

European Network of Public Employment Services Mutual Learning

Key considerations paper: Implications on Strategic Human Resource Management (HRM) for Future PES Organisations

1 Introduction

The world of work is changing, driven by technological developments, globalisation, demographic and societal change¹. Factors such as automation, artificial intelligence, new production techniques, platform economies and easier relocation of companies cause ambiguity in labour markets. Aging and increased mobility are influencing the profile of the workforce, including the profile of the PES' own staff. This offers new opportunities including job creation, growth, and skills' development, but also produces challenges such as the destruction of jobs and an increase in non-standard forms of employment.

These changes pose significant and complex challenges to PES around Europe. PES need to reflect on whether there is a need for internal change, such as organisational and cultural transformation and the development of new services for clients in response to changes in the labour market. PES Human Resources Management (HRM) must play a significant role to ensure the successful transformation of the organisation. ***This paper outlines the key HRM considerations for PES which have been developed by the PES Network Working Group (WG) on 'Strategic Human Resource Management'.***

The following considerations and recommendations are the outcomes of all activities of the Working Group undertaken in 2018. This included:

- Discussion points from the Working Group meetings, which took place on 17 April 2018 in Oslo, Norway and on 18 October 2018 in Amsterdam, the Netherlands;
- Thematic Review Workshop (TRW) on 'Human resource management: How to attract, retain and develop talent', which took place in Riga, Latvia on 14 and 15 June 2018;
- Analyses provided in a Thematic Paper², based on PES practices and recent developments gathered through a questionnaire among PES organisations, as well as discussions at the TRW in Riga;
- Key messages and discussion points from the Follow-up Visit, which took place on 19 October 2018 in Amsterdam, the Netherlands, at the Dutch PES;
- Presentations and discussions at the PES Stakeholder Conference on the 'Future of Work' on 8 November in Brussels, where the WG on HRM organised and hosted a workshop on 'Agile talent management for organisational transformation'.

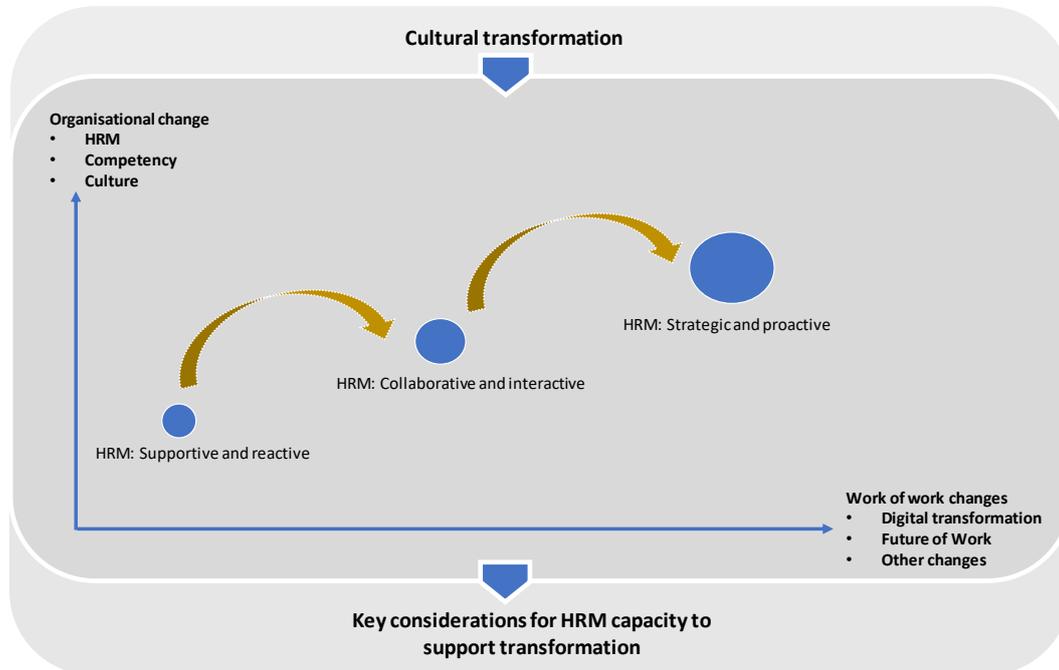
¹ More on the trends, implications and possible responses by PES in an upcoming working paper on the 'Future of work: Implications and responses by the PES network', will be introduced at the PES Network Board meeting on 10-11 December 2018.

² Thematic paper on 'Human resource management: how to attract, retain and develop talent' is available at PES Knowledge Centre: <https://ec.europa.eu/social/blobservelet?Docid=20127&langid=en>

These insights, along two WG meetings, contributed to the formulation of the following considerations.

