VDAB and the digital transition

Ensuring a successful transition for public services with a strategy of simple rules: the Action Design Research (ADR) method

Study by L. Danneels and S. Viaene, Government Information Quarterly, September 2015

The two Flemish researchers who conducted this study provided support and advice on reforms in the Belgian public employment service. In this article, they look back on the recent changes at VDAB and the decision on a change in digital policy. VDAB’s development strategy is ambitious. This process of switching to digital, which is still under way, represents a fundamental change that will obviously have an impact on services as well as dealings with users and the internal organisation.

These notes will allow you to examine the strategy adopted to ensure that this transition is successful, following the example of trends observed in many public services in Belgium that have undertaken widespread reforms.

This study, published in September 2015 in the journal Government Information Quarterly (GIQ)¹, analyses the change in Belgium’s public services brought about by the digital transition, based on the example of VDAB, the Flemish public employment service.

The authors, L. Danneels and S. Viaene, a researcher and professor respectively at Vlerick Business School in Leuven (Belgium), specialise in digital issues. They provided VDAB with advice and support in managing the digital transition and their approach has been deemed a success. Based on the Action Design Research (ADR)² method, they developed a strategy together for optimising change, which they have branded “the strategy of simple rules”. This article outlines this approach and how it was applied to VDAB.

1. Changes in the management system: from NPM (New Public Management) …

Faced with a difficult economic, political and financial situation and in view of the expectations of its stakeholders, VDAB was forced to rethink its procedures and its governance.

The governance system, like that of Belgium’s other public services, had up to that point been based on the New Public Management (NPM) model. This management system involves applying the codes, values and practices of the private sector (competitiveness, external controls, measurement of performance, etc.) to the public sector. Although it was meant to ensure gains in efficacy and performance, it never brought the expected benefits. Instead, it led to greater administrative complexity, the compartmentalisation of government agencies and a decline in the quality of services. This failure can be partly explained by the breaking up of public institutions and their focus on specific fields.

To rectify these negative effects and make the work of public services more visible to stakeholders, a new method of governance was proposed, which is now in the process of being implemented: Digital Era Governance (DEG).

¹ GIQ: An international online journal for specialists in changes to public services, which publishes mainly research papers on the links between new technologies, the authorities and the public.
² ADR (Action Design Research): a research method developed in 2011 by researcher Maung K. Sein at the University of Agder, Norway. It is intended to anticipate and resolve problems and involves thinking first and then constructing and evaluating strategies and virtual products (cf. detailed description in point 5).
2. ... to DEG (Digital Era Governance)

The DEG system is based on three pillars, each of which corresponds to a challenge:
- the reintegration of government agencies that were cut off from each other by NPM;
- holism and the need to come back to the main requirements and services;
- adaptation to a digital world and the key position now occupied by new technologies.

In addition to these challenges and the internal changes they will entail, the transition to a DEG system means that other aspects also need to be taken into account. The digitalisation of public services, particularly public employment services, and the new services and tools offered by digital technology (social networks, free and readily accessible information, online retail, etc.) have a profound impact on relations with users. More generally, there is a change in relations between the authorities and society.

This radical change in governance and in dealings with public services presents a challenge, and we need to think carefully about the strategy we adopt in order to meet it.

3. Which strategy should we adopt?

The researchers Chris Bingham and Kathleen M. Eisenhard, professors of strategy for organisations at the universities of North Carolina and Stanford in the United States, distinguished between three types of strategies: positioning, optimisation and opportunity strategies. These are implemented within organisations in accordance with the objectives being followed, the nature of the change, the environment, the challenges and the effects caused.

- A positioning strategy aims to establish and strengthen an organisation's position. It must enable an organisation to answer the question "Where should we be?" It is recommended for relatively insignificant changes affecting several types of resources. It requires a well-organised structure and a known and predictable environment.

- An optimisation strategy is advisable when an organisation is thinking about what it should be. In this context, this type of strategy is particularly well suited to facilitating the development of new products and new market openings. Internal changes must be moderate and the environment must be predictable.

