



**COMPONENT ONE**

**Coping with a labour market in transition:  
boosting mobility and skills in Belgium**

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# Coping with a labour market in transition: boosting mobility and skills in Belgium

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Labour market mobility and capacity building of the labour force are two issues that have traditionally posed great challenges to Belgian policymakers. This means that for such a small country, Belgium has assembled a large set of possible approaches to acquire an optimal allocation of talent on the labour market. In view of the fundamental transitions that our labour market faces today, these topics remain among the primary challenges for Belgium (and also EU) employment policy. This note will on the one hand show the evolutions in the main related statistical indicators during recent years; and on the other hand discuss the measures that have been taken to boost mobility and skills so far, and those that will be implemented over the coming years.

Before looking into these themes, it is necessary to briefly introduce the country of Belgium and its geographical structure. On January 1<sup>st</sup> 2017, Belgium had 11,322,088 legally registered residents.<sup>1</sup> Of these, 51% are women, and 49% are men. While some policy areas relevant for this country brief are federally organised (most notably the social security system), Belgium is also divided in three Regions and three Communities, that are competent for other fields. The regions (the Flemish Region, the Brussels-Capital Region and the Walloon Region; with 6,477,804; 3,602,216 and 1,191,604 inhabitants respectively) have powers in areas relating to their geographic area: for example, economy, employment, agriculture, water policy, housing, public works, energy, town and country planning, nature conservation, etc. Given that the Communities (Flemish, French-speaking and German-speaking Community; the latter has only 76,645 inhabitants) are based on the notion of 'language' they are responsible for 'person-related' competences, such as culture (theatre, libraries, audio-visual media, etc.), education, health policy (curative and preventive medicine) and aid to individuals (youth protection, social assistance, family assistance, reception of immigrants, etc.).

## Mobility

To accomplish an optimal allocation of talent throughout the Belgian (and European) labour market, both geographical and occupational mobility need to be supported. Belgium is an important destination country for other EU-citizens (notwithstanding its small size, it has the sixth highest number of EU-28 movers in 2016), even though inflows have decreased compared to 2009. It is also among the countries with the highest shares of EU-28 movers from their total population in 2016,<sup>2</sup> and it is the EU country with the third highest number of posted workers in 2016.<sup>3</sup> With Brussels hosting the official seats of most EU institutions, the capital is attracting many highly skilled workers from all over Europe. However, Belgian citizens are not very mobile themselves. Geographically, they mostly look for work within their region of residence. Occupationally, a large majority of Belgian

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<sup>1</sup> Official figure from Statbel (Directorate General Statistics - Statistics Belgium).

<sup>2</sup> *2017 Annual report on intra-EU labour mobility*, European Commission (January 2018), p. 13.

<sup>3</sup> *Ibidem*, p. 21.

workers indicate in surveys that they prefer to remain with their current employer if possible. In the following two sections, I will discuss both dimensions of mobility in greater detail.

## Geographic mobility

Figures on commuting show that in 2016, most Belgians were working and residing in the same region (see Table 1). Workers living in Flanders are especially static: 89.7% of Flemings work in Flanders. But Walloons and workers from the Brussels-Capital Region are not far behind with 82.7% and 82.9% working within their region of residence. 2.4% of Belgian residents work abroad. These figures reflect the findings from EU-wide surveys and academic literature that indicate that language is a main obstacle to intra-EU labour mobility. Belgium, being a multilingual country, faces the same hurdle. The language barrier explains on the one hand why long-distance migration within the EU is not common, and on the other hand why there is little interregional movement even within a small country. It also illustrates that the economic situation in a destination region/country is not always the main pull-factor: Flanders has more job opportunities than Wallonia, but because of the language barrier, Walloons (who are mostly French-speaking) not often choose to look for jobs in Flanders (mostly Dutch-speaking). The figures on geographical mobility have remained more or less stable during the last decade.

**Table 1: Commuting (2016) - Breakdown of the employed active population according to the place of work (%)**

PLACE OF RESIDENCE	PLACE OF WORK				
	Flemish Region	Walloon Region	Brussels-Capital Region	Abroad	Total
Flemish Region	89.7	0.9	7.9	1.4	100
Walloon Region	3.2	82.7	9.3	4.7	100
Brussels-Capital Region	11.1	4.9	82.9	1.1	100
Belgium	56.7	25.3	15.6	2.4	100

Source: Statbel, Labour Force Survey, calculations: FPS ELSD.

An analysis of stocks of active EU-28 movers in 2016<sup>4</sup> shows that the EU – contrary to Belgium – has undergone some positive evolutions regarding the geographical mobility of workers. In 2016, the total number of EU-28 cross-border workers working in another EU-28 country was around 1.4 million, an increase of around 8% on 2015. The total number of active (employed and unemployed) EU-28 movers residing in the EU-28 increased by 6%. At EU level, there is also a slightly larger proportion of active movers who moved to their current country of residence since 2011 than those who moved between 2006 and 2011. While men are over-represented among recent active EU-28 movers by 10 percentage points, Female recent active movers are better educated than male movers and more often over-qualified for their job. In 2016, EU-28 movers are greatly over-represented compared to nationals in construction, and in accommodation and food services. Manufacturing employed the highest share of both nationals and recent movers, at 16% for each. Wholesale and retail was another important employment sector among both recent movers and nationals, with the latter having a slightly higher share working in this sector.

<sup>4</sup> For the full analysis, see: <http://ec.europa.eu/social/BlobServlet?docId=19078&langId=en>

Geographical mobility in the EU is firmly boosted by the principles of free movement and transmissible social security. Under EU social security coordination, four main principles protect a citizen's social security rights when moving to another EU-country. Workers choosing to move to another Member State maintain acquired rights in all Member States and the right to combine periods of social contributions and periods of pension contributions for the purpose of obtaining social benefits (previous periods of insurance, work or residence in other countries are taken into account if necessary). As a worker is covered by the legislation of one country at a time he/she only pays contributions in one country. The decision on which country's legislation applies is made by the social security institutions, based on a coordinated set of rules. The principle of equal treatment or non-discrimination grants an individual the same rights and obligations as the nationals of the country where he/she covered. Lastly, if one is entitled to a cash benefit from one country, it can generally be received even if you are living in a different country. This is known as the principle of exportability.

While the aforementioned principles already tackle some of the main obstacles to international mobility, other difficulties remain. We have mentioned the language barrier between countries, but there are also problems regarding the recognition of qualifications obtained abroad. To assist EU citizens in facing the various challenges posed by international mobility, the EU has founded EURES, the European Job Mobility Portal. EURES helps jobseekers to find jobs and employers to recruit from all over Europe. This involves the provision of a broad range of services, available on the EURES portal or through the vast human network of more than a thousand advisers working in the EURES Member and Partner organisations.<sup>5</sup>

Within Belgium, efforts to boost mobility are being made as well. Even though the administration of the Public Employment Services (PES) is a regional competence, the different PES (VDAB for Flanders, Le Forem for Wallonia, Actiris for Brussels and ADG for the German-speaking Community) work closely together to enhance mobility between regions. There are many ongoing collaborations between the Belgian PESs, for instance aimed at filling vacancies for bottleneck professions. Some interesting examples are the cooperation aimed at getting mainly young people from Brussels and Wallonia to consider a job at Brussels Airport<sup>6</sup>, or the partnership agreement between VDAB and Le Forem designed to deal with the many bottleneck vacancies in Flanders, by engaging employees from outside the Flemish borders. In February 2018, the VDAB again signed a new cooperation agreement with Le Forem to direct at least 2,500 Walloon job-seekers each year to Flemish jobs. Moreover, the most important characteristic that makes mobility within Belgium – at least theoretically – very uncomplicated, is the fact that there is one central social security system, so moving never impacts a person's access to social security benefits. However, as occupational mobility is rare as well, it is unsurprising that workers scarcely move.

## **Occupational mobility**

When we analyse different aspects of occupational mobility in Belgium (mobility between employment statuses, between jobs, between pay levels and between types of contract), we can conclude that Belgium has a highly static labour market. The results of this analysis firstly denote a high probability of remaining in the same labour market status over a two-year period, with average probabilities of remaining in employment and in inactivity of 91.9% and 91.8% respectively (see Table 2). The probability of remaining in unemployment between 2013 and 2015 is around 53.1%. The probability of a jobseeker finding employment is 27.2%. In other words, the probability of transitioning from

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<sup>5</sup> Visit <https://ec.europa.eu/eures/public/en/homepage> for more information.

<sup>6</sup> The PESs have developed a joint website for this project: <http://www.brusselsairporthouse.be/>.

employment into unemployment (1.8%) is low, but once an individual is unemployed he/she has a high risk of remaining in unemployment for a relatively long period.

**Table 2: Transitions by employment status (%)**

2013	2015						Total
	In employment	Not-working job-seekers	Not-working non-job-seekers receiving unemployment benefits	Welfare benefit recipients	Inactive population		
In employment	91.9	1.3	0.5	0.1	6.2	100	
Not-working job-seekers	27.2	45.8	4.6	2.7	19.7	100	
Not-working non-job-seekers receiving unemployment benefits	12.0	3.7	50.8	0.3	33.2	100	
Welfare benefit recipients	17.5	6.0	0.5	52.4	23.6	100	
Inactive population	6.5	0.8	0.1	0.8	91.8	100	
Total	40.5	3.2	1.9	1.1	53.4	100	

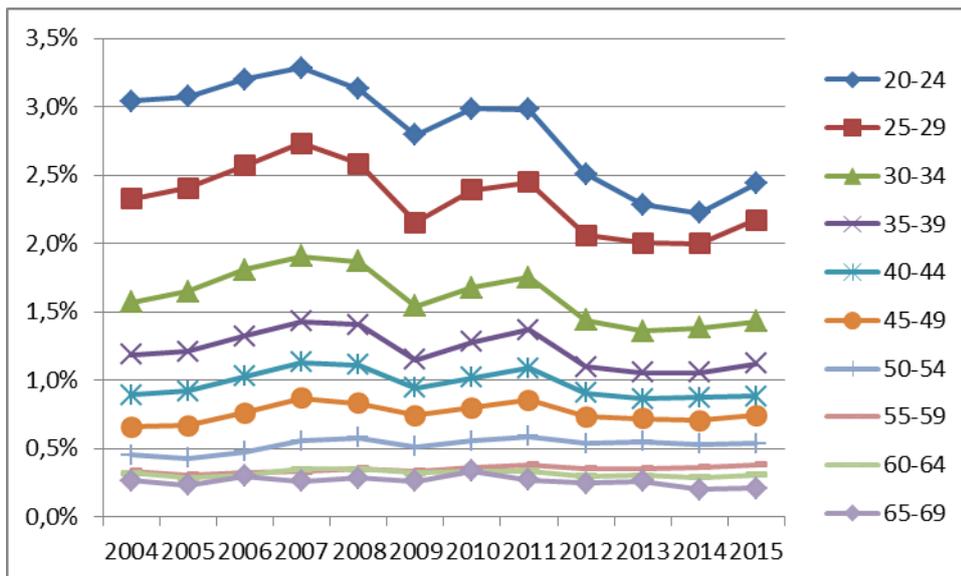
Source: Crossroads Bank for Social Security, calculations: FPS ELSD.

The latter is especially the case for older workers. While the over-55s are steadily catching up with the younger generations, in terms of employment and activity rates, and, since 2011, the unemployment rate of 50-54 year olds has even been lower than the Belgian average, we must keep in mind that these positive trends mainly apply to those who can keep their occupation uninterrupted. Those over-55s who have to look for work again after a period of unemployment or inactivity, will mostly be faced with the fact that there is very little demand for them. This is shown, for example, by the available data on the recruitment rate, the percentage of persons returning to work after inactivity or unemployment, the outflow to professional disability and the job mobility ratio among older workers. Considered together, these results suggest that Belgium (and this is true for many Euro Area countries) needs to step up its efforts on labour market reform, for example through reforms to facilitate the transition from unemployment into work and from inactivity into employment. We already see that in situations where our Public Employment Services (PES) actively intervene from a very early stage on (for example in case of company restructurings) people leave unemployment much faster than the average flow to employment shown in Table 2.