Growing value of strategic HRM in PES for handling changes

PES organisations need transformation on both axes to be successful



Considering the role and complexity of HRM in times of digitalisation and the future of work³, the importance of having a more strategic outlook should be emphasised in all aspects of HRM. In general, the HRM role needs to be more formative than responsive and work in a more agile and pro-active way in linking challenges with support. Therefore, it is important for PES HRM to have a clear understanding of the core business, to support the transparency of strategic targets, and increase its ability to participate in strategic discussions at organisational level. **HRM in PES needs to become strategic in their outlook in order to be able to take the lead on organisational change.**

HRM needs to develop from a traditionally supportive and reactive role (short-term, focused on current challenges in an operational way) to a more strategic and proactive one (long-term, focused on organisational level business outcomes and anticipating future challenges). Major changes are required in order for the HRM function to develop in this way within PES organisations. This paper looks at examples of significant developments in this area implemented in PES across Europe, leading to more effective and agile organisations.

³ The future of work refers to changes in work processes (including digitalisation and automation), demographic trends and shifting consumer expectations that fundamentally change the way people work and ways in which jobs are designed and executed.

Through an analysis of the current status and implemented change in PES, **four key considerations** have been identified to help increase the capacity of HRM to support future PES transformation:

Learning organisation

- Identify competences and talents needed for organisational and cultural transformation.
- Continuously develop staff and support lifelong learning.
- Become professional employers and recruiters.

Change management and leadership

- Understand change and design targeted leadership programmes to support organisational and cultural transformation.
- Support self-leadership and trust.
- Encourage ownership and initiative-taking by all members of staff.

HRM as an integral part of the leading agenda

- Operate closer to (or become part of) the core business of PES in order to be more goal and results oriented and take better decisions in organisational and cultural transformation.
- Become a centre of expertise for current and future challenges.
- Ensure commitment from HRM, managers and staff to facilitate and take the lead in change.

Inclusive and agile organisation

- Create a value-driven organisation.
- Promote diversity and inclusiveness throughout the organisation.
- Retain organisational and staff agility.

2 Key considerations

Learning organisation

To succeed in both internal and external changes, organisations must not only work to retain effectiveness of services, but also to develop towards a learning organisation, with an ability to renew its operations, anticipate and prepare for future changes. The **creation of a continuous learning environment** is an important factor for the organisational transformation of PES. A continuous learning environment is key to competency and talent-based services transformation, as PES values are created and transferred to clients through PES staff characteristics.

The most important elements include:

- *Identify competences and talents needed for organisational and cultural transformation.* Exploring future scenarios and the HRM consequences for each of them can facilitate the development of PES staff characteristics in a tailored way, adapted to individual and collective needs. In the process of a learning needs analysis, various data sources should be used, including two-way feedback from managers and other staff, as well as PES customer satisfaction surveys.
- *Continuously develop staff and support lifelong learning.* This requires the development of continuous learning environments (providing different training opportunities, including e-learning tools and analysing learning outcomes) for all PES staff (including managers), implementation of systems of engagement to facilitate collaboration and information sharing, establishing continuous two-way feedback throughout the year and measurement of success in terms of retention, employee satisfaction, and innovation.
- *Become professional employers and recruiters.* This requires the use of new, state-of-the-art forms of attracting and contracting employees, involving intentional use of employer branding, to be perceived as an attractive employer. It also requires cooperation with educational stakeholders (universities and adult education institutions) to prepare PES staff with the right competences and skills, and support continuous development.

Practice Zooms from PES in Europe:

The **French PES** established a university (Université-Pôle emploi which includes the University of Management and Interregional Campus) for the development of the skills and careers of managers and PES staff and trains 2 000 PES staff a day with an average of eight days of professional training per person, per year. Support is provided to managers, focusing on managerial skills training, mentoring, individual or collective coaching, etc. It is assumed that trained managers will relay the changes to their staff. For the counsellors, the training available at the University aims at developing soft skills, hard skills and digital skills.

In the **Latvian PES** a recent reform developed a *Competency-Based Development Programme for Senior Managers*, including assessment of competencies and the development of individual action plans, in addition to a well-being programme and international exchange programme.

Change management and leadership

To prepare themselves for taking new roles and responsibilities, **PES HRM need to facilitate change management and support leadership, including self-leadership for staff at all levels.** PES need leaders with a mind-set aimed towards organisational transformation, so a leadership philosophy focused on organisational change should be a priority for PES.

The most important elements include:

- *Understand change and design targeted leadership programmes to support organisational and cultural transformation.* This can be achieved through a systematic analysis of change and its consequences. HRM needs to support and lead the communication process in order to engage staff and managers. HRM needs to actively support leadership through the creation of training programmes that develop the leadership abilities and competencies of managers, creating space for the development and utilisation of individual talents.
- *Support self-leadership and trust.* HRM needs to support self-leadership among staff by creating an environment of trust. This should in turn encourage staff to take more responsibility for value creation. Higher levels of autonomy or self-autonomy in the work place can have benefits for staff, teams, managers, and the whole organisation.
- *Stimulate ownership and initiative-taking by all staff.* This can be achieved by the development of a mind-set among managers aimed at stimulating bottom-up ownership and initiatives among staff. HRM should support their organisations in moving away from micro-managing and accept that making mistakes is part of experimentation and learning process. Direct staff participation and initiating and sustaining high-level support for change in day-to-day operations is crucial.

