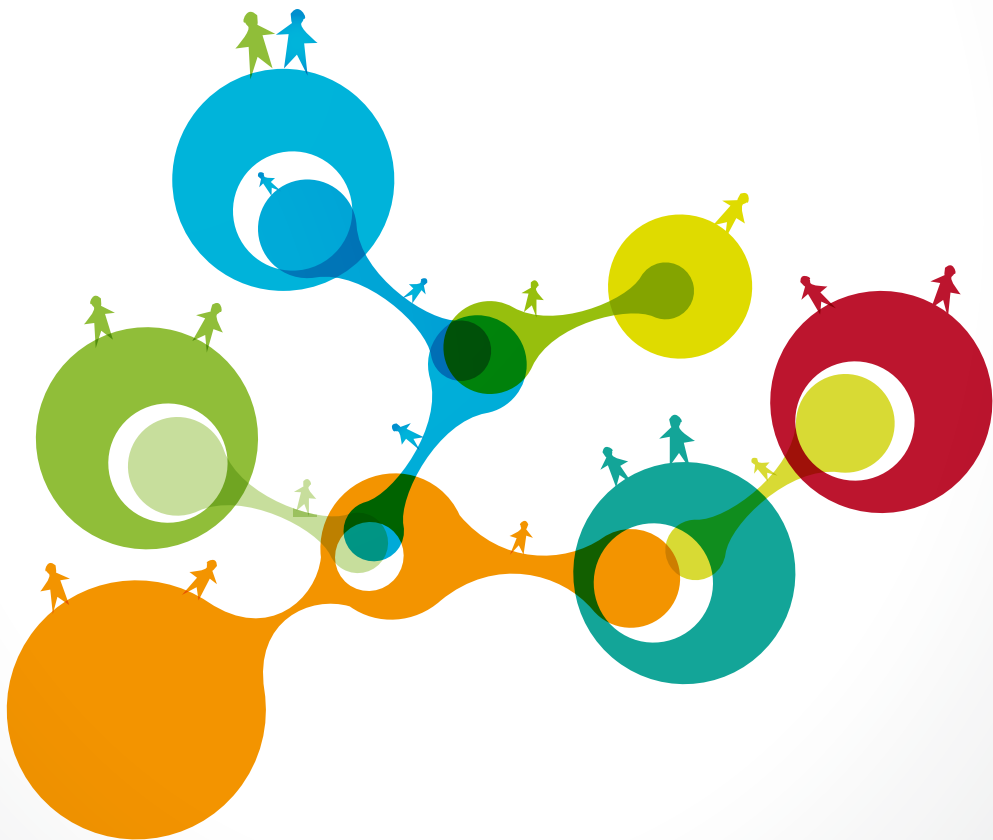


THEMATIC PAPER

HUMAN RESOURCE MANAGEMENT: HOW TO ATTRACT, RETAIN AND DEVELOP TALENT



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Directorate-General for Employment, Social Affairs and Inclusion

Directorate B — Employment

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Contact: Julian Hiebl

Email: EMPL-PES-SECRETARIAT@ec.europa.eu

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014.¹ Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: <http://ec.europa.eu/social/PESNetwork>.

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¹ DECISION No 573/2014/EU

THEMATIC PAPER

HUMAN RESOURCE MANAGEMENT: HOW TO ATTRACT, RETAIN AND DEVELOP TALENT

Written by Łukasz Sienkiewicz



AUGUST 2018

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1. BACKGROUND AND RATIONALE

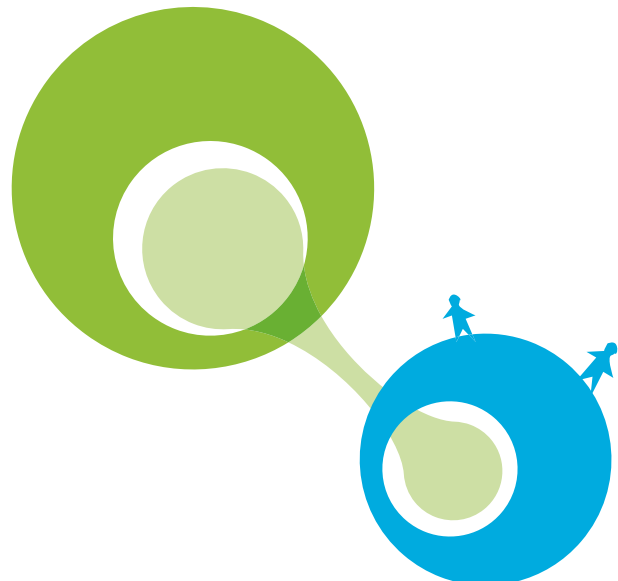
This Thematic Review Paper discusses how the European Public Employment Services (PES) can develop and improve Human Resource Management (HRM) strategies, procedures and tools to support and motivate their staff to meet evolving customer and stakeholder expectations in a changing labour market. PES are a peoples' business – their value is created by staff, not least by the value they transfer to customers. This makes Human Resources (HR) not only a supportive function, but definitely a central one. Effective HRM is therefore essential to the overall management of PES in the rapidly changing world of work.

Very few PES HRM strategies and practices are published or circulated through the PES Network although there are useful papers on competency frameworks available (European Commission 2012, 2014). There is a clear need to develop and share good practices of PES. This paper aims to review the challenges and recent developments in relation to HRM strategies; share PES experiences; and encourage collaboration to develop new HRM strategies, including talent management, development of staff competencies, leadership, and creating modern working environments.

This report presents the analysis of key HRM issues in PES, based on PES practices and discussion points from the Thematic Review Workshop (TRW) on 'Human Resource Management: How to Attract, Retain and Develop Talent', which took place in Riga on 14 and 15 June 2018. The TRW was hosted by the Latvian PES (NVA) under the Work Programme of the European Network of PES and 21 participants from 11 PES² attended. The aim of the TRW and subsequent follow-up visit is to support PES in developing strategic HRM, especially talent management, through consideration of the following topics:

- developing proactive PES HRM strategies, policies and tools to provide staff with the opportunity to grow and develop to fulfil their potential;
- increasing agility and flexibility of PES when responding to a changing labour market environment to better initiate, manage and implement change;
- aligning HR performance management with PES strategic direction and culture;
- training and supporting PES staff to develop their skills and capabilities to use modern technologies and client engagement strategies effectively; and
- organising PES HRM activities more efficiently by using workforce planning and talent management approaches.

This paper is organised around these topics.



² Belgium-Wallonia, Bulgaria, Estonia, France, Iceland, Latvia, Netherlands, Norway, Portugal, Slovenia, Sweden.

2. STRATEGIC PERSPECTIVES OF HRM IN PES

2.1 Strategic importance of HRM in PES

The *EU Network of Public Employment Services Strategy to 2020 and beyond* sets out how PES must offer a convincing business case to demonstrate their added value, especially as they operate in a context of rapid labour market change driven by new technology, and a globalised economy with profound international interactions.

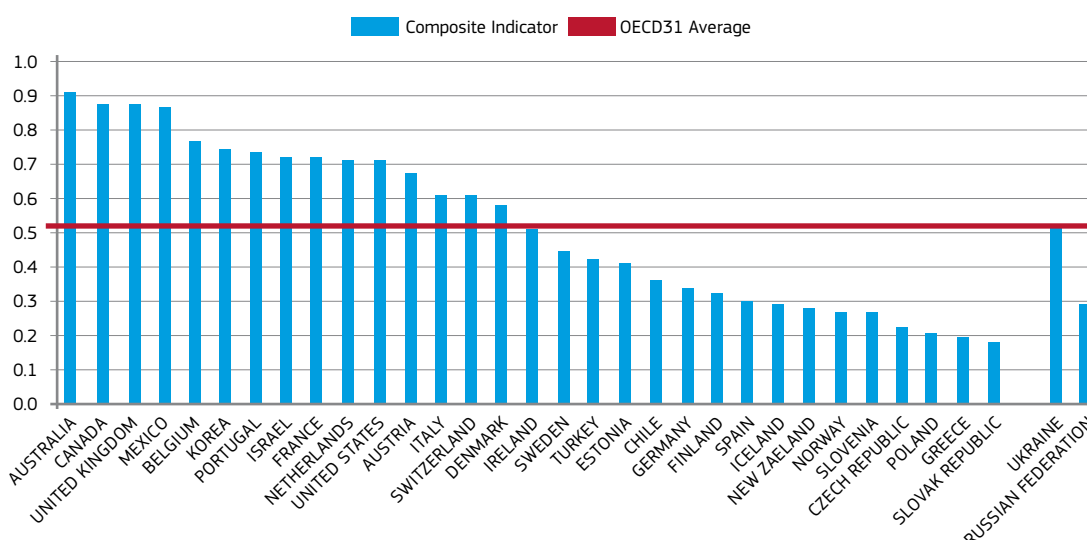
HRM can add to that value for PES stakeholders (customers, social partners, employees) through developing staff competencies, improving employee motivation and engagement, shaping organisational culture, and developing more effective leadership. PES should consider the opportunity to use well-developed long-term planning techniques that have been successfully applied across private