- An opportunity strategy is suitable when an organisation is wondering how it should proceed in the case of rapid and ambitious change and in an uncertain environment. To adapt to this radical change and turn it to the organisation's advantage while maintaining the quality of its services or products, the organisation must find the right balance between flexibility and efficacy. It is therefore recommended that the organisation should not be too structured.

In the context of the digital transition within VDAB, the opportunity strategy clearly stood out as the most suitable. It allowed the organisation to regard this change as something that offered new potential, and to think about how it was going to take advantage of this opportunity.

4. Challenges and opportunities faced by VDAB

VDAB is Belgium's public employment service for the Flemish Region. As it is a public service, its financing and targets are determined by the government. Its tasks, objectives and resources are redefined every five years in a management agreement in accordance with changes in government policy.

The 2011-2015 agreement encourages the development of innovative services, the use of new technologies and greater autonomy for individuals (users and staff). It allows for the expansion of VDAB's targets and geographical cover and of the scope of its tasks and services. These changes present challenges for VDAB, which from now on must:

- deal with all those involved in the labour market, not just job-seekers and the unemployed;
- cover other parts of Belgium and Europe, not just Flanders as it has done until now;
- extend its services to cover the jobs market, career security, corporate services and partnerships with educational and training organisations and with recruitment agencies.

VDAB has clearly expressed its wish to change its position, with the aim of becoming more proactive and flexible and of offering multiple channels with services that can be accessed 24 hours a day and seven days a week.

To adapt to these changes, VDAB organised a programme of new projects and services based on the opportunity strategy.
The first planned project, the platform "Vick", involves the creation of a new range of digital services. As well as meeting the objectives of the agreement, it aims to reach new users who are interested in digital innovations. With this project, VDAB took inspiration from M. Christensen, an American consultant and professor specialising in issues relating to management and innovation, who recommends autonomous management in cases like this. In accordance with this principle, it was decided that the management of Vick would be entrusted to a project manager and a dedicated team. The latter were permitted to organise and plan the project themselves and were free to conduct tests under the supervision of the Director of VDAB and the head of information systems. The objective of this autonomy is to encourage greater speed and flexibility in decision-making and the implementation of measures.

The steering committee, set up by the head of information systems and the project team, was tasked with defining a strategy. This strategy reflects the fact that the organisation wants to overturn the current rules and limits in order to create a wide range of innovative digital services. The new digital offering, which was developed by employees of VDAB and external experts, was tested before its launch and has since been improved based on feedback from users.

5. The ADR (Action Design Research) research method

Throughout the entire change process, the researchers, who are the authors of the study, and VDAB worked in accordance with the ADR approach. This method enabled them to gain more knowledge during the period of reorganisation and to think before constructing and evaluating strategies and virtual services intended to solve existing problems.

ADR requires a step-by-step approach:
- describe the problem;
- construct, implement and evaluate;
- think and perfect one's knowledge, based on feedback from step 2;
- make a record of the knowledge gained in the first three steps, in order to develop solutions and concepts that can be put into general use.

6. The ADR method as applied to VDAB

The four steps followed at VDAB were as follows:

^ 1 - Description of the problem

The digital transition forced VDAB to undergo profound changes. The organisation had to learn to work differently in order to adapt successfully and to be capable of innovation.

^ 2 - Construction, implementation and evaluation

After it was found that VDAB's methods and rules were not suited to new problems and were limiting its ability to adapt and innovate, the steering committee for the Vick project, the researchers and operating managers attempted to draw up new rules and new terminology. The term "Boundary Breaking Rules" (questioning of the established rules) was chosen to refer to the necessary change process.

At workshops, participants gave scores to the current rules. In order to do this they had to distance themselves from familiar methods and terminology and take a long-term perspective. This proved to be a tricky exercise, both in terms of the process of unlearning ways of doing things and when it came to marking the rules, which were viewed very differently by different people.

However, it provided an opportunity to check the extent to which the rules were understood and to redefine them.

It also allowed those involved to think about defining new rules, together with methods for implementing them and indicators for assessing them. The participants agreed that the new rules needed to be simple, specific and adapted to the situation, clear, precise, realistic, practical, transparent, easy to identify and communicate, able to evolve and be geared towards the future.