When we break down the figures on job mobility<sup>7</sup> by age group (see Graph 1), we clearly see that the older workers are, the less often they are job-mobile. However, while the job mobility rate of the younger groups decreased in Belgium over the period analysed (2004-2015), that of the older groups remained more or less stable (albeit at a very moderate level).

**Graph 1: Ratio of the number of job-mobile workers to the total number of people employed per age group (2004-2015)**

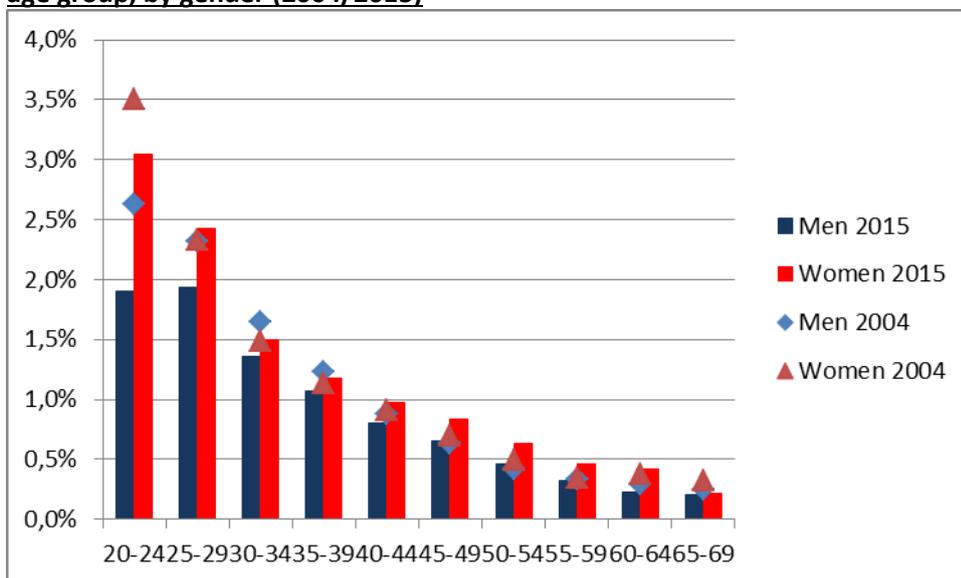
<sup>7</sup> We are only analyzing those persons who change jobs, not those who switch from not working to working. More specifically, Graph 1 concerns job mobility between the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the year in question, i.e. workers who had a different job in the 3<sup>rd</sup> and the 4<sup>th</sup> quarter of the same year.



Source: Crossroads Bank for Social Security, calculations: FPS ELSD.

In 2015, Belgian women are slightly more job-mobile than men in all age groups. This was not the case in 2004, and the increase between 2004 and 2015 is strongest among women between the ages of 45 and 54 (see Graph 2). However, the differences remain very small. Brussels Capital Region has the highest job mobility rate of the three Belgian regions, also among the over-45s.

**Graph 2: Ratio of the number of job-mobile workers to the total number of people employed per age group, by gender (2004/2015)**



Source: Crossroads Bank for Social Security, calculations: FPS ELSD.

At the same time, Belgium scores fairly average in international comparison when it comes to ‘job stability’ (this is the average number of years that a person continues to work on the same job, see table below).<sup>8</sup> Seniority often has a number of advantages (experience, financial stability, job security)<sup>9</sup>, so although job mobility is certainly seen as positive for young people (as it allows a person

<sup>8</sup> Eurofound, *Changing places: Mid-career review and internal mobility* (2016), p. 22.

<sup>9</sup> Eurofound, *6th EWCS* (2016).

to find the most suitable/best paying job), a high average duration of employment can also be beneficial for workers. Across Europe, perceived ‘job security’ has been increasing slightly during recent years. In Belgium, the rate of persons who experience at least the same level of job security as in the previous year is at 88.0% in 2016 (slightly higher than the EU-average of 86.6%).<sup>10</sup> The rate of persons having at least the same security of income is almost equally high, both in Belgium (82.4%) and on average within the EU (82.5%).<sup>11</sup> However, as a sense of job security (do people believe they will still be employed one year later?) is not only linked to average tenure, but also to perceived economic stability (could I easily find a new job if I would lose my current employment?) this indicator is not a clear benchmark for labour market dynamism.

**Table 3: New jobs and average tenure among older workers in Belgium (2012)**

	Share of workers who started a job in the last six months	Average tenure of workers who have not started a new job in last six months (in years)
50-54	2,3%	20
55-59	1,5%	23
60-64	1,6%	25

Source: Labour Force Survey, calculations: Eurofound (2016).

The high level of immobility on the Belgian labour market is also reflected by the figures on transitions between types of contracts. We see that the majority of workers with a permanent contract still have a permanent contract one year later (see Table 4). The downside of this observation is that for workers with a temporary contract, it is quite uncommon to acquire a permanent one. Only a third of workers with temporary contracts have found a permanent position one year later. Moreover, one in every ten of them risks becoming unemployed, and another 6.7% becoming inactive (compared to respectively 1.7% and 2.9% for workers with a permanent contract). The observation that transitions between different types of contract are relatively difficult is only one element highlighting the high level of segregation on the Belgian labour market. In many ways, Belgium has a two-speed labour market, with well paid, long-term, full-time jobs on one side versus temporary, uncertain and underpaid jobs on the opposite side. While there is high security for those who are already well-of, it is difficult to move from the latter to the former category when you are in a job where the pickings are not so good.

**Table 4: Transitions by type of contract - Permanent and temporary (%), 2014 to 2015**

2014	2015					
	Permanent	Temporary	Self-employed	Unemployed	Inactives	Total
Permanent	92.6	2.1	0.8	1.7	2.9	100
Temporary	35.2	46.0	:	11.9	6.7	100
Total	39.6	4.0	5.1	5.9	45.4	100

Source: EUROSTAT, Statbel, EU-SILC, calculations: FPS ELSD.

While a large majority of Belgian workers indicate in surveys that they prefer a high level of employment security, this mentality is not the only explication for the abovementioned figures on job mobility. The mobility of workers between different occupations is a key objective in the EU’s pursuit

<sup>10</sup> Source: Eurostat, EU-SILC.

<sup>11</sup> Source: Eurostat, EU-SILC.

of a European labour market with a high level of employment, but in Belgium it is not an explicit policy goal. Our labour market policy has some built-in characteristics that render mobility unappealing. The system of wage formation puts an emphasis on seniority, thus making older workers much more expensive and therefore less attractive for a potential employer. Moreover, there are various routes to early retirement when faced with job loss, which makes looking for a new job obsolete. On the other hand, our labour market also offers many opportunities to switch jobs during one's career. For example, for those who consider becoming self-employed, the PESs offer free advice and guidance, and several measures can make the transition to entrepreneurship easier: it is possible to continue collecting unemployment benefits when starting as a self-employed person in a secondary capacity, there is a social security discount when you first recruit staff, and a premium for those who are at least 45 years old and start a business. In addition, occupational mobility in general is made accessible by building a strong culture of lifelong learning, which has been the focus of attention in recent years. This will be discussed in the following chapter.

## **Methods and experiences of strengthening vocational training**

During recent history, the average level of education in Belgium has known a steady growth. In 2017, in Belgium, 76.3% of adults (25 to 64 years old) held at least a certificate of higher secondary education (so 23.7% had a certificate of lower secondary education at most); 36.6% had at most a certificate of higher secondary education; and 39.7% had a higher certificate. This means that among the total adult population, Belgium has a relatively high level of highly educated persons (compared to an average of 31.2% for the EU), but an average level of low-skilled (22.6% for the EU). Meanwhile, the percentage of school drop-outs has also been in decline, and is now at 8.9% (compared to 10.6% on average within the EU). However, when we solely look at the unemployed and inactive population<sup>12</sup>, there is a clearly higher percentage of low-skilled (rates of 37.2% and 47.9% respectively, so higher than the figures for the EU unemployed (36.9%) and inactive (39.9%)). These figures reflect the difficulties low-skilled persons face on a labour market that has witnessed a structural employment shift, especially from industry to services, resulting in a net loss of jobs in industry, and a growth of jobs that require at least a medium level of education (see Graph 3). Moreover, technological advances and globalisation have deepened these changes in the job qualification structure. Therefore, boosting vocational training, skills and lifelong learning is a clear priority for Belgian policymakers.

**Table 5: Percentage of the population aged 30 to 34 having completed tertiary education (2013-2017), in %**

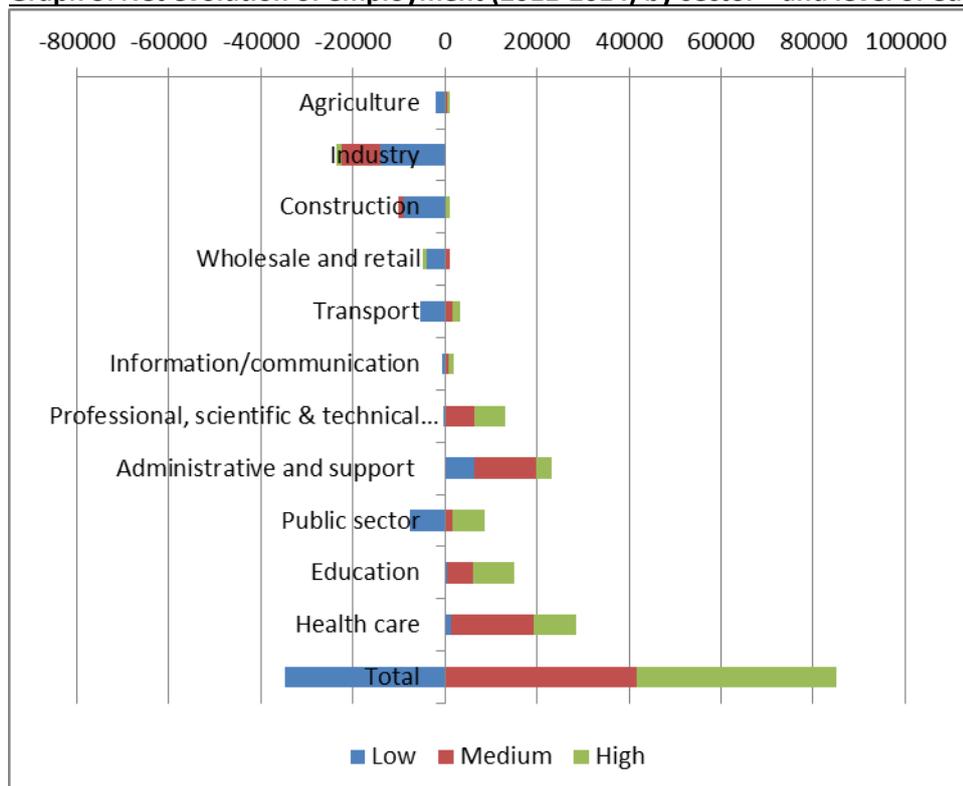
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<sup>12</sup> Figures from 2016.

		2013	2014 <sup>13</sup>	2015	2016	2017 <sup>14</sup>
BELGIUM	M	36.2	37.4	36.7	40.4	40.8
	F	49.3	50.2	48.7	50.7	50.9
	T	42.7	43.8	42.7	45.6	45.9
EU-28	M	32.8	33.6	34	34.4	34.9
	F	41.4	42.3	43.4	43.9	44.9
	T	37.1	37.9	38.7	39.1	39.9

Source: EUROSTAT, Statistics Belgium, Labour Force Survey, calculations: FPS ELSD.