and public sector organisations. One such practice is scenario planning, which is best suited for the development of strategic options in highly volatile and unpredictable situations. This is due to the fact that scenario planning is in fact not based on predicting what the future will be. Instead it aims at analysing a number of possible ways in which future challenges might unfold, and preparing the organisation for the most likely changes to occur. In this way it can allow PES to identify the key upcoming challenges affecting talent shortages in the next 5-10 years, and develop effective strategies to minimise their influence on the delivery of services.

Generally, one has to note that the use of strategic HRM practices is highly differentiated in the public sector. According to an OECD study (Huerta Melchor, 2013), there is a large variance among OECD countries in the use of strategic HRM in central governments (see Figure 1).

The index benchmarks countries according to several factors including the existence of a general accountability framework for middle and top managers which incorporates strategic HRM components; the use of HRM targets in the performance

Figure 1. Utilisation of strategic HRM practices in central government³



Source: 2010 OECD Survey on Strategic Human Resource Management in Central/Federal Governments.

³ The index is composed of the following variables: the existence of a general accountability framework; the existence of HRM targets built into performance assessments of top and middle managers; elements that top and middle management should take into account when planning and reporting within the general accountability framework; regular review and assessment of ministries'/departments' HRM capacities; existence of forward planning to adjust for adequate workforces to deliver services; and elements considered in governments' forward planning. The index ranges between 0 (low utilisation of strategic HRM practices) and 1 (high utilisation of strategic HRM practices).

assessment of middle and top managers; assessments of ministries'/departments' performances in terms of following good HRM practices; and the use of workplace planning. As noted by Huerta Melchor (2013), developing a more flexible HRM system, both to organise the workforce around current priorities and to prepare for future challenges, is one of the conditions to secure and build capacity for delivery.

2.2 Roles of HRM in European PES – from operational to strategic

The keynote should be the development of an HRM strategy or vision, which reflects the PES organisational and policy approach to dealing with both internal and external challenges enabled through HRM processes and policies. These are further elaborated below (Box 1).

However, the HR function in PES is very diverse – from full strategic (business) partner functions to more operational (supportive) roles. HRM policies range from 'reactive' to current challenges, to 'proactive', which anticipate future challenges. There are good examples of PES planning ahead but there is less evidence that all PES HR are looking proactively 5-10 years ahead through scanning the labour market horizon and reflecting on how PES should respond. Strategic PES human resource management begins with the development of an HRM strategy, which reflects the organisational approach to dealing with key challenges and is further enabled through HR processes and policies, and the tools used by employees and managers to effect these policies. Thus proactive PES HRM policies require not only a holistic approach to people

management by creating systematic measures, but most importantly a long-term perspective on challenge anticipation and response planning.

2.3 External and internal challenges of strategic HRM in PES

PES experience similar HRM challenges to other organisations including change management; leadership development; digitalisation; salary and workplace benefit programmes; a challenging recruitment and retention landscape; and work-life balance. Many PES are currently implementing change reforms and, as a result, they are both experiencing and driving forward cultural transformation. Cultural transformation can be defined as an ongoing process of organisational culture change through the redefinition of values and behaviours of leaders and staff as well as corresponding change to processes and policies. This requires staff to be motivated to adapt to change, and establishing employee buy-in is a critical element to this process. Therefore, PES need to develop appropriate HRM strategies, practices and tools in order to attract, retain and develop talent as well as to provide quality services for clients. Furthermore, the changing nature of the labour market requires PES to work flexibly in terms of applying workforce planning, and developing modern career pathways, lifelong learning and training opportunities for PES staff. These developments will very likely have a significant impact on how PES function in the next 5-10 years. As a result, any PES that are developing HRM strategies need to consider these broader developments in order to prepare their workforce for such a transition.

BOX 1. KEY PERSPECTIVES OF HRM IN PES

HRM strategies

The overarching organisational perspective of the key aims and challenges faced by the PES with strategies to anticipate challenges and risks that stem from both external and internal factors.

HRM policies or processes

The strategy is 'translated' into HR operations (policies, practices and processes), covering the life-cycle perspective of an employee (workforce planning, recruitment/adaptation, remuneration, performance management, career management, etc.).

HRM tools

Designed to deliver specific HR practices/policies consistently. E.g. the design of the specific career paths can be a way of increasing talent attraction/retention.

External challenges

External factors include general trends of the changing world of work, global changes experienced in advances in technology, labour market developments and trends, as well as socio-demographic changes (e.g. ageing, diversity). All of them should influence the development and implementation of the PES HRM strategy. **External challenges include:**⁴

- technological developments – requiring use of new channels and digital service delivery;
- automation – requiring forecasting capabilities and development of new support measures;
- demographics/population ageing – requiring maximising activity and potential of older workers;
- low participation rates – especially in vulnerable groups on the labour market, requiring transcending social assumptions, and institutional and geographical boundaries;
- uncertain political direction/decisions – affecting sustainability of PES policies, requiring building strategic position of public employment system; and
- conducting and coordination roles of PES in the employment services system, including strengthening customer orientation.

These challenges interrelate, and most are set to sustain and often accelerate over the next 5–10 years. In particular the growing use of sophisticated IT and related automation throughout the labour market is likely to require new skills and leadership capability in the PES workforce.

Internal challenges

Internal challenges should include assessing the attractiveness of PES as an employer, and levels of staff engagement. These and other factors might constitute a crucial component of a modernised HRM strategy, which aims at maintaining and improving quality services and maximising PES labour market impact. Internal challenges include:

- sustaining the attractiveness of PES as an employer in a highly competitive recruitment environment;
- empowerment of managers and staff in reaching PES strategic and operational targets;
- retaining positive attitudes to organisational and technological change and high levels of innovation;
- engagement and motivation of staff at all levels;
- work-life balance and health (well-being), affecting workers' abilities to work effectively;
- knowledge sharing, including multigenerational exchange of knowledge;
- leadership continuity, including development of future leaders; and
- legitimacy of PES strategic targets, including acceptance of stakeholders/social partners.

Many PES recognise these challenges: responses to the pre-TRW questionnaire identified the people-related challenges faced by PES (see Table 1).

As with the external challenges above these internal themes are interwoven, and HR strategies should reflect this over the medium to long term as the external environment drives internal change.

