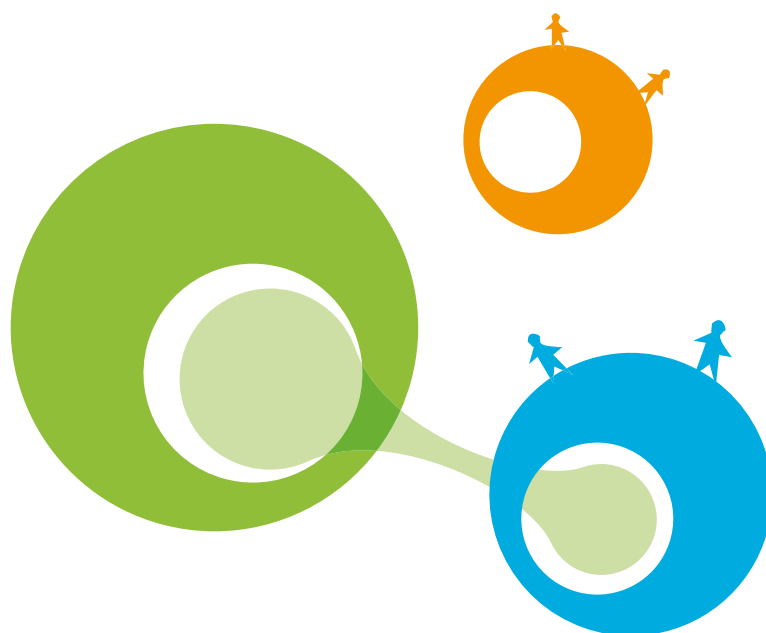
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Acknowledgements

**In addition, the PES practice examples cited in this paper
can be found on the PES Practice Repository.**