**Graph 3: Net evolution of employment (2011-2014) by sector<sup>15</sup> and level of education**



Source: Datawarehouse Social Security, Crossroads Bank for Social Security, calculations: FPS ELSD.

While overall education levels and participation in higher education are on the rise, Belgium still has a long road to go when it comes to lifelong learning. The percentage of 25-64 year olds participating in training is below EU average, even though there has been a steady increase in recent years.<sup>16</sup> Digital skills among the population have known only a very modest increase.<sup>17</sup> On the other hand, the country scores above average for participation in continuing vocational training.<sup>18</sup> Moreover, it is clear that policymakers nowadays agree that lifelong learning and training as a right of the individual worker is an important means to increase the worker's possibilities for re-employment in situations of restructuring of the labour market. On EU level, a comprehensive training and lifelong learning strategy is one of the 'flexicurity' principles, which attempt to reconcile employers' need for a flexible workforce

<sup>13</sup> Break in series resulting from the introduction of the ISCED 2011 classification.

<sup>14</sup> Break in the series due to a thorough reform of the survey and the introduction of the rotating panel.

<sup>15</sup> Sectors for which the changes are very small have been left out the graph, but they are included in the total.

<sup>16</sup> See: <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

<sup>17</sup> See: <http://www.employment.belgium.be/moduleDefault.aspx?id=21166#AutoAncher5>

<sup>18</sup> See: <http://www.employment.belgium.be/moduleDefault.aspx?id=21166#AutoAncher5>

with workers' need for security – the confidence that they will not face long periods of unemployment.<sup>19</sup>

On the following pages, I will discuss the main approaches that have been taken, both on regional and federal level, to improve the quality of the labour supply, and I will highlight some examples that can serve as best practices. As education is a competence of the Communities, most measures are applied on Community level (Flemish, French or German-speaking Community), however, on federal level, investment in training is a main focus in the 2017 Law on Workable and Flexible Work. It states – among other measures designed to modernize the labour market – that from the 1<sup>st</sup> of January 2017, all sectors will pursue the objective of achieving an average of five days of vocational training per FTE and per year. The new system makes it possible to organize the right to vocational training, by creating an individual vocational training account. Special arrangements will be organized for Small and Medium-sized Enterprises (SMEs) to adapt the new system to the economic realities of such companies.

The communities have also committed themselves to introducing the necessary tools for continuous training to ensure career-long employability and promoting continuing training for all workers. There is a focus on strengthening the competences of disadvantaged groups in order to respond to the needs of enterprises (in particular the low skilled, the + 55-year olds and those with a migration background). Flanders is reforming its adult education sector. Priority is given to offering opportunities to obtain sustainable qualifications (secondary school diploma or vocational training certificate, language training, Dutch as a second language training, etc.). The reform also entails a new funding system that places more emphasis than before on vulnerable groups (people without secondary education qualifications, jobseekers, people with insufficient literacy skills, prisoners, people who do not have sufficient command of Dutch, etc.). In this way, the reform contributes not only to increasing participation in lifelong and life-wide learning but also to developing equal educational opportunities for vulnerable groups. Last year, the Flemish Government and the social partners concluded an agreement on the reform of the Flemish training incentives for employees. In 2018, the five building blocks of this agreement will be operationalised: a labour market-oriented and forward-looking training focus, a quality framework, a training database, uniform monitoring and evaluation, and the promotion of transparency and digitisation. The region of Brussels launched the “Training Plan 2020” to ensure the continuous training of Brussels workers in priority sectors, in economic transition or restructuring, and to ensure their professional advancement. The priority target groups are again low-skilled job-seekers, young people in transition to the labour market after completing their studies, and job-seekers of foreign origin. Moreover, it opened its “Occupations Point”, a space that brings together the employment, education and training actors. Under the activa.brussels measure, a training incentive fund was introduced to support the training of young people under the age of 30 who have at most a lower secondary education diploma. Finally, as the language barrier is often a large challenge for job-seekers, they can make use of ‘language vouchers’ for training in French, Dutch and/or English and of the “Brulingua platform”.

While the abovementioned measures are primarily aimed at workers and job-seekers, policymakers also implicate companies in their reforms of vocational training systems. Both the federal level and the regions are looking for ways to strengthen work-linked training (in which a student both attends classes

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<sup>19</sup> See: <http://ec.europa.eu/social/main.jsp?catId=102&langId=en>

at a vocational school and receives on-the-job training at a company) and company traineeships at all levels of education. Work-linked training has proven its merits in Germany (where it is known as “dual vocational training system”), but is not yet very widespread in Belgium. To foster the growth of such as system, the number of places for work-linked training in enterprises is being increased. Financial incentives are available to make work-linked training more attractive to firms. Internship formulas and certificates for skills acquired during a Traineeship are also being revised. Brussels supports work-linked training through incentives for employers and young people. Flanders has launched a pilot project on dual learning last year, and as of September 1<sup>st</sup> 2019, it will be generalised. The system of dual learning will thus become a fully qualified learning pathway alongside full-time secondary education. In addition, the Flemish PES (VDAB) is also working on providing a wider range of on-the-job learning and a better coordination of the various existing systems. Finally, the French-speaking Community is also developing work-linked training both in higher education and in “education for social promotion”

Besides education, companies also play an important role in realizing the lifelong learning targets put forward by the federal government, by complying with the new federal legislation, which requires them to allocate at least five working days a year to their salaried employees so that they can develop their skills and employability. To help them do so the regions are working towards a more efficient coordination of the different actors involved in adult training. Flanders is finalizing the OECD project "Skills Strategy for Flanders", launched in January 2018, with which the OECD, after 9 countries<sup>20</sup>, is now, for the first time, supporting a region in drawing up a strategic approach to building, maintaining and deploying its own human capital to stimulate employment and economic growth and to increase social inclusion and participation.

Annexed to this note we provide a case study of Belgium’s largest PES, the Flemish VDAB. It is considered to be among the most innovative public providers in the world of PES, so this text contains useful insights to deal with the volatile and fast changing labour market of today.

To conclude, the various approaches to vocational training in Belgium, show that (re)training is very diverse. There is no single solution to balance the labour supply with changing economic demand, diverse target groups require different approaches. And even within one group of workers (for example workers displaced because of a restructuring firm course) some can be adequately helped with a training course, while others need on-the-job training, etc.

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<sup>20</sup> See: <http://www.oecd.org/skills/nationalskillsstrategies/buildingeffectiveskillsstrategiesatnationalandlocallevels.htm>

## **Case Study of the Public Employment Service**

**Vlaamse Dienst voor Arbeidsbemiddeling (VDAB), Flanders**

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## I. National context and history of VDAB

Flanders covers 44.8% of Belgium's territory with 6.5 million inhabitants of the 11.3 million overall population in Belgium. The region represents the majority of the country's industry and workforce and provides more than 50% of the national gross domestic product (GDP). The exports from Flanders even have a value of 80% of Belgian GDP (partly due to the trade of goods arriving in the Antwerp harbour). Neighbouring countries, France, The Netherlands, Germany and UK take more than half of the total export of Flanders. Of the 6.5 million working age population of Flanders (15-64), 66.8% were in work in 2017 (compared to 63.5 in Belgium) and only 4.9% were looking for work (compared to 6.4% in Belgium). Like at the national level, a combination of a high level of employment among people aged between 25 and 54, and small employment rates among those aged under 25 or over 55, can be seen in Flanders too. Age distribution is changing as the population gets older, a phenomenon which is hitting Flanders particularly hard. Of the 6.6 million inhabitants in the region, there are now 1.2 million people over the age of 65, which represents an increase of 2% compared to 2007 (OECD 2017). Whereas the employment rate is comparable with the OECD, the share of the inactive population is high in comparison with most OECD and EU countries (see figure 1 in the annex). In 2017, 72% of the adult population was active (either unemployed or employed), while this share is 78% in the EU. There are also comparatively large differences in activity rates across population groups.

Flanders scores quite well on generic labour market indicators within the European Union, the employment rate among vulnerable groups, however, is a weak point. The number of young people leaving education without qualifications has fallen in recent years, but in 2016 still stood at 6.8% with little perspective for quick job integration. Although this is still a comparatively low figure in the average of EU countries it poses a clear long-term challenge for Flanders. Only half of job seekers with lower skills levels have a job and few people over 55 (46.7% of those aged 55 to 64 in 2016), immigrants (53% of those aged 20 to 64 and not born in one of the 28 members of the EU in 2016) and the disabled (41% of those aged 20 to 64 in 2016) are in work.

The number of jobs is higher in Flanders relative to the other regions of Belgium. This is why not many Flemings work in Wallonia or abroad. It is the Brussels Capital region, which attracts the most mobile workers from Flanders; nearly 8% of Flemings work in the capital region and 2.3% commute to Wallonia or move abroad.

The accelerated process of deindustrialisation in the last decade has caused the loss of a quarter of industrial jobs since the 1980s. Industry (including the construction industry) accounted for 21% of total employment in 2016. As a result, there are hardly any industrial enterprises among the major employers anymore. Service providers in 'communication and transport', 'finance' and 'distribution' offer the biggest share of employment. The private services sector makes up 47% of total employment, while public and subsidised services account for 31%. While Flanders has been preparing for this shift since the 80's and tries to define society and labour market as innovation-driven and flexible, the changing requirements in skills remain a constant challenge. The structural employment shifts, especially from industry to services, technological advances and globalisation have resulted in changes in the job qualification structure. There is an increasing number of jobs in Flanders that require highly qualified workers, while there is a decreasing trend in jobs for which mid-level qualifications would be sufficient. Jobs requiring mid-level qualifications, however, still account for 44% of jobs. Jobs have been lost among industrial production workers and administrative staff.

The proportion of jobs where only low-level qualifications are required has remained stable at around 11% and these jobs are mainly filled by maintenance and cleaning staff. That sector is believed to even grow in the future as a result of the service voucher employment scheme, which grants a permanently subsidized social security payment to service personnel and lowers the price customers pay for instance for cleaning services. Also other household chores like ironing and shopping, which take up private time and put the work-life-balance at risk, the Flemish authorities offer families a simple and affordable instrument to ‘buy in’ domestic help. This allows them to continue to work full-time, whereas running the household would otherwise make this impossible (Eurofound, 2018).

### ***Reforms***

In the 1960’s and 1970’s, the Belgium National Employment Service’s (NEO), which reported to the Federal Ministry for Employment and Work, was structured into a central administration in Brussels and 30 regional offices in Belgium. After 1978 these offices were divided into National Unemployment Offices responsible for paying out benefits and Sub-regional Employment Services responsible for occupational training and employment mediation. The division within the NEO was aimed at detaching benefit payment and possible sanctioning from job placement. It however created the risk of an activation gap, within which job seekers would not link active job search with the financial support of the State and be more prone to refusing job offers, also since sanctions were not imposed regularly.

In 1989, the year when VDAB was founded, the underlying idea of employment services changed from receiving benefits as a supplementary payment or replacement to salaries because of sickness or incapacity to a service of activation and access to benefits through employment. The NEO’s federal powers of job brokerage/mediation, labour market information and implementation of labour market programs including training were then transferred to the regions of Wallonia (Le Forem), Flanders (VDAB) and the Brussels capital region (Actiris) in order to deliver that idea of activation and cater better to regional and local needs of job seekers and employers. VDAB started its role as the public actor in the Flemish labour market implementing labour market and employment policy following the pointers set by the regional government and taking into account current employment trends. The responsibility for the payment of benefits remained with the Belgium NEO as well as the fund management for the compensation of laid-off workers and the issuing of work permits for foreign workers.