Table 1. Key PES HRM challenges

TYPE OF CHALLENGE	CHALLENGE
Workforce	• Diversity of staff • Vitality/retention of staff • Acquisition of staff • Employability, adaptability and mobility
Leadership & change	• Leadership • Holistic approach • Ability to manage change • Agility in responding to needs and changes
HRM strategy and practices	• Strategic workforce planning • Incentives • Fair and competitive salary system • Quality of life at work • Skills development • Career management
Knowledge and culture	• Knowledge management • Multi-generational exchange of knowledge • Bottom-up initiatives • Cultural transformation • Organisational change

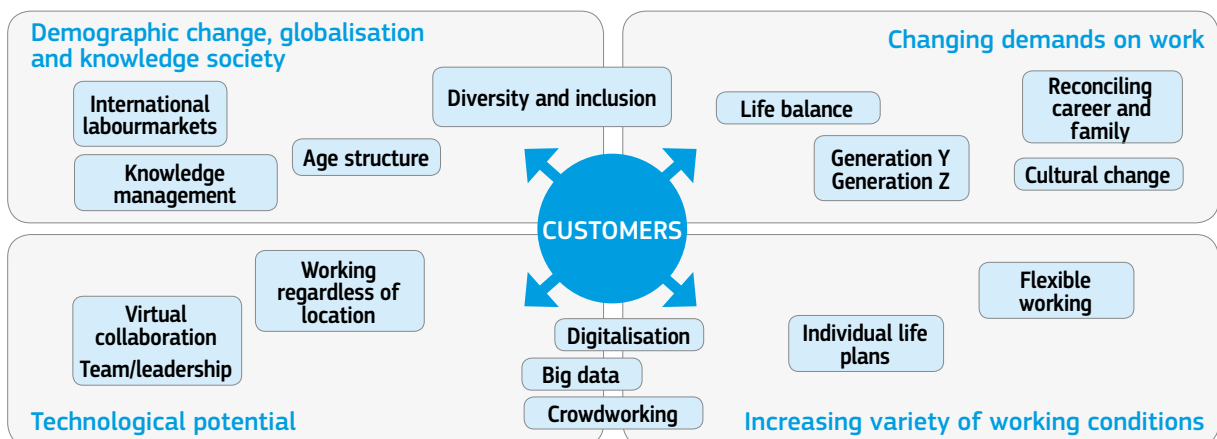
Source: own development based on questionnaire responses.

4 Own development based on EU Network of Public Employment Services Strategy to 2020 and beyond

Examples of specific challenges faced can be found in a number of individual PES.

- The German PES (BA) faces three key staff-related challenges: age structure, diversity and digitalisation (see Figure 2).
- In Norway, the key challenges concern: population growth leading to more PES (NAV) users; the need to plan ahead to meet client expectations, and dealing with vulnerable groups, especially young adults and immigrants who are most at risk of low income. Overall, the expected continued budget cuts in the coming years and demographic developments provide more tasks for NAV and their staff. In addition to this, four key internal HRM challenges were identified: cultural transformation; emergence of new organisations; competency; and workforce planning. A cultural transformation approach in NAV is on the rise and relates to new ways of working, change management and leadership, integration and diversity.
- Digitalisation is a big challenge in the Austrian PES (AMS) and relates to a different set of issues such as e-services, e-learning, e-recruiting, etc. Another big issue is increasing mobility which relates to physical movement, challenges in giving different tasks, huge seasonal effects, contractual issues, and low fluctuation. Internal demographic developments are linked to age and generation management as well as knowledge management.
- The Dutch PES (UWV) faces the same challenges as other PES, with an additional challenge of changing personnel structure in the management by getting more young female managers on board. The PES business is also affected by very strong digitalisation and a reduced number of offices, which also asks for narrow cooperation with other organisations like chain parties, municipalities and associate partners on the labour market.
- The Estonian PES (Töötukassa) challenges relate to finding the right employees, providing incentives and having a fair and competitive salary system. Hiring difficulties are also emerging from demographic influences.
- In the Bulgarian PES (AZ), it is a challenge to find ways to attract and retain competent staff in terms of falling unemployment and the relatively low wages of the Employment Agency compared with other government administrations.
- In the Belgian-Walloon PES (Le Forem) the specific challenges include organisational transformation and managerial culture and the allocation of resources in view of the decrease in funding and digital transformation.
- In the Portuguese PES (IEFP) the specific issue was the improvement of the application of the evaluation system by objectives and introducing a culture of reward and recognition.

Figure 2. Challenges faced by the German PES



Source: the German PES

2.4 Latest trends in HRM in PES

The evidence shows that HR plays various different roles in PES – from operational (supportive) roles to strategic business partnerships. The key point of a successful HR partnership role is its visibility. In the French PES (Pôle emploi), HR has a strategic role and is a real business partner, most visibly in project management, where HR plays a key role. Similarly, in Estonia the HRM function is always involved in strategic changes. In some PES the importance of both roles of HR is stressed. In the Netherlands, the strategic role of HR is visible when plans are prepared, especially when the personnel component of change is complex. It is also visible while consulting with the works council and other parts of the Dutch PES. During the implementation of plans, HR 'stands side by side' with management to conduct the change. It is worth noting that the administrative tasks of the Dutch PES are delegated to a shared services centre. In other countries like Slovenia, HRM follows management requirements, so it plays mostly an operational and supportive role. A similar approach is visible in Norway, where HRM is mostly operationally focused.

PES might provide specific examples of good strategic HRM practice through:

- providing evidence and data for financial arguing, to be perceived as partners by decision makers;
- strategic workforce planning, by building realistic future scenarios;
- strengthening the understanding of business models and services by HR to better support managers;
- anticipating the impacts on social partners, management support, and working conditions;
- talent management and employees' career development;
- role of managers in HRM processes;
- crossover knowledge on a strategic level; and
- closer connection to the core business and IT.

One success factor strengthening the strategic role of HR in PES is the engagement of social partners. Social partners (including employees' representatives/trade unions and other important stakeholders like municipalities and employers' associations) can help in formulating a long-term strategic vision of PES both addressing key challenges and taking into account a broader social and environmental perspective. In the countries where social dialogue is well developed the engagement of these stakeholders at the early stage of formulation and implementation of HRM strategy is crucial.

One of the key enablers of the implementation of new HRM practices is proper communication. The most important, however, is strong support from management, and, more explicitly, strong leadership of the PES workforce.

Notable specific HRM developments in European PES include:⁵

- descriptions of qualifications and competencies for key roles (the Belgian-Walloon PES);
- improvement in training of staff, through self-study designated time (the Bulgarian PES);
- data gathering at local and national level on indicative caseload and scope of staffing-related issues (the Italian PES);
- introduction of more flexible work arrangements (the Latvian PES);
- introduction of non-monetary incentives and development of internal training programmes (the Slovenian PES); and
- development of the equal payment strategy on top of the existing performance pay system based on performance evaluation (the Iceland PES).

5 As evidenced by Benchlearning Initiative External Assessment reports.

3. CURRENT CHALLENGES OF STRATEGIC HRM IN PES

3.1 Cultural transformation in PES

Strategic HRM challenges can be defined as significant, long term, and related to HR issues that are dependent on effective talent management (acquisition, retention, engagement) in the organisation. To successfully address these challenges PES as organisations must take advantage of a wide variety of HRM policies and practices that lead to successful cultural transformation. The problems connected to cultural transformation in PES are manifold, including:

- **strategic integration** – the level of integration of the human resource strategy into the wider PES strategy;
- **organisational agility** – increasing flexibility in order to cope with changing labour market environment and manage consequent change;
- **leadership** – development of leadership and self-leadership practices to provide and retain leaders when and where they are needed; and
- **knowledge sustainability** – development of practices to support PES staff in coping with changing job requirements (e.g. technology) and diverse clients' needs.

And, of course, HRM plans and strategies should

look forward in a systematic way in the context of external drivers setting new demands of PES leaders and staff.

3.1.1 Analysis of current PES practices in the area of cultural transformation

As evidenced by the pre-event questionnaire, the current level of implementation of PES practices in relation to cultural transformation is assessed as being relatively high (Table 2).

Practices included under 'cultural transformation' are rated as highly developed by the majority of PES. This includes the perceived level of integration of HRM strategy with general and/or wider organisational strategy, practices to support PES staff in coping with changing job requirements (like technology-driven requirements) and clients' needs, and, most importantly, practices to increase the agility and flexibility of PES to respond to changing labour market needs. This includes change management practices, actions to involve stakeholders, and staff training. The only practice in this field that is rated visibly lower is a focus on the development of future leaders (including self-leadership) and retaining leadership sustainability. This again supports the observed need to step up actions aimed at talent management in relation to leadership talents in PES.