Practice Zooms from PES in Europe:

The **Swedish PES** implements a self-leadership philosophy as the measure to meet both development needs for the PES' core business (modernising services and delivering them via multiple channels) and the need for cultural change. Their goal is self-leadership that empowers staff and gives a maximum degree of freedom (within a unified framework) to the staff working directly with clients.

In the **Dutch PES** leadership applies both for each individual staff member (personal leadership) and for leadership as a manager. All actions, communication and decisions arise from taking personal leadership. Dialogue is important – a feed forward⁴ is used to enhance and sometimes even to replace positive and negative feedback. A leadership manager takes a coaching role and promotes a learning environment for staff. Making mistakes is a part of a process leading to self-improvement – the key is to learn by doing things differently.

⁴ While feedback focuses on past and current performance, feed forward looks at future assignments by offering constructive guidance on how to do better.

HRM as an integral part of the leadership agenda

In order to support organisational change in an effective and sustainable way, **HRM must take action to become an integral part of the leadership agenda**. This way often disruptive changes, stemming from organisational factors as well as the challenges arising from new world of work issues, can be transformed into transformational growth and innovation – and thus be treated as opportunities, not threats.

The most important elements include:

- *Operate closer to (or become a part of) the core business of PES to become more goal and results oriented and support better decisions in organisational and cultural transformation.* This requires development of governance models in PES involving all stakeholders, aimed at achieving key organisational strategies and targets and taking ownership and responsibility for value creation. Also, understanding, acceptance and support from top management is crucial.
- *Become a centre of expertise for current and future challenges.* This requires the provision of current and future insights through increased analytics and scenario planning, and the corresponding development of innovative HR policies and tools (including digital tools). It also involves providing expertise on current employee data (including talents and competences) and predicting future staff and skills needs.
- *Ensure commitment from HRM, managers and staff to facilitate and take the lead in change.* This requires building trust-based attitudes, promotion of collaborative cooperation and decision-making practices, as well as the involvement of staff in the co-creation of supportive working environments.

Practice Zooms from PES in Europe:

Since 2014, the **Swedish PES** has been following a 'Journey of Renewal', stemming from a need for comprehensive reform. The implementation of a new governance model includes HRM. This resulted in a shift in both the cultural and structural/digital paradigm. The new management philosophy includes a holistic approach to shaping people's behaviours, attitudes and competences, which leads to increased organisational outputs.

The **French PES** developed a 'social contract'. This is part of the PES' business plan which covers three areas: developing skills and managing professional career paths, assisting managers in their role of managing changes, and establishing a good quality of working life. The 'social contract' is based on the assumption that the PES' biggest asset is its staff. The French PES has also introduced self-leadership approaches and supports new ways of managing to help employees understand their own strengths.

Inclusive and agile organisation

PES need to develop new strategies around inclusiveness. **Inclusiveness** should be supported by systemic measures to use the potential (competences and talents) of various employee groups (young people and older workers, disabled, professionals with various backgrounds – including minorities and migrants, etc.). In the rapidly changing external and internal environment, an ability to remain **agile** in HRM processes is also of high importance.

The most important elements include:

- *Create a value-driven organisation.* It should start with the formulation and communication of a clear vision and values, shared by management and staff. HRM should also support organisational sustainability by creating working and well-being conditions (including work-life balance) in which staff satisfaction and engagement are monitored on a regular basis. PES' HRM needs to ensure that support systems are prepared and accessible to alleviate the negative impact of organisational and cultural change, particularly if the changes are extensive.
- *Promote diversity and inclusiveness throughout the organisation.* This can be achieved by providing opportunities for improving individual employability, good recruitment and development policies and cultivating a management that values pluralism. HR expertise should be applied in the development of job-crafting (adjusting or adapting work tasks to the possibilities and needs of a person and her/his talents) or designing customised workplaces for people with disabilities.
- *Retain organisational and staff agility.* This can be achieved by being constantly agile in organisational transition, anticipating and reacting to change, and developing strategies and programmes matching current and future challenges. PES need to quickly adjust to an evolving environment, adopt new technologies, develop partnerships, acquire and retain the best talent, including the talents of the employee groups outlined above. HR approaches should develop the skills of managers to support them in these challenges.

Practice Zooms from PES in Europe:

In the **German PES**, the issue of ageing staff requires a response such as creating an age-based environment and health strategy. Age structure and diversity require an individual approach from the employer, for example with regards to part-time work, training, and team meetings. However, the German PES considers diversity to be an opportunity for organisational success. Systematic measures are applied to promote and use the competencies and the potential of defined target groups.

The **Norwegian PES** applies agile methodologies to structure organisational responsibilities and changes. A cultural and agile transformation strategy introduced in one of the IT departments fostered a mind-shift in the organisation.