In 1994 the VDAB concluded a preliminary management contract with the Government of Flanders in which budgetary resources were linked to agreed performance targets for the integration into employment of different vulnerable groups, like young people. The targets were based on the inclusion rate of the years before and allocated a fixed budget for it. The contract also rendered relative independence to VDAB to decide about human resource management and it appointed the annual performance evaluations by the „Commissaires du gouvernement”, a representative of the national government. Within this contract, the federal government retained the power for arbitration, taking final decisions in case of conflict, but altogether started reflecting the idea of empowering the regional government of Flanders to take own decisions, in the case of VDAB to “exert an impact on the labour market in harmony with society and the economy" as it reads in their mission statement.

In 2014, the federal government worked on a Sixth State Reform known as an initiative for “A more efficient federal State and more autonomous entities”. The reform that aimed at transferring federal competences to the regions and thus at increasing their participation in

policy-making and implementation, also saw a substantial shift of powers to the regional PES. While VDAB and other Belgian PES before were rather operational entities of employment policy with specific decision making competence in internal management and operational details, they now assumed responsibility for targeting labour market measures and supervising the unemployed. The state reform introduced the regional monitoring of the active (seeking jobs on own initiative) and passive (ready to take up job offers) availability of the unemployed, which includes checking whether they are actively and effectively looking for a job. The regional PES now examine whether unemployed clients accept, take and retain suitable jobs, participate in the proposed integration process, attend relevant training courses and show an overall motivation to improve their employability. This is a more holistic approach than the separation of integration into employment and benefit payment coordinated by the NEO before the reform of 1989, which appeared more prone to a lack of monitoring of the job seekers' motivation to find employment. The regional PES today additionally assumes responsibility for determining sanctions should the unemployed fail to comply. The NEO administers the sanction process for those penalized clients (Department of Public Governance and the Chancellery, 2017).

Due to the heated labour market in 2017, Flanders experienced an aggravated shortage of labour. Employers sent a total of 1,567,357 job vacancies to the VDAB, an increase of 16.1% in comparison to 2016 and the highest number of vacancies ever received by the Flemish PES. In order to support covering this high skills demand VDAB enhanced its mediation and matching activities by a rigorous assessment of every job seeker (including those who have been unemployed for some time) and by rolling out the Individual Vocational Training (IBO) program and the Temporary Work Experience (TWE). The latter offers internships to young people who have not yet accrued a significant amount of experience, trains those who do not speak fluent Dutch for integrating into the labour market, and reconnects older candidates who have been looking for work for a long time to the labour market.

## II. VDAB policy and strategy

The more autonomous client targeting and monitoring introduced by the 2014 state reforms are gaining momentum in Flanders and bearing results in the labour market. Over the past years, the employment rates of over-50s have grown due to a more effective, tailor-made approach to include them in the labour market. A higher employment rate was also achieved among women, with Flanders scoring well above the European average of 65.3% with 67.7% in 2016. The reforms were oriented to all working people with a special focus on vulnerable groups and ensuring a regional approach to labour market measures and employment services. These two drivers remain a valid base for policy and strategy of the PES, especially for those client groups who have not yet experienced a significant improvement of their employability, such as job seekers with medical conditions and long-term unemployed (Eurofound, 2018).

Additionally, the taxation of work that is delivered in the sharing economy (e.g. platform gigs) and the danger of further excluding people through a digital divide is an additional main policy development that the Flemish government is addressing in its overarching strategy. Bridging the digital divide among job seekers is also a component of VDAB's service. Another current concern of the regional government following the national policy is health at the work place, which seems to be deteriorating in recent years as reflected in increasing number of sick days and long-term absence from work. Belgium's Federal Minister of Employment has announced measures to prevent employee burn-out and stress at work, responding to an 80% increase in long-term sick leave cases between 2005 and 2015. The measures will also be asking employees and employers to formulate proper arrangements regarding digital connectivity and reachability (Department of Public Governance and the Chancellery, 2017).

VDAB's short-term focus is on mobilising actively available job seekers and more recently all people who can be activated for employment including single parents or early retirees, for example for acute skills shortages like in 2017. The long-term goal is to be able to provide employees with increased guidance throughout their careers and to evolve into a career-supporting agency. The VDAB wishes to act as a partner for the transitional labour market of today, in which they thrive to support entire work careers and focusing on positive transitions, which develop secure job navigation, help jobseekers and workers to progress and develop their skills, and shift the PES relationship with the client into one that involves facilitating, coaching and conducting, as opposed to just monitoring motivation to work. Even if the responsibility of the job seeker is still linked to the receipt of benefits, the VDAB objective is to encourage job seekers to take ownership of their careers, rather than simply sanctioning their lack of motivation. The motivational background of having the job seeker "at the steering wheel" will however be met with sanctions if the job seeker does not agree in taking the shortest route to employment, be it by directly taking a suitable job or agreeing to an employability measure.

In the current 2014 to 2019 policy period, the VDAB contributes to the following common strategic objectives laid down in the annual business plan:

### *Bringing everybody into work*

The main focus is on activation measures for job seekers with 'the shortest route to work' principle. This is implemented by favouring sustainable work opportunities over training measures. The emphasis on skills development with the objective to increase employability is however also seen as an investment into the shortest route, which in practice creates a client-based, individual assessment of how to balance placement and upskilling. In this, VDAB

follows one of its main policy principles to “engage in continuous co-creation with the PES’s end users, in order to ensure that products respond to customer needs as closely as possible.” The services of VDAB are universal and accessible to anyone seeking employment, independent from whether they receive benefits or not. Special consideration is given to the development of the competences of those job seekers who are far from the labour market. The policy goal to activate long-term unemployed jobseekers is to get them into a work experience, which brings them closer to the labour market. VDAB is administering this for example by granting a small allowance on top of the unemployment allowance paid by NEO that funds a limited number of hours of work experience in an easily accessible working environment. This measure is primarily intended for jobseekers, who are not yet ready for a (more intensive) temporary work experience and will not immediately benefit from training either.

#### *Investing into agile young people by means of an efficient learning and working framework*

For the labour market integration of young people, another long-term policy goal of the Flemish government and VDAB, especially for those young people who are not in education, employment or training (NEET), the VDAB has trained specialised NEET consultants (in-house and through partners). They are also developing a structural cooperation with the Adult Basic Education Centres around literacy training, especially for digital skills, but also numeracy and language skills for young job seekers. The Belgian Federal Government introduced tax incentives for companies to hire young people and for example pay less social contribution on gross salary in the first year. The measures are designed to boost employment for 18–21 year-olds, without affecting pay levels.

#### *Fostering entrepreneurship and agile companies*

VDAB seeks to create a dynamic environment for entrepreneurs and companies, especially small and medium-sized enterprises by providing incentives, advice and contacts to stakeholders. This includes keeping regular contact to employers in order to know their needs well but also to sensitize them for publishing vacancies in an attractive manner, recognize competencies of job seekers and support them in recruiting vulnerable profiles.

#### *Developing conditions for a more future-oriented labour market and corporate policy*

VDAB helps making the working conditions of the new world of work transparent and comprehensive by offering trainings in digital skills, platform gigs and by taking part in the discussion on fair work conditions in the sharing economy.

#### *Investing into European, international and interregional networks in the context of VDAB’s own policy realisation*

VDAB is modelling on moving from a public service provider to a network member of an employment service ecosystem, which further enhances the role VDAB as a labour market conductor (see section on organizational and management structure below). The concept of an ecosystem aims to create the framework and the tools that invite other employment and related service stakeholders to be involved. VDAB wants to promote an open ecosystem through the use of open software and stay flexible to other ways of doing things while benchmarking with European and international peer PES (European Commission, 2016).

As a public agency serving citizens, the VDAB looks for radical change in their functioning in order to move towards flexible and proactive service delivery, including digital communication and promoting self-service and self-management to its customers. It can thus be seen as an innovative employment service that is not just implementing policy but also questioning its own

role and added value to a society and labour market, which is volatile, uncertain, complex, and ambiguous (VUCA).

#### *Good practice 1: The Innovation Lab*

Launched in 2014 with the support of the Board of Directors/social partners, the Innovation Lab seeks to harness VDAB's human and digital capabilities to be an innovative conductor in the labour market. It is a key instrument that the organisation created to foster change, looking to move the PES from being a traditional organisation to becoming a 21<sup>st</sup> century agency and to benchmark whether a PES is needed at all. The Lab applies the principles of design laboratories and involves stakeholders and target group members, such as job seekers to test new approaches and tools.

The Lab was set up to respond to general public sector trends in reducing costs, simplifying processes and participating in the OpenGov initiative. Internally, the Lab sought to convince the rest of the organisation that a wide-reaching innovation programme would make VDAB services more effective and useful for customers and society in general.

Several new projects have been implemented coming out of the Lab such as the mentor app, which connects young jobseekers and experienced professionals with the aim of helping jobseekers to find a job. Jobseekers are supported by a mentor who provides them with advice on how to increase their chances of finding a job and taking the best decisions in their job-search.

Another project is the competence-based matching system (see next good practice)

From the outset, the principles guiding the work of the Lab today have been carefully linked to support the regional strategy, the PES's own customer strategy and the contribution the PES' work makes to the Europe 2020 Strategy.

Between 2014 and 2016, the Lab went from set-up to becoming an established preliminary stage for idea generation in the PES. The number of staff grew rapidly in that period, going from two people to becoming a team of 15 people (10 staff are dedicated to the lab full-time, five work on specific projects). Staffing and management structures also underwent several changes, starting from a loose structure to firming up a strategic steering committee, through to establishing three formal roles in the Lab (see annex for overview of management roles).

The next steps for the lab are looking into how cognitive computing and predictive modelling can be used in the PES day-to-day matching business (ICF, 2017).

#### *Legal framework and social partners*

VDAB had the status of an external autonomous government agency until 2014, when the management contract it held with the Flemish Government was terminated and handed over to the direct management through a tripartite supervising Board of Directors. Before 2014 management contracts were concluded in execution of the decree of 7 May 2004 regarding creation of the VDAB as an external autonomous agency under public law with legal personality as the "Flemish Employment and Vocational Training Service". This management agreement was also concluded in conformity with the framework decree on Better Managerial Governance of 9 July 2003, the Flemish government agreement 2004-2009 and the policy note on Work 2004-2009. The agreement was in line with the European regulatory framework and the decretal assignments of the VDAB.

The medium and long-term policy objectives for the VDAB have since been set in a framework agreement, in which VDAB's performance is assessed against the goals and targets set out in

the annual business plans (see previous section). Since the latest Sixth State reform in 2014, the monitoring and sanctioning competence for job seekers has been referred to the regional PES as well and was implemented in VDAB from January 2016. The payment and freezing of benefits is executed by the NEO. The federal government retains roof labour law competencies like labour inspection including the supervision of wellbeing at work. The federal framework for defining target groups is broad, e.g. the definition for “job seeker” allows VDAB to include several groups such as parents who stay at home and offer them the full service portfolio. Consequently, VDAB is also able to enter into partnerships that go beyond work, such as education or health.

Within the agreed scope of the annual business plan, VDAB has a large margin to define how it wants to reach the targets. VDAB headquarters also allow the local PES entities a specific margin, within which they can decide about how they will deliver employment services, how to reach out to employers and launch own local projects that will be replicated/customized to other local areas if they work well.

It is not mandatory or legally binding for employers to use PES services or report their vacancies.

The Board of Directors comprises approximately a dozen members who represent employers, and around a dozen members who represent employees. Two Regional Government Commissioners also sit on the Board. A number of working groups, such as the Technical Working Group, the Policy Working Group and the Stakeholders Forum Working Group, play an important preparatory and advisory role to the Board operations. The Stakeholders Forum for example has been in place since 2005 and gathers associations and interest groups, which represent key VDAB user groups and have a direct or indirect involvement in the labour market and integration of clients (Mobility Lab, 2014).