The discussions at the TRW highlighted a number of common and important factors. The key finding was that participating PES acknowledged the importance of taking action to engender cultural transformation, with a central focus on leadership and self-leadership development. Organisational culture influences employee behaviour and is a

Table 2. PES practices in relation to cultural transformation

HRM PRACTICE	AVERAGE SCORE (1-10 SCALE)
The PES HRM strategy is integrated within the general/wider organisational strategy	7.1
Practices to increase agility and flexibility of PES to respond to changing labour market needs (e.g. through managing change, stakeholders' involvement, staff training)	7.0
Practices to develop future leaders (including self-leadership)/retain leadership sustainability	6.0
Practices to support PES staff in coping with changing job requirements (e.g. technology) and clients' needs	6.8

Source: own development based on PES responses to pre-event questionnaire.

critical aspect of PES' abilities to function efficiently. The starting point for cultural change is an inspirational vision, communicated and pursued by leaders, which describes what the organisation can become. The vision should in turn be translated into strategic integration.

A number of PES have now started their 'cultural transformation' journey. One of the key examples is the Swedish PES, currently experiencing cultural transformation with a focus on self-leadership applied to all staff across the organisation via training, for both employees and leaders. The key element is a self-leadership philosophy for devel-

oping a proactive employee attitude built on five self-leadership dimensions (see Box 2).⁶

The focus was on behaviour – what behaviour is related to which dimension. It also produced new criteria for salary revisions. Performance reviews were restructured along the self-leadership line. The Swedish PES also developed evidence-based leadership criteria with a focus on employee behaviour aimed at creating results through motivated and satisfied employees and clear managerial expectations. This self-leadership experience resonated well with the group and thus provides useful information for other PES' cultural change strategies.



BOX 2. SELF-LEADERSHIP PROJECT IN THE SWEDISH PES

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 those working directly with clients. It is based on such principles as:

- we trust and believe in the staff as competent individuals who can decide on the 'how' themselves and do not have to be steered in detail;
- we believe in the ability of each of us to constantly improve the work at hand;
- we also believe that our employees can be their own change management consultant.

Self-leadership consists of five dimensions:

- taking a holistic responsibility;
- cooperating with internal partners and helping them succeed;
- developing my own personal leadership;
- cooperating with external partners to catch signals/trends and use them;
- leading by encouraging my colleagues and my employees to use their full competence.

Source: the Swedish PES.

3.1.2 New developments – PES practices in the area of cultural transformation

There are actions both planned and being implemented in the area of cultural transformation in PES including:

- dialogue aimed at cultural transformation starting with leadership and self-leadership development, and inviting staff to take initiatives aimed at improving the service (the Dutch PES);
- following up changes on the labour market, development and adoption of ICT, training programmes, coaching for employers, and management training (the Swedish PES);
- 'competency' project and talent development programme for managers (the Norwegian PES);
- development of digital skills and soft skills (the French PES);
- development of e-training environment (the Estonian PES);
- significant investment in the development of managerial skills through training and coaching, including training catalogued by function families, proposed by the internal development centre (Academy) with a strong focus on the next 10 years (the Belgian-Walloon PES); and

⁶ The practice sheet can be found here: <http://ec.europa.eu/social/BlobServlet?docId=17305&langId=en>

- flexible working time with varying boundaries in different cases, for example in caring for young children or family members, or taking into account the use of public transport at a distance from the workplace (the Bulgarian PES).

Some planned actions also include experimentation in progress related to new forms of work organisation (the Belgian-Walloon PES). Cultural transformation is particularly significant in the Belgian-Walloon PES (see Box 3 below).

BOX 3. HOW DOES CULTURAL AND TECHNOLOGICAL TRANSFORMATION AFFECT HRM AT THE BELGIAN-WALLOON PES?

Cultural and technological transformation affects HRM at the Belgian-Walloon PES in many ways.

- In a globalised and highly connected world, many occupations at the Belgian-Walloon PES are in constant evolution. Citizens, especially jobseekers, play a more and more active role in their professional transitions; counsellors, for example, increasingly becoming coaches. A strategic thinking project is currently under way to anticipate how occupations will evolve over the next 10 years (jobseekers' counsellors, employers' counsellors, etc.), and to implement the necessary actions to ensure a smooth and effective transition in terms of professional identity.
- In terms of staff training content, the Belgian-Walloon PES is starting to develop more and more actions linked not only to knowledge acquisition, but also to knowledge appropriation. New knowledge needs to be very quickly mobilised. A large number of training courses are also devoted to increasing staff's digital skills.
- In recent years, change management has become an HRM priority. All major projects are now accompanied by change action plans. Change referring officers are not located in the HRM department, but quite often in the core project teams, which ensures greater proximity and adaptability.
- A project aimed at promoting diversity in recruitment and inclusion more effectively is also under way.

Source: the Belgian-Walloon PES.

The Belgian-Walloon PES is also experiencing cultural transformation challenges – at present it is implementing the project 'DO IT' in order to improve employees' IT skills. Similarly, the Slovenian PES is developing a culture of employee self-responsibility in regional offices to enable staff to feel confident in what they are doing through communication and self-evaluation on a daily basis. Another example is the French PES which has launched a pilot to increase satisfaction of employees.

Also highlighted at the workshop was the need for PES to innovate, be brave and try new opportunities to become more sustainably agile organisations while also enhancing employee engagement and resilience. For example, the Norwegian PES applies agile methodologies to structure organisational responsibilities. This illustrates how a cultural transformation strategy can be applied to one department and foster a mind shift in the whole organisation. The ICT department in the Norwegian PES moved from conventional methodologies, inspired by the waterfall model (where teams follow a sequence of steps and never move forward until the previous phase has been com-

pleted, which leaves little room for unexpected changes or revisions), to agile working methods. The transformation process started in 2015 was inspired by a new Chief Information Officer, whose strong leadership contributed to strengthening the business-tech relationship, introducing a new sourcing strategy and modernising methods of tech development. A new more user-focused ICT strategy, 'Better, Faster, Cheaper', was introduced. Transitioning from waterfall to agile ICT in terms of ICT management started with hiring highly skilled ICT staff. This has created a transformed department with a new competency strategy. The Norwegian PES has developed a team-based approach, which leads to open communication and innovation. The challenges included exploring best methods of how to work together, and transforming within a bureaucracy.

3.1.3 Further development of cultural transformation in PES

The main result from the discussion on cultural transformation is that PES acknowledged the importance of integrating PES HRM strategy as part of the general organisational strategy. They are

making an effort in increasing agility and flexibility of PES through managing change, development and adoption of ICT, training programmes, etc. However, practices to develop future leaders (including self-leadership) should be further developed.

Out of the discussions on practices, participants agreed that in order to create an agile organisation PES should not be afraid to make mistakes, evaluate them and learn from them. PES participants emphasised two main aspects to keep in mind when transforming internal culture – **trust and empowerment**. The feeling of **ownership** is key to building trust and consequent empowerment of staff. It requires encouragement of staff to think out of the box, by: giving fuel to new initiatives, supporting innovative discussions and team-building in new environments, and taking initiatives to erase the fear of failure internally. For instance, France is implementing a project where counsellors are encouraged to suggest their ideas for better service delivery to unemployed people. A good idea receives some funding and conditions to be implemented within six months. Participants agreed this was a positive way of retaining people and a relatively transferable practice. Empowering people in this context includes allowing employees more freedom where this makes sense to do so, and **moving away from micro-management towards a more sophisticated organisational and performance leadership model**. The key here is rising to the challenge of sustaining change over a period of several years. For instance the Swedish PES was dealing with the change from micro-managing to more self-management throughout the organisation. At first it caused a lot of confusion with the management (*'So if I'm not supposed to micro-manage results using tally marks, can I use statistics? Am I allowed to talk results? In what way?'*). The questions came from managers everywhere in the organisation. In order to deal with the 'fear of micro-managing', the managerial roles and leadership criteria must be made clear. Managers, employees, and social partners (if active) have to be involved early in the process. Moreover, good communication is crucial for the success of the initiative.