^ 3 - Reflection and learning

Participants used the knowledge gained in the previous step to think about the opportunities offered by the digital transition and the requirements that would need to be fulfilled in order to implement new rules and principles.
Formalisation

In this final step, the data collected, the principles and the prerequisites were set out in writing so that this research method could be applied to other public services and used widely.

Major changes under way at VDAB and questioning of the established rules (Boundary Breaking Rules)

Given the current challenges, VDAB has to question its rules and start to make fundamental changes with regard to the paths chosen by users, its ecosystem and its management of projects and resources.

1st reassessment (Boundary Breaking Rules 1): digital technology has gone from providing simple support to becoming the main channel.

Offering digital services has the advantage that services can be provided 24 hours a day, seven days a week. It allows the organisation to offer more personalised services and greater flexibility and means that job-seekers can become more proactive.

As well as enabling existing services to be provided through a new medium, the digital transition must be a starting point for the creation of new services. It is therefore important to look at the opportunities presented by new technologies.

Boundary Breaking Rules 2: having provided a public employment service aimed at users, VDAB must now open up to all those involved in the labour market.

Until now, VDAB has operated in a closed circle, i.e. with regard to its users and the services it provided to them. The public employment service now aspires to become the keystone of an ecosystem that is open to all those involved in the labour market. In this context, its role would be:

- to make it easier for other parties involved to perform their tasks, by providing them with tools and services;
- to ensure that the ecosystem functions properly and is robust, effective and diverse, by making sure that the links within the system work well and that there is good-quality dialogue between the various parties.

This change of position means that a different strategy has to be adopted, particularly with regard to subcontracting and the provision of services by external stakeholders.

New technologies have the advantage of facilitating this change and helping to strengthen this ecosystem by serving as a common reference point.

Boundary Breaking Rules 3: from a static provision of services to the creation of a dynamic range of services

As well as the expansion of its tasks anticipated by the management agreement, VDAB’s services will have to evolve regularly. New technologies will play a significant part in this process of continuous improvement, to the extent that they enable services to be redefined quickly and easily based on user feedback.

Boundary Breaking Rules 4: the need for a new mentality

To fulfil its duties, VDAB has to take into account all those involved in the labour market and must also review the way that it works with them. It is important for the public employment service to include them in its processes and activities, as it has recently started to do with employers. This requires the adoption of a different mindset.

Boundary Breaking Rules 5: a different way of managing projects

In an environment that is becoming increasingly complex and in view of the different types of stakeholders that could be affected, it now seems necessary to manage projects differently. Rather than following procedures and a specific plan, effective management must demonstrate flexibility and encourage interaction and collaboration between the various parties. The Vick project follows this logic.

Boundary Breaking Rules 6: development of capacity

To meet its objectives and become a key player capable of coordinating all those involved in the labour market, VDAB needs to develop its capacity and learn to optimise its resources. The digital platform and the public employment service will develop in line with the labour market. That is why
it is important to anticipate future changes in employment and employment systems and to involve external stakeholders in the processes of change, particularly when it comes to redefining digital services.

**Prerequisites for successful change**

In order to change successfully, VDAB had to:

- regard the current changes as opportunities that could enable it to become the key player in the labour market;
- review its organisation, its way of operating and its rules;
- manage its projects differently, giving more emphasis to collaboration and action rather than planning.

The use of the strategy of simple rules and the definition of *Boundary Breaking Rules* are intended as a guide, an aid to change. In this sense, they constitute factors that will increase the organisation's chances of success.

**Conclusion**

Through this study and by working with VDAB, the researchers have helped to develop a method that will enable organisations to question their existing rules and draw up new ones that are adapted to the current situation with regard to the digital transition.

The method used here, known as the "*strategy of simple rules*", is intended to be able to be applied to all public employment services and to respond to various problems. However, it has only been tested within VDAB, which gives rise to some uncertainty from a scientific point of view regarding its suitability for general use. To ensure greater rigour, the authors have planned to apply this methodological approach to other public employment services in Europe and to then compare the processes and results.

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