The government coalition in 2003 took the ILO Private Employment Agencies Convention, 1997 (No. 181), which was ratified in September 2004 and domesticated into national law (Loi portant assentiment à la Convention n° 181 concernant les agences d’emploi privées) in the Moniteur Belge, as an opportunity to launch a new way of cooperating with private employment services. It recognized private providers as playing a vital role in the Belgian labour market. To foster this, the role of the VDAB was changed from that of a central actor to the steering role of a central “regisseur” or labour market conductor (see next section for more details)

### III. VDAB structure, management and functions

#### *Organizational and management structure*

The VDAB remains with the quasi-status of an external autonomous agency, now without a management contract between VDAB and the Regional Government, but with the same tasks and supervised by the tripartite Board of Directors. The Flemish Ministry of Work and Social Economy is represented as member in the Board and in this capacity it executes supervision over the performance of the PES. Annual reporting by the VDAB to the Board as well as to the Internal Auditing (see section on performance management and M&E) formalizes the supervision by the Board and allows them to decide about the reaching of targets against the annual business plan and assess the budget for the coming planning periods. Over the year, several “informal” feedback meetings are held between the head of VDAB and the Ministerial representatives in the Board of Directors to keep communicating about adequacy and effectiveness of the current performance and how the course could be corrected if necessary. The budget for delivering employment services is paid by the Government of Flanders (see annex for a brief governance structure of VDAB).

The broad lines of VDAB operation are determined at the Flemish level. The head office in Brussels formulates a common corporate strategy in a “VSOP” (Flemish sectorial business plan). This framework is being translated into various “PSOPs”, one for each province in Flanders and Brussels. In the six local provinces, respective management boards are established, which have a shared responsibility in achieving the corporate strategic objectives. Most cities and larger municipalities have a competence centre for professional training and career guidance too, coordinated by the management board at provincial level. The operation is defined by the overarching objective of being a labour market conductor, i.e. making sure that VDAB has a good governance overview of which employment needs are actual and who are the best labour market partners to deliver the services. VDAB provides own services, but is focusing more and more on the sole role of conducting providers to offer job placement (mediation), guidance and training. At the head of the VDAB is the VDAB Managing Director. He is flanked by two General Directors, one for labour market management, and one for the supporting services.

The VDAB currently has 142 offices spread over the five Flemish provinces and Brussels. In total, the VDAB has 5,105 employees or 4,267 full time staff equivalent. 70% of the staff deal with front office tasks. Every front office staff member is specialized in one of the following professional sectors:

- ❖ Construction and timber
- ❖ Transport and logistics

- ❖ Care and Education
- ❖ Business Support, Retail & ICT
- ❖ Industry
- ❖ Personal and business services

The objective is that mediators (placement officers), guides and trainers immerse in a particular sector of the labour market, acquaint themselves with employers within that sector and know which competences are required for which professions. Like this, mediators concentrate on genuine and sector-targeted matching and job placement from the beginning and give job seekers and employers the feeling that VDAB services are being closely aligned to their needs and expectations instead of offering general employment services only.

Mediators from the Intensive Service Provision support those job seekers who are more removed from the labour market, irrespective of the sectors. They work together with the job seeker to gradually overcome any basic barriers to the labour market. If this is not immediately feasible, VDAB offers a suitable alternative, such as community work, temporary work experience or work-care programs.

The VDAB has developed its own leadership model, which defines three roles each manager in the organization is supposed to play. First, a manager needs to be a leader who inspires people and takes ownership for 'caring' for the employees by seeking opportunities and giving them sufficient room to grow and learn. Second, the entrepreneur skills of the manager can help prepare the organisation for unforeseen challenges through a collective climate of learning and development and a “start-up mentality” as opposed to an institutional silo attitude. This means creating an environment in which it is “normal” to admit that staff is unable to do something (yet), and that they make an effort to find out how and from whom they can learn a specific task. Finally, the manager is also a manager in the classical sense, who coordinates a team, attends meetings and follows-up on performance.

The three roles of the leadership model are taught in different training modules offered by VDAB internal training and coaching entities. The trainings are designed as blended learning, which combines management theory and practical exercises, self-reflection and the drive to follow up on skills learned. The participants provide real cases that they have already experienced in their work life and examine concrete situations within the organisation against the backdrop of the three different management roles. The experiences and lessons learned are shared with the other participants and establish a mutual learning situation. During the training, the participants will receive feedback from their colleagues and the trainer. They are also encouraged to implement the action plans designed during the training in practice. They can call on the assistance of the internal coaches in the further course of their day-to-day management practice (European Commission, 2017).

The VDAB uses various channels to communicate to employees, including a magazine, a website that is exclusively accessible to employees, newsletters, etc. These are all managed from the central office. The regional offices may add messages customized to their province. They are also free to communicate additional information to VDAB employees within their province.

The VDAB applies a corporate external communication policy, so that clients see only one coherent brand of VDAB, with no perceivable variation at local levels. One spokesperson manages all the external communication that appears in the press.

## ***Functions***

### ***Intermediation and placement of job seekers***

While the classical employment service of profiling job seekers and offering vacancies is still offered, VDAB is increasingly focusing its matchmaking service on predictive modelling and the self-drive of job seekers. The predictive modelling is based on digital information that the job seeker provided through his/her CV either directly online or with the help of a mediator, the browsing behaviour when searching for jobs on VDAB or similar sites and additional job-seeker-related information collected on the Internet. Data mining programs then process the information to produce an estimate about the job seekers employability, which together with the job seeker's own estimation and the guidance of VDAB staff will be turned into recommendations of how to integrate the client into the labour market.

The shortest route to employment principle is aligned with the perspective drawn by predictive modelling. If a job seeker would for example have a less than 50% chance to enter sustainable employment in the next 140 days, an upskilling program is recommended that increases the employability. Here, a training measure is considered the shortest route to employment and thus favoured over a quicker placement, say in a detached work practice. The digital risk scoring of how long someone is likely to stay unemployed also gives way to efficient prioritisation of clients and through that can reduce the workload of front office staff in VDAB as they will be provided with a birds-eye view with tailored insights on a jobseeker, thus allowing for less time spent on profiling procedures and dossier analysis and more time for personal contact. The model also gives a macro insight into the main job trends and uses the possibilities of deep learning technology to store and analyse (big) historical data on job vacancies and client's profiles – both interesting sources for policy makers.

In personal contact with the job seeker, VDAB staff help estimating the training services that the client requires within the development areas “applying for jobs and networking”, “orientation”, “building on skills and working on framework conditions”. Since the algorithms that determine the predictive modelling might have similar suggestions to young job seekers and to 55+ ones, face-to-face job advice helps to further customize the employment service or labour market program offer. This support service starts immediately after the online registration of the client. Following individual contact and the assessment of the client’s needs, more agreements are made if necessary, for example for personal services in the area of applying for jobs and networking.

The training offer for job seekers follows the principle of “as short as possible, as long as necessary” (again an alignment with the shortest route to work) through several mixed methods like workplace learning, digital where possible, face-to-face if it offers added value. Workplace learning is a collective term for various types of trainings, whereby some of the training takes place in the factory shop or enterprise. This factual context is believed to make the acquired skills more relevant and more efficient and increases the flow of jobseekers. Within the digital offer, VDAB has introduced learning modules on current manufacturing technology like 3D printing or the use of augmented reality in construction sites.

The share of people on the Flemish labour market with practical experience in carrying out a profession but without being able to prove this experience with a diploma or certificate are supported through “Experience proof”, an official and generally recognized document of the Flemish government mapping out the importance of (practical) experience and part of the competence-based matching (see good practice 3).

### Service to employers

VDAB helps coordinate supply and demand on the Flemish labour market and provides services to employers through different channels. Employers have the following options via the website:

- Registering their vacancies online and publishing these on the VDAB website.
- Searching of suitable candidates in the CV database.
- Employers are encouraged to manage their own account on the VDAB job matching site by keeping their vacancies up to date and provide feedback by indicating whether positions have been filled.

Employers can also ask VDAB for extra support in fleshing out their vacancies. Specialized VDAB employer account managers would then make a daily assessment of the chance of

filling the vacancy. If the chance is high, they will keep the employer informed via e-mail. If the chance for filling is small, VDAB provides targeted actions to increase the chance, for example by helping the employer to consider making the vacancy more attractive. VDAB will also provide support in drawing up the vacancy both online during the registration and by a mediator, if the employer cannot formulate a vacancy and upload it by himself/herself. If employers want already recruited employees to complete a particular training programme, they can have them participate in several VDAB training programmes especially targeted on companies, such as successful self presentation in projects or a toolkit for managerial staff.

Additionally, VDAB offers job coaches, who can come to the company and help them to start a particular task, adopt the right working posture or perform well within a team. Coaches can also advise employers on HR matters like parental leave, mentoring schemes or competence-based working and job performance talks. Job coaching can start within the first year after recruitment and can last for up to six months. The coaching is free for the employer when the coachee is of immigrant origin, 50 years or older, has an occupational limitation or does not hold higher secondary education.

The VDAB website is the most visited vacancy job site in Belgium, figures on concrete market shares of the Flemish PES are currently not available (VDAB, 2017).

### Career Guidance

VDAB refers all job seekers requiring more assistance to the various centres for career guidance (competence centres), which are owned and funded by VDAB. In this respect, the guidance is not compulsory for everybody, but strongly recommended to those who are likely to struggle with a self-guided, digital first job matching. Job seekers can go to a career guidance centre also on own initiative after talking to his/her VDAB mediator. He/She will get the chance for self-analysis and the options to set up a personal profile. Based on that profile, client and guide can explore the labour and training market and work out an action plan. The guide monitors the feasibility of the plans. A job seeker wishing to follow career guidance can request career vouchers from VDAB, which can then be used in any of the centres. Clients are entitled to eight hours of career guidance every six months. Career guidance must fulfil the characteristics of being voluntarily chosen by the job seeker, whether on own initiative or after recommendation, it needs to be based on real needs, the discovery, reinforcement or development of career skills is central, and career guidance always results in setting out a personal action plan and ought to have an impact on the jobseeker's long-term employability and flexibility on the labour market.

### Labour market programmes

VDAB offers a comprehensive activating placement service with the aim to provide every job seeker with a suitable offer in time for the shortest way to sustainable employment. This includes the basic employment service programs of advice, mediation and incentives for employers to employ vulnerable groups and additional targeted programs and services for young people, 50+ and 55+, intensive support and other vulnerable groups.

The Youth Work Plan (JWP) offers a personalized programme for young people below 25, who have recently become unemployed or left school. VDAB examines whether an intensive approach is necessary depending on jobseekers' proximity to the labour market and their ability to find work on their own. VDAB offers a customized service for every young person within four months of becoming unemployed or earlier, if the young person is less skilled. The service may involve a combination of any of the following program modules deemed suitable to the client's needs:

- Intensive guidance
- Initial experience with a real employer
- Individual Vocational Training (IBO) customized training with the employer
- Work environment project for young people
- Vacancy finding and CV training
- Young people's apps (apps from and for young people)
- Practice-oriented professional training in a specific sector
- A training pathway leading to an educational qualification

VDAB started a new guidance approach for clients above 55 years of age in 2016. Again, it determines for every client, as soon as they become unemployed, whether a service is necessary. The aim is to offer the client the correct level of guidance and to take into account the type of availability of the jobseeker: "active"(the job seeker wants to fully participate in the labour market and takes own initiative), "adequate"(there is basic motivation to remain close to the labour marker, but with need for guidance) or "passive"(no basic motivation to work or a lack of initiative and interest in guidance).