3.2 PES as an 'employer of choice' and PES performance management

Effective delivery of PES services is highly dependent on motivated and engaged staff who perceive the PES as an employer of choice. Moreover, PES are under constant pressure to increase their performance, which is also related to the measurement and management of effectiveness of managers and employees of these organisations. From this perspective, PES need to make sure they develop the best possible practices and tools covering the areas of:

- **employer branding** – in order to be perceived as attractive employers and acquire the candidates with the competencies and talents they need;
- **motivation and engagement of staff** – in order to achieve the goals in a sustainable way, without having to resort to controlling and micro-managing practices;
- **competence and career development** – in order to support the development of staff competencies through training programmes, but also to support careers within the service, and fulfilment of employees' potential;
- **balanced and healthy environment** – in order to create working conditions that not only support employees' health and well-being, but also enable retention of their work-life balance under the growing pressures of increasing workloads; and
- **performance appraisal** – in order to achieve goals and targets but also to provide employees with support through professional feedback, and empower them through giving them a voice via opinion and satisfaction surveys.

3.2.1 Analysis of current PES practices in the area of employer attractiveness and performance management

As evidenced by the pre-event questionnaire the level of implementation of PES practices in relation to employer attractiveness and performance management varies (Table 3).

Table 3. PES practices in relation to employer attractiveness and performance management

HRM PRACTICE	AVERAGE SCORE (1-10 SCALE)
Practices to promote work-life balance and healthy working environment	8.0
Practices and tools to increase PES employee motivation and engagement	6.3
Practices to support PES employee development using career guidance and/or mentoring	5.3
Practices to identify talented or high-potential PES employees and support their development in the service	5.1
HR performance management alignment with PES strategic direction and organisational culture	6.4
Practices to link staff training and development with their performance evaluations or appraisals	5.9
Practices to include staff satisfaction surveys in development of performance management methods and tools	6.0

Source: own development based on PES responses to pre-event questionnaire.

As can be noted, PES acknowledged the importance of increasing their attractiveness as an employer and supporting performance management. Most PES have well-developed practices to promote work-life balance and a healthy working environment as well as practices and tools to increase PES employee motivation and engagement.

Practices to link staff training and development with their performance evaluations or appraisals, and to support PES employees' development by career guidance and/or mentoring, have been moderately rated, and definitely need further insight and development. However, there are some newly developed practices in this field, such as the example from Estonia (Box 4).

BOX 4. DEVELOPMENT OF COMPETENCY MODEL AND PERFORMANCE MANAGEMENT IN THE ESTONIAN PES

In 2017-18, the Estonian PES developed a competency model for their PES managers, describing expected skills and behaviours to support high performance in the context of the strategic objectives of PES. It describes the most important distinctive competencies of managers of the Estonian PES that can be evaluated and developed: strategic and analytical thinking; leadership and taking responsibility; planning and organisation; cooperation and networking; and self-management. The model is based on the CEB Universal Competency Framework (UCF).

The competencies will be evaluated annually using the most suitable methods (see list below) before development interviews take place.

- Implementing talent management principles as the most proactive way of considering an organisation's long-term strategic goals.
- Using a 360-degree assessment approach where the competencies of managers are evaluated by themselves, their direct managers, colleagues, cooperation partners and team members (subordinates). Evaluation results are then analysed and reflected back by the direct managers. Information gathered during evaluation is discussed in the course of development interviews, and development priorities are agreed for the next period together with development methods.
- Using a neutral/independent external assessor alongside psychometric tests, simulation tasks (analytical, collaborative tasks, role plays) and structured interviews. An external assessor is usually used when recruiting or promoting a manager.

The managers' development programme is based on the outcomes of evaluation of the competencies and development priorities of each manager. One part of the programme is more general to give managers a basic level of knowledge of management (like strategic planning, avoiding burnout or team-building) related to the organisation's leadership culture. The second part of the programme is targeted at each manager's individual development needs and potential by also offering them individual coaching.

Source: the Estonian PES.

PES shared many good examples of the programmes that nurture the opportunity to grow and develop, including training programmes or career development programmes.

One interesting example of training and development practices in the form of distance learning comes from the Bulgarian PES (Box 5).

BOX 5. STAFF TRAINING IN THE BULGARIAN PES

At the Employment Agency of Bulgaria, staff training is regarded as an important element of HRM. In this regard, the management is making a targeted effort to provide appropriate training to employees, in order to increase the efficiency of their work, and improve the quality of services provided to citizens and businesses.

One of most successful forms of training, which has been applied for 10 years in the Employment Agency, is the distance form of training, considered to be good practice. Distance learning takes place on a dedicated Internet platform. Experience and trainee feedback indicates that distance learning is particularly suitable for employees of the territorial divisions of the Agency.

Internal trainings are also planned in the form of workshops between groups of employees from different regions of the country, working in similar fields of activity, to exchange good practices and ideas for joint action under uniform or specific labour market conditions.

Source: the Bulgarian PES.

The **French PES developed the 'social contract'** (Figure 3) – the part of the PES' business plan which embodies the institution's commitments in terms of HRM policies. The social contract covers three areas: developing skills and managing professional career path, assisting managers in their role of managing changes, and establishing a good quality of working life (QWL). The social contract is based on three key assumptions:

- PES' biggest asset is its staff;
- operational and social performance are closely correlated – one cannot be achieved without the other; and
- human resource management is an intrinsic management function, shared between front-line managers and HR professionals.

Some current developments in the area of skills and managing professional career path resulted in the creation of the job directory. This is a new classification of jobs and salary scale which allows the French PES to identify what will be coming up in terms of jobs and salaries. The French PES University trains 2 000 employees with an average of 8 days of professional training per person per year. Support is provided to managers (training managerial skills, mentoring, etc.) – they will relay the changes to their staff. Similar to the Swedish and Norwegian PES, the French PES has introduced self-leadership approaches and sup-

ports new ways of managing to help employees understand their own strengths. The French PES is implementing '*Le nouveau pari de la confiance*', a pilot aiming at developing new ways of management and working.

The French PES is also promoting a better quality of life at work as a way to raise the social performance of the PES. The PES has created social performance indicators (for instance, a social indicator to increase women in management), to measure the social climate and apply an indicator to the quality of life at work. The social barometer (conditions at work, quality of life at work) results impact the salaries of the managers. To reconcile life at work and private life, the French PES has dedicated social agreements. Only 9% of employees telework (working at home or in a different centre to the one that they are registered at). A policy has been developed to integrate disabled workers and increase diversity. The challenge for the coming year is to align the social contract with the new business plan – the approach is to focus on user experience – a 'laboratory' will be set up to test ideas. Development of digital and soft skills and the need to propose more individual training (including e-training) based on self-evaluation is the top priority. New ways of managing will include creativity and responsibility. In France, as in Norway, unions are actively involved in human resource management.



Figure 3. Major achievements of the French PES social contract

DEVELOPING SKILLS AND CAREERS:	<ul style="list-style-type: none"> Job directory – new classification of jobs and salary scale Establishment of the French PES University Jobs and competencies planning and development Optimisation of the HR process, including the renewing of the recruitment process for the counsellors, using a skills-based approach
PROVIDING SUPPORT FOR MANAGERS:	<ul style="list-style-type: none"> An average of eight days of professional training per year Diversified and complementary methods such as coaching, managerial support plans, mentoring, conferences, and so on to develop managerial skills
ENSURING BETTER QUALITY OF LIFE AT WORK:	<ul style="list-style-type: none"> The creation and use of social performance indicators, a social climate survey and an indicator dedicated to QWL and salary scale The signature of social agreements related to QWL and professional equality between women and men The widespread application of teleworking

Source: the French PES.

Performance management received generally average scores from PES. Only practices to include staff satisfaction surveys in the development of performance management methods and tools were deemed to be more highly developed by the surveyed PES. The practices of staff satisfaction surveys and development of performance management methods and tools are well documented in other papers (see: PES Network Analytical Paper on Performance, Accountability and Links with Benchmarking and other PES Network resources on this topic available on the PES Knowledge Centre website)⁷. These practices are constantly being improved, as evidenced by the example of the Austrian PES (Box 6).

There are also developments of practices in relation to the **health and well-being of employees**. For example, 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 is difficult to manage: staff with different cultural backgrounds, disabled staff and a higher proportion of female employees require an individual approach from the employer, such as in 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. For instance, to make

BOX 6. CHANGES TO PERFORMANCE MANAGEMENT IN THE AUSTRIAN PES

The Austrian PES (AMS) introduced their performance management system in 2009. Since that time they have built a connection between their performance system and the Balanced Score Card (BSC) where the results are visible. Depending on the degree to which they fulfil their business goals, each Local PES Office gets a certain amount of money for distribution across several of their departments.

At the start the money was distributed as per the sprinkler approach. In the meantime, the contribution of individual employees to the overall success was considered further. The bonus system was transformed to better fit with the company's culture and values. Management found out that 'support', 'teamwork', 'equality', and 'a good working atmosphere' were very important values for their employees. As a consequence, these values were translated into team targets. Further changes in the measurement of performance include a more evidence-based approach, which makes implementation easier and acceptance higher.

As the generation of evidence-based results is difficult at the unit level, individual aims with each employee are set up.

Source: the Austrian PES.

7 <http://ec.europa.eu/social/main.jsp?catId=1163&intPagId=3445&langId=en>
<http://ec.europa.eu/social/BlobServlet?docId=16188&langId=en>
<http://ec.europa.eu/social/main.jsp?catId=1163&langId=en>

themselves more family-friendly, the German PES developed an Organisational Service Children and Caregiver (OKiP) programme and a comprehensive approach to corporate health management. Life-long learning is also currently being promoted in the German PES.

Definitely the least developed are the practices to **identify talented or high-potential PES employees**. This last point has to be regarded as the most alarming one, as talent identification and development – as already stated – should be one of the key aims of successful HRM strategies of PES. Practices to support PES employee development using career guidance and/or mentoring are also limited, although some examples exist.⁸

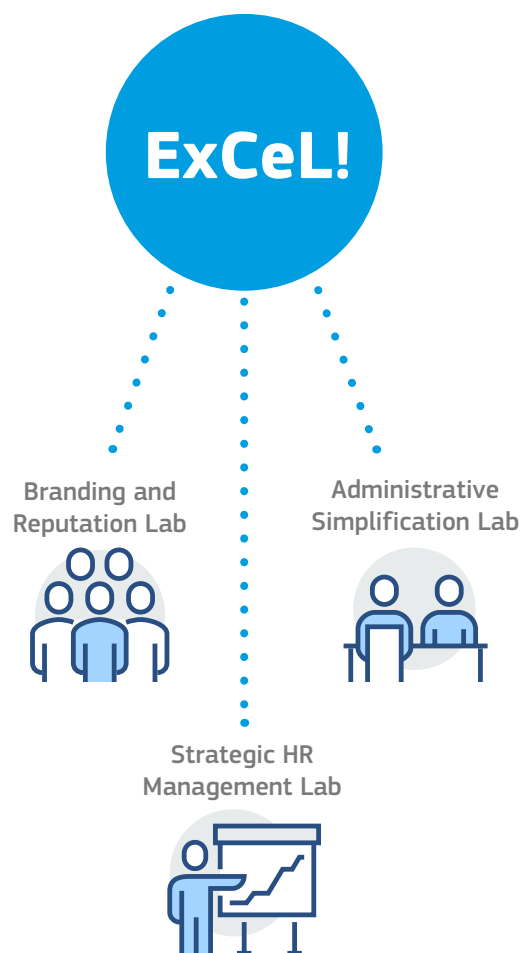
3.2.2 New developments of PES practices in the area of employer attractiveness and PES performance management

New developments of PES practices (being at the phase of design and introduction) in the area of employer attractiveness and performance management include:

- promoting a flexible and adaptive attitude to work and change through professionalisation and craftsmanship (the Dutch PES);
- action plan for promoting work-life balance and health at work, career development, knowledge exchange between generations, and continuous improvements (the Swedish PES);
- promoting ongoing actions related to brand image and new ways of working to increase motivation and engagement (the French PES);
- leadership programme for managers and employer branding activities (the Estonian PES);
- digitalisation project and improvement of information systems in order to centralise information on employment and training in a single system (the Portuguese PES);
- plans to further the performance management project through skills development (the French PES);
- efforts to measure the effectiveness of training and its impact on staff performance (the Estonian PES); and
- non-financial incentive system and internal rules for additional incentives based on performance estimates (the Bulgarian PES).

The **State Chancellery of Latvia presented the newly developed modern HR development policy**. This is aimed at improving the public sector 'brand' to attract new staff while at the same time retaining the talent they already have. A reform plan, approved in 2017, aims to provide effective, flexible and accountable Public Administration in Latvia. The public sector in Latvia is developing towards a more result-based administration which means improving performance management systems and introducing KPIs for all the administrations. The project involves a lab-based approach through the ExCeL! (*Excellent for Centenary of Latvia*) programme (Figure 4).

Figure 4. ExCeL! (Excellent for Centenary of Latvia) programme



8 <http://ec.europa.eu/social/BlobServlet?docid=18459&langid=en>

Source: State Chancellery, Republic of Latvia

The reform incorporates a **Branding and Reputation Lab**, which involves a redesign of the branding for general public administration. The goal of the lab is to design the public administration image (brand) – based on common public sector values and ethical principles – as a road map to improve the reputation of the public sector and build trust in public administration. **Activities in the lab involve:**

- analysing core issues related to the image of the public service;
- designing a values-based public administration brand involving stakeholders (public institutions, society); and
- creating an implementation plan of the new public administration brand.

Latvia's reform also envisages the **Competency-Based Development Programme of Senior Managers**, including a number of activities (Figure 5).

Figure 5. Competency-Based Development Programme of Senior Managers



Source: State Chancellery, Republic of Latvia

The **goal of the programme is** to develop managers-leaders and to promote a collaborative environment within public administration, and ensure better understanding of cross-sectoral issues and needs of customers (with a focus on small and medium-sized enterprises). The programme will be in line with future needs by strengthening the development of leaders, promoting cooperation, cross-sectoral efficiency, innovation and excellence in public administration.

3.2.3 Further development of employer attractiveness and performance management in PES

During the TRW discussions the participants agreed that a major challenge is how to get staff more involved in the change processes in the PES. Furthermore, PES need to be more attractive to retain staff. There is a clear need for a stronger sense of ownership for staff. Other challenges mentioned included working conditions (e.g. high workload) which prevent creativity. There is also the need to focus more on identifying talented or high-potential PES employees and supporting their development in the service, as well as linking staff training and development with performance evaluations or appraisals.

In order to **strengthen the perception of the PES as an attractive employer**, more effort could be made to underline what the PES has to offer. This regards mostly clear identification and communication of the so-called 'employer value proposition' (EVP). EVP summarises the tangible (including financial) and intangible (including development possibilities, emotional rewards, etc.) benefits a person can expect when joining a given organisation.

Stemming from the discussion at the TRW, PES should strongly highlight that they offer jobs which:

- are meaningful and valued;
- are secure and stable;
- provide good working conditions; and
- offer personal development and training opportunities.

In order to **better motivate and engage staff**, PES should take a holistic approach towards the development of the working environment in which the full potential of employees can be developed and utilised. According to the PES representatives' opinions expressed at the TRW, this requires in the

first place elimination or limitation of negative influencers including:

- low or lack of interest from managers regarding employee issues;
- lack of empathy towards employee problems and barriers they face at work;
- reduction of the negative reputation of PES; and
- reduction of often very high differences between public and private sector salaries.

Moreover, actions should be taken to develop the positive influencers of employees' engagement and motivation, including:

- development of workplace flexibility, to the benefit of both employees and the PES itself;
- development of health and work-life balance programmes;
- improving management credibility through openness and trust building;
- involvement of PES staff in change management processes;
- development of practices to motivate individuals through reward and recognition programmes;
- development of informal leadership support and employee assistance programmes for PES employees; and
- support of positive communication and culture of feedback from managers.

Most notably, **employee feedback practices** should be developed. Especially, staff satisfaction surveys serve the purpose of strengthening the culture of feedback. This culture should be used to build trust between PES staff and managers, and nurture the organisational dialogue on pressing issues.