Jobseekers who have a medical or psychological condition are offered a specialized service. This target group is often far removed from the labour market and can make use of activation guidance with specialized staff addressing and helping to remove obstacles such as drug abuse, poor housing, or anxiety issues. Guidance starts with a joint group offer. It maps out the options and thresholds and offers psycho-educative modules on stress management, dealing with change, dealing with pain, social context of benefits, and focusing on future empowerment. In Flanders, almost 46% of unemployed persons are exposed to financial poverty. VDAB has reinforced the guidance services with integrated work-welfare courses either individually or in groups.

Several programs aim to integrate asylum seekers and refugees in the Flemish labour market following the logic of “work as leverage to integration” In 2017, the labour market program ‘Integration through Work’ was set up in cooperation with the Agency for Integration and Civic Integration and the Federal Agency for the Reception of Asylum Seekers. Together with these partners VDAB aimed to get refugees into work as soon as possible through short, integrated pathways pooling trainings for language and technical competencies and again aiming for the shortest route to work (European Commission, 2017).

### Labour Market Information

VDAB, which was also created to increase the transparency on the Flemish labour market has been traditionally collecting labour market information at all levels providing the results via leaflets as well as online to government and statistical institutions, and taking part in the national employment observatory. It functioned as the coordinating institution for collecting and analysing Flemish labour market data. Since 2014 however, VDAB uses an open source approach to labour market data, within which stakeholders, as well as clients, can fully access internal labour market data on the internet and draw their own conclusions from it. VDAB already receives requests for data from market actors and these tools help them improve their own services and develop applications and websites of their own. It includes compiled information on CVs and job vacancies as well as labour market trends. This process of digitalisation is seen as a way to rationalise resources and improve efficiency, but has raised questions of data ownership. Crucial information is, for example, being collected by the employers’ recruitment and selection of job seekers. This is information that is typically not shared and generates technical and legal questions around privacy and user rights, none of which have yet been answered (Vansina, 2015).

### ***Performance management and M&E***

VDAB aims to introduce a performance management system, which follows a philosophy of a ‘triple A’ scorecard standing for “Ability”, “Agility” and “Accountability” and which will be measured with a rating system assessing the PES credit similar to the credit standing of a country. The exact system for this new scorecard to be introduced in September 2018 is still to be determined.

- The Ability score reflects whether the PES provides added value, or whether it has the capacity to meet the ever-changing expectations of clients and labour market stakeholders. Can the PES be labelled a “trusted advisor”, and a labour-market guide of choice? Does it possess the required expertise? Are the campaigns effective and of high quality?
- The Agility score stands for the organisation's standard of manoeuvrability. Is VDAB able to detect needs swiftly and to respond to these flexibly? Are they quick to recognise possible opportunities? Are they able to adjust their organisation model swiftly and to deploy assets and resources dynamically?
- The Accountability score assumes that ownership is central to the PES self-image. How is the feeling of being responsible for offering integrated solutions, perhaps even independent of the own PES organisation? Does VDAB deliver on the trust our clients have in us? Does it organise itself as efficiently as possible as a public service? Does it manoeuvre with integrity?

With the triple A assessment, VDAB is implementing the key principles of the Europe PES 2020 strategy, where ‘Ability’ stands for ‘customisation’, ‘empowerment’ of the job seekers and ‘social innovation’; ‘Agility’ is a transfer of ‘digitisation’ and ‘integration’, and “Accountability” relates to ‘value driven approach’, and ‘inclusiveness’ (European Commission, 2016).

Current VDAB performance indicators reported to the Board of Directors and following the targets set in the annual business plan measure digital access of services, vacancy fill rate, training coverage, and client as well as partner satisfaction.

VDAB has a top five star rating from the EFQM Global Excellence, which awards the world's best performing organisations, whether private, public or non-profit. It recognises industry leaders with a track record of success in turning strategy into action and continuously improving their organisation's performance.

#### *Digital access*

In 2017 the VDAB website received a total of 1,567,357 vacancies (including all temporary work orders). The website had 36,337 unique visitors a day in 2017. By the end of 2017 almost 1 in 2 users visited the website using a mobile device (47%). 497,729 clients contacted the service line (a phone hotline). This is a 14% drop compared to the year before due to a shift from telephony to online services. It has also been noticed that the conversations over the phone are getting longer with each year, because of first level questions rather being dealt with online and more in-deep discussions handled on the phone.

#### *Vacancy fill rate*

The vacancy fill rate was 70.5% of 74,804 vacancies processed in 2017. 80,355 job seekers under 25 were registered with VDAB of which 50,350 left into a job position. Over 12,000 job seekers who entered the VDAB system were over 55 years old, over 3,500 of them could find a job. 65% of those job seekers who were upskilled by VDAB or partners were placed into employment within three months after they received their training

#### *Training coverage*

In the school year of 2016 to 2017 VDAB provided more than 63,000 training hours to job seekers looking for upskilling and young people in vocational training. The courses were mainly in the areas of construction, industry and logistics. 86% of the courses, which provided general labour market skills involved a part for Dutch language support. Furthermore, in 2017 a total of 54,734 workplace learning activities took place after which 68.96% of the participants found work within 3 months.

### *Client and partner satisfaction*

Partner satisfaction in 2017 was at an outstanding 74.4%, or 4.4% above the target (70%). Employers were 85% satisfied with overall information provided by the PES, and 63% with the vacancy processing, leaving room for improvement to reach the targeted 70%). Regarding job seeker satisfaction, VDAB could only reach 74% of the 85% targeted, the main reason being that course participants felt that the jobs on offer were not always suited to their training (VDAB, 2018).

VDAB Internal audits are run to optimise the effectiveness and efficiency of the PES; the audits are commissioned by the Audit Committee, an advisory sub-committee of the Board of Directors. They report on strengths and weaknesses of the current PES performance and make recommendations for improving it. VDAB' complaint management aims to send a receipt acknowledgement and a letter of reply to 75% of complaining clients within 20 days. Complaint mediators have personal contact with the client in 60% of the files.

## IV. Service and Delivery

### *Service delivery model and channels*

VDAB has been stimulating job seekers to register from home or via computers in VDAB offices and workshops. The simplified online registration will in future be the standard for every first contact with VDAB, since it is regarded to give the job-seekers and the PES the chance to estimate, using a few targeted questions, how the search for work will unfold. Using an online estimation tool, the job-seeker declares the job they are looking for, whether they can work well with digital tools or whether they think they will find a job quickly. In addition, VDAB requests study details and previous work experience from the client.

The registration is immediately followed by an e-mail giving first tips. Job seekers actively available are immediately informed that searching for a job is the main priority. This can be done independently and self-reliantly by the job seekers or with help of the VDAB. The individual vacancy dashboard on the website supports job seekers in this and forms the starting point for each conversation with a VDAB mediator. The job seekers are asked to contact the toll-free VDAB service hotline within a month at first and every three months after first assessment. During that telephone call, the mediators of the service line continue to estimate how the search for work is progressing. They discuss the search together and if it is not running smoothly, they suggest changes. This self-encouraged job search can be backed by benefits if necessary. Unemployment benefits in Belgium can in principle be paid until the legal retirement age of 65 is reached.

In the case of job-seekers wanting personal supervision or struggling with finding an own job seeking pathway, the service line books an appointment with a mediator in one of the provincial sectors: wood & construction, transport & logistics, care & education, ICT, retail & business support, industry or services to persons and companies. In the case of more intensive supervision, the VDAB staff will book an appointment with a mediator of the Intensive Service Provision team. These colleagues help job seekers who lack a sustainable work attitude, struggle with motivation or social skills, or who are facing problems in their family environment.

The mediators who follow client cases know the professional world in which the job-seekers is moving and can tailor-make support activities such as online learning, job interview training, vocational training or workplace learning. The support services offered to the job seeker can be either provided by VDAB or be given to an external provider, depending on the personalized need of the client. Once the job seeker has enjoyed good experiences, he/she is encouraged to become an ambassador for VDAB and spread the news of the successful service to other job seekers.

VDAB follows a policy of leaving no one behind and thus focuses on specific vulnerable groups. Digitally illiterate clients for example are offered digital skills training. A course “Working with VDAB tools” helps people who have not previously dealt with computers or online tools, to seek employment independently. For jobseekers with limited digital skills or for those who do not have technical resources at their disposal, access to VDAB offices will always be guaranteed. VDAB service line makes use of external digital kiosks where the clients can for example start a video conversation with a mediator who can be booked in advance. At various locations, clients can register at the self-service computers with the help of a mediator. This mediator immediately assesses whether the client is self-reliant. If not, an appointment follows to improve the digital skills.

In 2017, the digital application desk handled 10,401 questions. The desk gives everyone an opportunity to ask the e-coaches for feedback or help with a job application. This online service is provided by e-mail, chat or video chat. There is no need to register or to be known to the VDAB - the only requirement is that clients have access to Internet (VDAB, 2018).

Clients who do not speak Dutch at a first contact will be addressed in a language he/she understands. Further support for the future communication in Dutch is provided through film-clips about VDAB service in various languages (with Dutch subtitles) on the website and for use in face-to-face service provision. The service line has a pool of mediators who speak French or English. Job seekers can also bring their own interpreter along.

Whereas the VDAB system aims to place as many job seekers as possible in the labour market and can use sanctions to penalize job seeker’s passive response to integration and upskilling, taking clients off benefits is not the major success indicator for the work of the PES. This differentiates VDAB’s policy from PES in larger economies with a high benefit burden such as Germany or the United Kingdom. VDAB puts a contact and skills assessment strategy at the heart of their employment services, which guides clients in as digital a manner as possible to a new job. The underlying principle is that the client steers him/herself and the VDAB supports them with the (digital) skills, for example through trainings or other labour market programs, which allow them to get and stay employable (EQAVET, 2016).

#### *Good practice 2: Work action heroes*

The CEO of VDAB, Fons Leroy, has used his own passion for superhero cartoons and transferred the idea of vulnerable alter egos that get empowered to become superheroes to the world of work, for example job seekers who overcome inner and outer obstacles and start believing in their skills potential. The book “Work Action Heroes” and the side-lining job

seeker campaign emphasizes that anyone wanting to stand up for themselves in the current labour market needs more than a motivation letter and a CV. It describes the current world as a VUCA world, which is volatile, uncertain, complex and ambiguous: *A world where today's exception will be tomorrow's rule*. The work action heroes, the heroes on the labour market, succeed in setting to work and getting the best out of themselves. They are job seekers, employees, employers and work mediators who face the challenges of the current labour market together.

The characters are Surprise Suzy, Luminous Luke, Silver Fox, Date Devil, Commander Career and Captain Competence who join forces to create chances on the labour market for the talent potential in Flanders. The book describes how they succeed in getting that talent in the right place and develop methods to remain as long as possible in work. They share their experiences with the reader.

The book offers inspiring stories taken from real life. It gathers together good practices and motivates people. It lets job seekers discover their talents and help employers focus on those talents. It makes the latter in particular realise that nobody is perfect, but that does not mean they are not heroes (see annex for an image of the book).

### ***Use of information technology***

In 2018, VDAB is launching a new service provision model that is constructed around their lines of “Digital First”, a basic service perception where the digital channels are placed at the centre of the client communication instead of using digital technologies simply as one alternative in a multichannel environment. Based on this principle, VDAB looks to interconnect their products and services in order to improve service delivery, and customers are encouraged to interact with PES services via digital channels. It addresses empowered job seekers who can set to work themselves, 24/7/365 and will continue to be flanked by the more traditional service line and face-to-face contact if necessary. With this new contact strategy, the job seeker is at the steering wheel and first and foremost makes use of online tools. Job seekers start by registering with the “registration wizard”, which poses targeted, AI-driven questions in order to discover, how the jobseeker views his/her search for work and what the personal situation is. This preparatory work is stored in the personal digital dashboard. When the job seekers then meets a sector mediator, the mediator can more efficiently help them further, thanks to his/her specific knowledge of the sector and the digital information set about the job seeker. To make the new service possible, a more extensive range of digital services will appear (including online chat) and VDAB is improving the tools around vacancies and job interviews in the existing, customizable web option “My Career”.