3.3 HRM as a strategic tool for workforce planning and talent management

Workforce planning is a dynamic process that ensures that the organisation has the right number of people with the right skills in the right place at the right time to deliver short- and long-term organisational objectives (Huerta Melchor, 2013). As such, it includes specific aspects of HRM policies and practices related to location and relocation management, planning and forecasting, and staffing – including attracting, selecting, retaining, and allocating talents. From this perspective, PES

need to make sure they develop the best possible practices and tools covering the areas of:

- **predicting workforce needs and planning for recruitment, promotions and training** – in order to support strategic planning and establish direction for the future workforce;
- **provision of a 'talent management pipeline'** – through identification, acquisition, development, retention and effective use of talents in organisations;
- **defining new or emerging requirements for staff** – defining which skills, qualifications and competencies are required to meet business objectives, new types of job profiles, demographics, and changing business models;
- **multi-generational exchange of knowledge and lifelong learning** – in order to prevent knowledge losses as the result of demographic change within the organisation, as well as skills obsolescence.

Specific plans in this area are often focused exclusively on the next three years. That is very effective for detailed planning and change management. However, all HRM strategies should scan the 5-10 year horizon taking account of best understanding of the labour market and organisational trends. This is of special importance in staff and leadership development programmes where actions often need to play out over a 5-10 year timescale.

3.3.1 Analysis of current PES practices in the area of workforce planning and talent management

As evidenced by the pre-event questionnaire the level of implementation of PES practices in relation to workforce planning and talent management is rather low (Table 4).

The practices included under 'HRM as a strategic tool for workforce planning' were definitely rated as the least developed compared to other key areas. PES deem only the practices in predicting workforce needs and planning for recruitment, promotions and training to be highly developed. All other practices need further improvements. Especially striking is the underdevelopment of the practices of multi-generational exchange of knowledge and those supporting lifelong learning. Taking into consideration the ageing workforce in many European PES and the need for continuous development of staff in the face of the challenges described above, this area requires increased

Table 4. PES practices in relation to workforce planning and talent management

HRM PRACTICE	AVERAGE SCORE (1-10 SCALE)
Predicting workforce needs and planning for recruitment, promotions and training	6.8
Practices leading to the provision of a 'talent management pipeline' (talent identification, acquisition, development, retention and effectiveness)	5.4
Practices which identify new or emerging competencies and skills requirements for staff which relate to new business models/needs, changing job profiles, demographics, etc.	4.9
Practices of multi-generational exchange of knowledge and supporting lifelong learning	4.3

Source: own development based on PES responses to pre-event questionnaire.

attention from management. Without further development, PES might find themselves trapped in a situation where valuable knowledge and competencies are lost due to generational change, as they are not currently embedded in organisational practices or effectively transferred to other (successive) PES staff. This risk, together with low support of the lifelong learning agenda, might cause serious skills gaps that cannot be easily narrowed without substantial investments, and also possibly cause a (hopefully only temporary) reduction in the effectiveness of services. Approaches in these areas which show promise include those in the list below.

- Predicting workforce needs starting with the clear definition of key challenges, and the **creation and communication of a clear vision**. In Sweden, the cultural transformation project has been developed to include a new set of Swedish PES **Vision and Common Values**. These values include being professional, inspiring and confidence-inspiring. HR has supported managers with inspiration on how they can work with the values in their group, to make them well known.
- Developing a new focus on diversity and inclusion. In the German PES, one of the key challenges identified is the age structure of the workforce, where 42 % of employees are aged 50 years and older, 11 % of employees are aged 60 years and older, and 26 % of employees will retire within the next 10 years. The key response was promotion of individual employability and inclusion by developing a diversity management programme that leads from integration to inclusion. The PES has one of the highest proportions of severely disabled employees, at 10 %. Diversity is therefore supported by systemic measures to promote and use the competencies and

the potential of defined target groups. This contributes to an inclusive culture, where potential, skills/competencies and engagement of all staff members are integrated and appreciated in all organisational aspects, which leads to equal opportunities and participation.

- Improving the 'talent management pipeline' is a long-term and forward-looking process that allows organisations to develop their responses to predicted scenarios. As such, it cannot be properly done on a short-term, action-like basis, but needs to be embedded in all HRM processes and be supported by management at all levels. Therefore, more attention from PES management is needed to improve the talent management pipeline.

A talent management perspective is also linked to practices which identify new or emerging competencies and skills requirements for staff which relate to new business models/needs, changing job profiles, demographics, etc. They share a common feature of forward-looking practices aimed at achieving long-term strategic aims, and sometimes even preparing for the future challenges that have not yet been included in strategic plans. The Netherlands offers an example of what PES can do in this area (Box 7).

3.3.2 New developments of PES practices in the area of workforce planning and talent management

There is some evidence – though rather scarce – of the further development of strategic workforce planning practices in PES. Some work on a better personnel plan has been started in the Belgian-Walloon PES. Also the Dutch PES is aiming for better workforce planning, where an agreement on experimenting with a new tool developed for this purpose has been reached. One of the objectives

BOX 7. CONTINUOUS IMPROVEMENT OF PROFESSIONALISM, LEADERSHIP AND PERSONAL DEVELOPMENT IN THE DUTCH PES

Our Vision on Professionalism/‘Craftsmanship’, Leadership and Personal Development

According to our vision Professional Development is not only manifested by organising training and education but will also be achieved by going on an ‘expedition’ together and sharing with each other what we encounter. This means that we encourage experiments in order to find out what working methods are more successful than others. We are a learning organisation on all levels (managerial, executive and supportive) that strives for continuous improvement of service delivery mediated by efficient processes and within the confines of the provided budget. We have defined the following principles that form the foundation for further construction of our learning organisation.

- Professional identity, intrinsic motivation.
- Acting professionally within the legal frameworks and in alignment with social views.
- Continuous demonstration and development of added value.
- Creativity by experimenting bottom-up. We believe that excellent service delivery should start from the bottom of our organisation. Initiated and supported by our employees and based on their daily experience with jobseekers, employers and other (regional) stakeholders.
- Knowledge: of both legislation and development of successful methodical interventions.

With respect to leadership we distinguish two different forms.

- Personal leadership: active ownership/cooperating on all levels aimed at customer focus and results. This also requires calling each other to account if the responsibilities are not adequately addressed. From feedback → feedforward.
- Managerial leadership: coaching style of leadership based on creating an open learning culture and stimulating bottom-up ownership/initiatives. Making ‘mistakes’ for further development is a part of a learning organisation.

Source: the Dutch PES.

is to put the operational part of the organisation more on top (upside-down pyramid). This could have implications for the leadership and the decision making at the company as well as for the (creative) room that can be used by the staff in the operations part of the organisation. A new system of target setting in the Latvian PES might also influence long-term workforce planning (Box 8).

3.3.3 Further development of workforce planning, recruitment and talent management in PES

In many PES, strategic human resource management falls short in regard to a highly important factor – strategic workforce planning in relation to talent management. Most notably, the PES representatives taking part in the TRW acknowledged the difficulties in talent pipeline management, especially when it comes to retaining talents. Among the most important obstacles in talent management is the lack of a strategic approach to future workforce planning in PES and tough competition in the labour market for skilled employees (especially IT professionals).

As indicated by the cited OECD study (Huerta Melchor, 2013), for many countries engaging in

workforce planning has been difficult. Some of the major obstacles to workforce planning are:

- lack of correlation between human resource/capital management and the strategic political agenda of government;
- lack of a systematic whole-of-government approach to linking workforce planning to funding and performance;
- limited institutional capacity and capability of ministries and agencies to conduct workforce planning;
- rigid and centralised HRM practices;
- lack of prioritisation;
- resistance from public servants; and
- a slow-moving, process-oriented and change-averse culture in the public service.

One of the solutions appears to be better and more coordinated cooperation with core PES business and inside HR departments (e.g. career development, training and recruitment) as well as long-term workforce planning based on an annual strategic plan, and possibly even in a longer perspective, as illustrated by a summary from one of the TRW break-out sessions’ discussions (Figure 6).



BOX 8. TARGET SETTING IN THE LATVIAN PES

In the public administration reform in Latvia, the **general targets of Economy, Efficiency and Effectiveness** have been translated into three areas:

- **people** – result-oriented staff, reconsideration of functions (cut by 6 % within three years);
- **procedures** – more frequent reconsideration of budgetary allocations; centralisation of support services, facilitation of teamwork (also horizontal and sectoral);
- **public interest** – zero bureaucracy, increased value of public services, strategic communication on priorities and reforms.