The vacancy dashboard offers the job seeker vacancies based on various (big) data conclusions, for example the personal history of click behaviour on online jobs, automatic matching assessing client profiles against the existing vacancies of employers, and a new

algorithm called Jobnet, which compares the search behaviour of the specific job seeker with the search behaviour of similar profiles and generates suggestions out of this. The smart algorithm learns in various ways, what the job seeker is looking for. It finds vacancies that match the profile of a job seeker and takes into account the associated search terms and vacancies, but also other criteria, such as the willingness to commute. The vacancy dashboard also explains, why a vacancy seems to be a clear match with the profile of the job seeker and does not only offer it. The job seeker and the mediator, through the service line or in person, decide together whether a vacancy is suitable.

### *Good practice 3: Competence Based Matching*

Employers and other partners on the Flemish labour market have given the feedback, that the challenge of providing matching systems could be better addressed by integrating skills and competences in the (automated) matching process. The main ambition for setting up a system for competence based matching thus was to develop an overview of the actual skills demand and by offering potential employee's skills independent from their official and certified qualifications.

Traditional PES matching, even if only "mentally", matches a vacancy with a job seeker holding a degree in that profession. This approach is strengthened because more and more occupations are defined, often under European pressure, by a (matching related) diploma. The matching and mediation based on competences, whether they are *expected*, *acquired* or *to be acquired*, on the other hand, enables finding affinities between professions since some of the same competences may be required in different professions. This means that jobseekers, without a certain diploma, or experience in a particular function, still have the potential to be or become the perfect fit an employer is looking for. A 70%, 80%, 90% match, combined with the right motivation, can be enough to be a suitable candidate for the job. Indeed, employers can shape the candidate further for the job context through targeted vocational training and training on-the-job. This type of fine-grained matching based on competences has benefits for both jobseekers and employers. Employers will fish for candidates in a bigger pond because not having a certain diploma or particular experience does no longer exclude a candidate from a job. Combined with the right, targeted vocational training, the skills-gap can be addressed.

Moreover, PES can offer opportunities to NEET, to young people with a diploma that doesn't offer a good connection on the labour market, to refugees without a recognized vocational status and to 55+ people to whom acquired competences are more important than their outdated degree.

The competence-base matching system is shared with the PES in Malta which accesses the open platform of VDAB to match skills with vacancies on their labour market. (Leroy, 2017).

### ***Regulation and cooperation with private and non-profit service providers***

The Belgian Government requires only temporary work agencies to obtain a licence from the Ministry of Labour, based on the recommendation of the Economic and Social Council. Private employment agencies offering recruitment and selection services, outplacement, as well as placement of special professions like artists or athletes do not need a license, just a certification administered by the authorities of the respective region. The remaining obligations for private providers are to ensure the transparency and exchange of employment data (details on vacancy and updates of recruitment) and the proof of having used the online databases of the VDAB as well as having referred job seekers with training needs to the vocational training centres of VDAB.

Temporary work agencies are subject to prior authorisation by the Regional Government of Flanders and following the federal law for temporary work dating back to 1987. The main cases of temporary agency work permitted by law are for the replacement of a permanent employee, to meet the demands of a temporary increase in work or to ensure the execution of exceptional work tasks for which skills cannot be found quickly enough within the company or through common employment procedures. An agreement for temporary agency work is always presumed to be an employment contract, thus VDAB treats temp agencies as regular employers. In case of strike or company lock out it is prohibited to make use of temp work.

Based on the legislative push after the ILO Convention No. 181 in 2004 VDAB opted for a strategy of networking and collaboration with private providers following the belief that only a joint public, private and third sector effort in employment services (the beginning of the mentioned ecosystem, see section on policy and strategy) will add value on the labour market. The partnerships founded in this ecosystem under the coordination of VDAB as a conductor of the labour market aim to be versatile, dynamic, entrepreneurial, co-creative, durable and run by experts. In practice, this steering role means that VDAB entered into cooperation agreements with the private sector to ensure the efficient and transparent functioning of the labour market and increasingly developed into a support organisation for that market adopting a mix of “hands-off” and “hands-on” roles when it comes to contracting out services or delivering them in-house (Government of Flanders, 2004).

The services VDAB provides today are moreover complementary to the services provided by other intermediaries, and particular care is still given to safeguarding the provision of services for those at highest risk in the labour market, i.e. vulnerable clients with multiple issues keeping them far from integration. For the benefit of the most vulnerable target groups, the VDAB collaborates with GTB, a specialized health mediation team that will guide those clients who need special help when there is a risk of long-term unemployment due to serious health-related limitations and limited professional performance. The management and service structure of GTB and VDAB are identical, so that the client will not notice at which stage he/she is serviced by which organization.

There are several other examples of larger frame collaboration with VDAB, such as with Federgon, the Belgian private employment services association comprising temporary work agencies, search and selection companies, private training providers and partners providing other related employment services. The partnership enables the common funding of activities, better exchange of vacancies, cooperation in the field of career guidance and training of jobseekers and employees, and the organisation of outplacement services. Common quality assurance systems have also been adopted by both VDAB and Federgon, which together certify services that correspond to these quality standards and set the performance targets for provider contracts (Struyven/Van Parys, 2016).

The VDAB also works closely with PES in other EU member states, for example through the EURES network, to fill structural bottleneck vacancies in Flanders with candidates from European countries, on the basis of their labour market surpluses. VDAB participates in cross-border and transnational activities such as job fairs, job dating and individual employment services. Specifically, it concerns engineering, ICT and nursing vacancies in Flanders, which are hard to fill domestically. But it also involves finding jobs abroad for (mostly young) Flemish job seekers. The VDAB has filled 1,055 vacancies through these services between 2012 and 2015 (European Commission, 2015).

## V. Institutional capacity of VDAB

### *Staff strength and professional development*

VDAB employs 5,105 staff members with a full time equivalent of 4,267.3. The overarching principle of VDAB's human resource policy is inclusion. In collaboration with Unia, the Belgian organisation for equal opportunities, VDAB is currently working on a new diversity framework, which will further give shape to this concept. Within VDAB the diversity manager will oversee this framework. Various focuses ensure that within VDAB special attention will be paid to the following groups/areas:

- Staff with occupational limitations or chronic conditions
- Staff with a migration background
- Age-conscious personnel policy
- LGTB
- Women in management positions

The VDAB is a female friendly environment. 72.52% of VDAB staff is female, 50% of the managerial positions are held by a woman exceeding the target of 40% female managers set by the Diversity Policy Unit.

The case load for VDAB offices on average is relatively high, between 1000 and 2000 clients in face-to-face contact per office comparable to PES's in the Czech Republic, Sweden, Slovenia and Austria. However with a shift of services towards digital self-service and support via hotline, direct case load deployments are becoming less relevant (IDB/WAPES/OECD, 2016).

A total of 3,602 (70.5%) VDAB staff members received training or took part in any other form of organised learning programme in 2017 engulfing the topics of client service, team work, human resources (how to conduct interviews, manage client files etc.), leadership, and digital skills. A total of 14,502 training days were recorded of which 2,396 were offered by external providers and 233 training days took place at VDAB's own competence centres. The majority of training days were completed through the "Online Learning Platform". VDAB offers personal coaching to its staff members. In 2017, 557 personal coaching interviews were conducted to support staff in their professional and private development.

Track 21 is the internal training management of VDAB. Their mission is to help VDAB employees and teams in developing the competences that are needed for realising VDAB's missions. Early in 2017, Track 21 assumed the coordination of the Online Learning Platform. A structural collaboration was set up between the departments for web service, labour market service and training service, which resulted in the professional use of the Online Learning Platform for the development of (digital) competences of employees. By the end of 2017 a new learning platform "Totara" was put into use, which is an online learning environment based on an open platform. That means that from now on all VDAB employees can find and take all courses at one location. The same applies to the employees of the partner organizations.

Track 21 also offers Google for Education (G4E), which are Google-based apps that can serve as a base for interconnected and transparent everyday-work at the PES. Staff are trained to use Gmail (for e-mail communication), Drive (for accessing and administering cloud content), Agenda (for scheduling), Documents (for joint drafting), Spreadsheets & Presentations (for preparing and presenting), Hang-out (for video communication) and the new app 'Classroom' (for virtual learning). G4E was widely integrated in vocational training at the training centres of VDAB and their partners. Besides, the app offers a possibility to give feedback and to easily communicate with the various groups of students. A total of 246 VDAB employees were trained in 2017. These efforts continued in 2018.

Apart from the available offer within Track 21, there are monthly sessions where knowledge can be shared and new programs or tools are tested, e.g. those coming out of the Innovation Lab (see Good practice 1). VDAB staff run the tests jointly with users from other professional domains, who are invited (VDAB, 2018).

### ***Financial resources***

VDAB's current budget amounts to approximately 800 million euros of which 344,278,670 EUR are invested into staff and other PES running costs, 62,861,330 EUR into direct recruitment (recruitment costs associated with service), €285,836,000 EUR into contracts with partners and 112,511,000 EUR into social allowances to clients. These allowances are not unemployment benefits, but support for training vouchers etc. (see annex for more details).

VDAB is mainly financed out of the tax and contribution budget of the Flemish Government and also through ESF subsidies. In addition, VDAB gets revenues that are directly linked to the services they provide as one of the biggest vocational training institutes in Flanders. VDAB gets, for example, paid by employers for providing training modules for those employees, who are not subsidized (see section on services) or gets revenues from the National Institute for Health and Disability Insurance for guidance service to job seekers reintegrating into the labour

market, usually in a specific job post.

## VI. Lessons Learned

In spite of being a regional, not a national PES, the VDAB is considered to be among the most innovative public providers in the world of PES. The lean management structure and VDAB's approach to invest in more intuitive matching techniques and involve the job seeker from the outset seems a good fit to meet the volatile and fast changing labour market of today.

Having tried and implemented several initiatives for engaging and servicing job seekers and employers, and other partners in an innovative way, the lessons learned from VDAB's experience focus on agile response and keeping open to change.

### *Lessons learned in agility*

- Invest into active and consistent mediation to be able to respond to skills shortages.
- Look at trainings and further education that can close skills gaps.
- Recognize learning on the job as springboard to employment.
- Profile and advise every job seeker, also those which do not have a yet promising CV in order to reap on potential afterwards.
- Make use of temporary work experiences to help long term job seekers reconnect with the labour market.
- Position the advice and job placement capacity of the PES staff per sector in order to respond better to employers' demand.
- Keep the staff and the clients digitally agile.
- Access data on jobseekers also after they find a job, since this information would be useful to improve predictive modelling.
- Consider collecting data from text-mining in CV's.