In the area of people (of the public administration) the following actions are being undertaken.

- Reduction and supervision of the number of employed persons. Most of the vacant positions are liquidated; creation of new positions is frozen for the next three years; the workload of a position in the direct public administration is reduced by approximately 6 %.
- Revision of the remuneration policy. The existing remuneration policy is revised by raising the ceiling on salaries in the public administration by up to 80 % of the amount of salaries paid in the private sector at the expense of the internal economy, and also the pensions and bonuses are revised. New remuneration regulation is proposed.
- Results-oriented performance management. Uniform performance indicators are defined for all heads of institutions, and they are regularly measured and published.

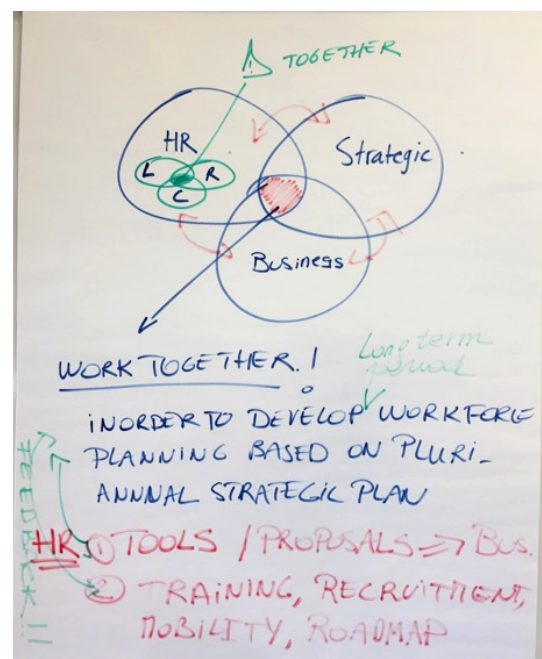
At the operational level, the reform envisages the **development of future competencies for those employed in the public sector:**

- to define the future competencies in the public sector;
- to create modular learning cycles;
- to facilitate the transfer of knowledge of public administration (also using the approach of internal coaches and mentors for the development of future competencies);
- in cooperation with higher education institutions, to facilitate the development of the competencies necessary for the public administration.

Source: the Latvian PES & State Chancellery, Republic of Latvia

For example in Sweden, there exists a three-year strategic plan for long-term planning and a one-year business plan for decisions e.g. on trainings. In order to develop long-term workforce planning based on a multi-annual strategic plan, HR, top management and functional management need to work together. When the business has to do workforce planning, HR can provide tools (plan training, mobility, processes, recruitment and roadmaps). The role of PES management is essential. Therefore an open culture of dialogue should be further encouraged, and systematic career dialogues conducted. There must also be room for learning from mistakes.

Figure 6. Visual summary of a TRW break-out session discussion



4. SUMMARY AND RECOMMENDATIONS

Interest in the strategic perspective of HRM has significantly increased and PES practitioners agree that HRM is not only a 'soft' part of the organisation's activities, but should bring organisational value and visibly improved outputs and service levels. HRM should generate value for stakeholders (customers, social partners, employees and other actors, including PES customers) through a series of actions to develop competencies, improve employee motivation and engagement, shape organisational culture, and develop leadership.

PES need to identify performance drivers, develop key competencies, and build organisational capability. This requires a modernised HRM strategy to influence the performance of managers and employees at all organisational levels. PES have the potential to become 'employers of choice' by proactively establishing and using flexible human resource management strategies, policies (or processes) and tools that engender the desired behaviour as an employer and, at a micro level, provide each employee with the opportunity to grow and develop (see more in Becker et al., 2001; Schuler et al., 2011a, 2011b; Scullion & Collings, 2011; Lal, 2015).

Most PES have done some medium-term planning in these areas. Some – though still a minority – have addressed the range of HRM themes decided in this paper. The next step is to spread current good practice horizontally across all PES; and to pick up and build on the smaller number of plans that cover longer-term HRM issues over a 5-10-year timescale.

A key example of these challenges identified and not yet fully addressed in PES is strategic workforce planning. Most notably current practices fall short of providing a 'talent management pipeline', allowing the provision of current and future talent needs – in terms of both leadership talents and specialised professionals at all levels of the organisation. As such, the key mission of HR – delivering value to stakeholders – can be

endangered. This issue cannot be simply tackled by development of a specific development or training programme. PES HR must become – if it is not there yet – a business partner or 'integral part of business', and not be perceived as a purely service function. In fact, **the effectiveness of strategic workforce planning and talent management** is dependent on HR being a part of the broader PES management model.

This PES HRM model should be a combination of:

- **governance** – with mission, vision and HR goals being a part of the PES governance model, providing clear guidance on future challenges and developments, that must be addressed; also allowing the PES HR a seat at the top management table, where important strategic decisions are made;
- **management** – with developed HRM practices that support achievement of these goals, in a holistic way, with the understanding of how they will influence (in a positive and, possibly, negative way) the functioning of the whole organisation;
- **leadership** – with competent and professional leaders willing to serve as role models and inspire their followers not only to reach targets, but to constantly improve and innovate;
- **ownership** – with empowered staff, who understand their role and are eager to take responsibility, not only for the execution of their tasks but for a wider process, and to show creativity; and
- **partnership** – with all stakeholders (internal and external) adequately engaged in the process of continuous improvement of the organisation, as being supportive to consequent changes.

Only in this way can all the predictable (and possibly also not yet predictable) challenges be tackled, and the talent management pipeline be made sustainable.

From the operational perspective a number of recommendations to tackle the existing HRM challenges over the short to medium term can be formulated, as per Table 5.

Table 5. PES HRM challenges and recommended actions

HRM CHALLENGE:	RECOMMENDED ACTIONS:
Attractiveness of PES as employer in highly competitive environment	<ul style="list-style-type: none"> • Develop employer branding activities, including new models of Employer Value Proposition (EVP); • Develop attractive, diversified and challenging career paths within the service; • Make work more meaningful by making it more challenging and supporting ownership of staff; • Develop non-monetary benefit systems that match the expectations of the changing workforce.
Empowerment of managers and staff in reaching PES strategic and operational targets	<ul style="list-style-type: none"> • Develop mechanisms of participation in decision making, goal setting and execution; • Develop practices of self-leadership, self-managed teams and self-development; • Support staff in undertaking own initiatives and take responsibility for service delivery.
Retaining positive attitudes to change and high levels of innovation	<ul style="list-style-type: none"> • Support continuous development of staff, focused not only on skills gaps, but also employee strengths; • Involve staff and managers in the development of new practices (including, but not limited to, HRM practices); • Reward (either financially or non-financially) development of innovations, including service, process and other innovations.
Engagement and motivation of staff at all levels	<ul style="list-style-type: none"> • Use financial and non-financial tools to increase motivation of staff; • Identify employees' expectations, run surveys for their opinions, and use this information to improve HRM strategies and practices; • Create inclusive environments where all roles are adequately valued and no one is left behind.
Work-life balance and health (well-being), affecting workers' ability to work effectively	<ul style="list-style-type: none"> • Understand the workforce's diversity and changing needs in relation to work-life balance and accordingly adjust support measures; • Constantly monitor well-being levels of staff and act to prevent major health-related problems.
Knowledge sharing, including multi-generational exchange of knowledge	<ul style="list-style-type: none"> • Support development measures aimed at knowledge sharing, such as coaching, mentoring, and job shadowing; • Develop organisational knowledge repositories, including good practices; • Support diversity and inclusion measures; • Set up and support multi-generational teams to facilitate knowledge transfer.
Leadership continuity, including development of future leaders	<ul style="list-style-type: none"> • Develop leadership talents in line with organisational vision and strategy; • Identify emerging leadership talents, through talent management and development programmes; • Support of leadership buy-in by subordinate staff (through e.g. followership concept).
Legitimacy of PES strategic targets, including acceptance of stakeholders/social partners	<ul style="list-style-type: none"> • Develop organisational culture that supports open communication, trust and transparency of practices; • Actively involve stakeholder representatives (including trade unions/employee representatives) in design of HRM strategies and practices at all stages.

Source: own development.

ANNEX 1: BIBLIOGRAPHY

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