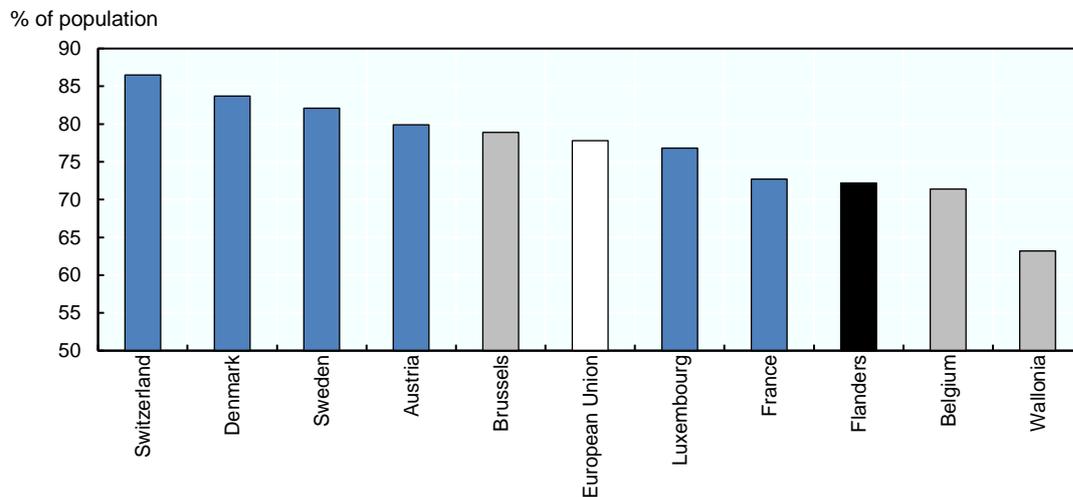
### *Lessons learned in keeping open to change*

- Involve users in innovation thinking and run tests of new initiatives to test whether it meets clients' expectations.
- Understand innovation as a productive change management process of existing processes and services rather than as an activity that starts with "a blank sheet of paper" every time.
- Operate labs in a safe infrastructure with proper funding, proof of concept, and political support to working differently.
- Establish a "trial-and-error culture". Having the authority to fail is a good way to set up innovative environments .
- Do not take the PES for granted. Create scenarios of "what if the PES did not exist". That gives the opportunity to look at the organisation from scratch.
- Ensure that key staff of the PES are involved, and embracing the premise that senior managers will be the 'learners'. Creating an innovative 'community' helps to foster an adequate environment for the successful transfer of knowledge from a lab situation to the wider operational PES

VDAB continues to aspire in being the innovative network coordinator of the labour market in Flanders. The underlying rationale which VDAB believes in is that only network organisations will survive the disruptive tendencies that are manifest in today`s labour market.

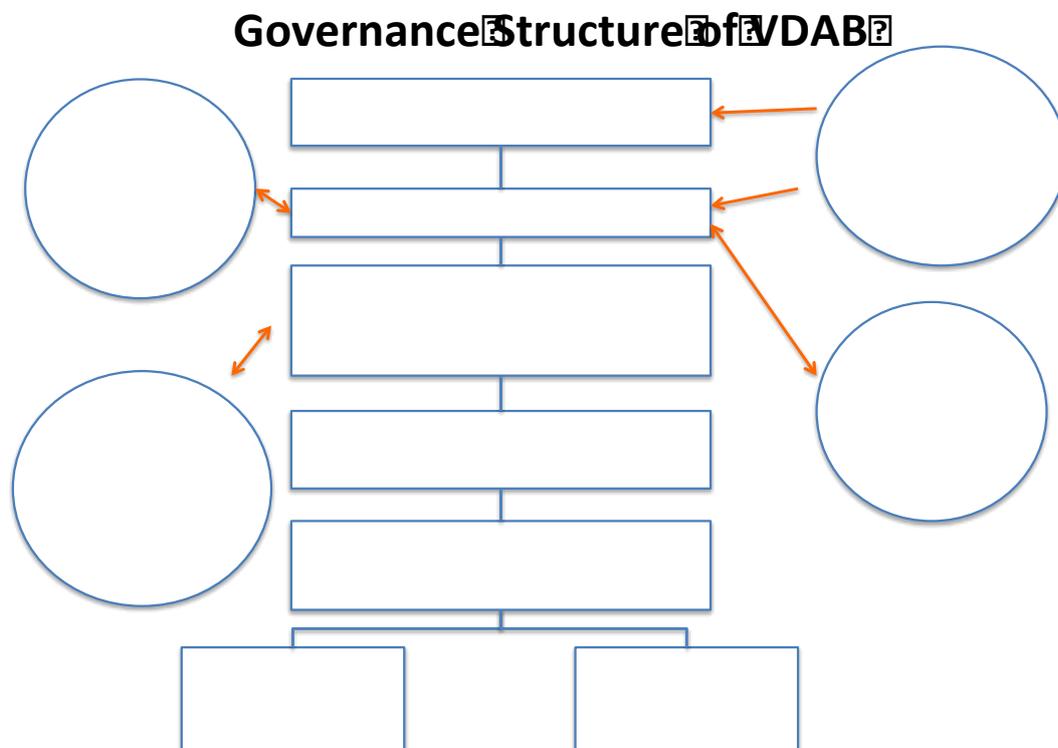
## Annex

Figure 1: Economic activity rate, selection of countries, 15-64 year-olds, 2017



(Source: OECD (2017), *OECD Economic Surveys: Belgium*, OECD Publishing, Paris).

Figure 2: Governance Structure of VDAB



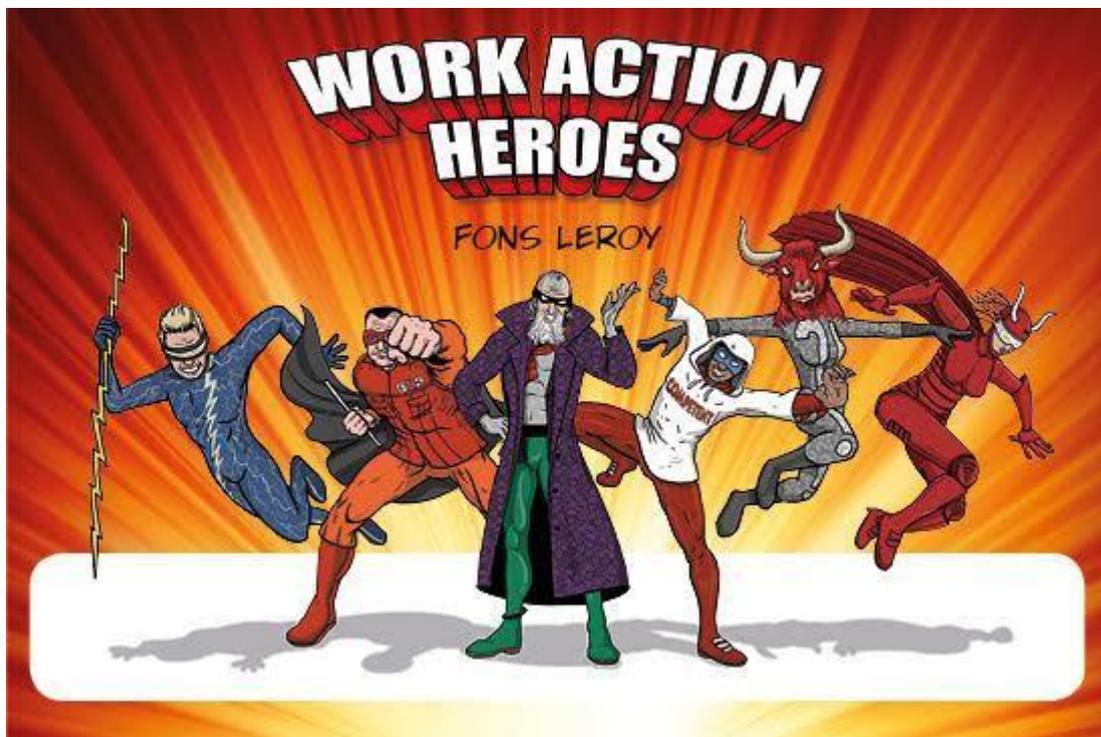
(Source: Based on conversations and material provided by VDAB HQ, Brussels).

Figure 3: Overview of Management Roles in the VDAB Innovation Lab

LAB MANAGER	SERVICE MANAGER	TRANSFORMATION MANAGER
<ul style="list-style-type: none"> <li>• Make new people familiar with lab methodology</li> <li>• Be enthusiastic, creative, and tolerant for risk-taking</li> <li>• Coordination of the lab team (which will grow in the future)</li> <li>• Responsible for lab team dynamics, planning, relationships with suppliers</li> <li>• Make suggestions for improvement across the different products</li> </ul>	<ul style="list-style-type: none"> <li>• Run the platform (infrastructure + evolution of the products)</li> <li>• Know the products and services on the platform and how they can evolve</li> </ul>	<ul style="list-style-type: none"> <li>• Transform VDAB</li> <li>• Transfer products and culture from the lab to the entire VDAB organisation</li> </ul>

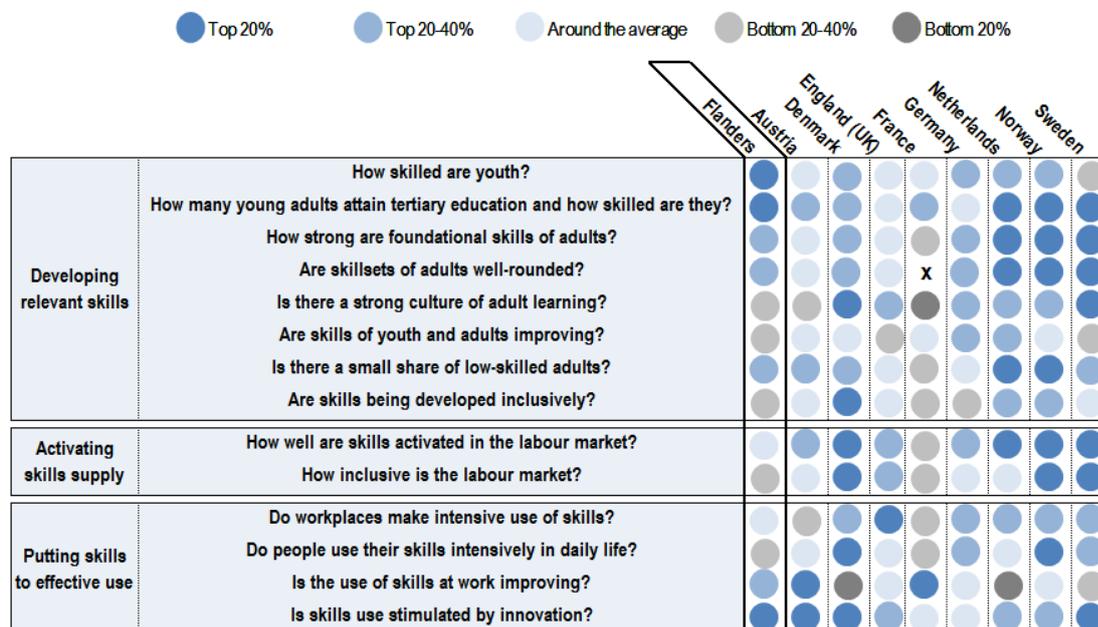
(Source: ICF (2017) *The VDAB's Innovation Lab*, European Commission, Brussels).

Figure 4: Cover of the Book *Work Action Heroes*



(Source: Image provided by VDAB HQ, Brussels)

Figure 5: Skills Strategy Scoreboard, Flanders and selected European countries



(Source: OECD Centre for Skills (2018) *Skills Strategy Flanders*, Paris).

Figure 6: VDAB Budget for 2018 (Selected items in t EUR)

	In-house-Activities <sup>21</sup>	Operating Costs <sup>22</sup>	Third Parties <sup>23</sup>	Allowances <sup>24</sup>
Skills matching	18,147	3,012		
Job placement	59,802	1,529		210
Career guidance	88,023	5,080	76,041	80
Employer service	15,621	401		
Skills training	114,349	28,386	31,853	19,710
Workplace learning	351	102	250	20,062
Network coordination costs “regisseur”	9,882	7,874	3,686	

(Source: Based on conversations and material provided by VDAB HQ, Brussels).

<sup>21</sup> Costs for VDAB staff and material

<sup>22</sup> Costs for service provision, e.g. training rooms, software

<sup>23</sup> Costs for outsourcing services

<sup>24</sup> Costs for financial help to clients other than benefits, e.g. training vouchers or in-work subsidies

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