

# Reform of the Lithuanian public employment service: analysis of the organizational structure

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## Abstract

The current research is based on an analysis of the scientific literature from various periods pertaining to topics ranging from the theory of bureaucracy to the latest concepts of the New Public Management doctrine. This article highlights the features and differences of these doctrines, as well as distinguishing characteristics of public management and directions of organizational reform. This theoretical analysis revealed differences in the model of reform of the Lithuanian Public Employment Service (PES) in the context of public administration. The research found that PES reform was carried out on the basis of New Public Management. The reform of the Lithuanian PES was focused on the optimization of the current structure, so as to deliver services for the satisfaction of client needs. The position of case manager was introduced, management became centralized, and more attention was paid to the delivery of services.

## Keywords

public management, organizational structure, reform, Employment Service

## Introduction

In Lithuania there have been a number of scientific works which analyzed the development of public administration reforms, promoting the factors, content and

results of the reforms. Meanwhile, the analysis of specific institutional reform is noticeably lacking [Nakrošis, 2011, pp. 93-94; Civinskas, Dvorak, Davidonis, 2015; pp. 36-45; Backūnaitė, 2016, pp. 17-25; Bovaird, 2004, pp. 40-41]. This is most likely due to the following factors: (i) the desire of reformers to implement their ideas quickly; (ii) insufficient communication on the progress and results of the reform; (iii) the lack of impact assessment and stakeholder consultation on the reform.

Reforms in public administration discourse are treated as conscious changes in the structure of public sector organizations, ongoing processes and / or culture in order to make them effective [Pollitt, Bouckaert, 2017]; however, reform initiatives do not always determine the success of changes and concrete reform plans. Government programs explain processes but cannot guarantee the outcome of reforms [Peters, 2002]. Naturally, the implementation of reforms depends on the interests, values and attitudes of many stakeholders involved in the reform process. Therefore, reducing resistance to the reform process can be seen as a new window of opportunity for change [Civinskas et al., 2015, p. 38].

Towards the end of the 20th century, most countries worldwide implemented various public sector reforms. The main objectives of these reforms were to increase the efficiency of institutions and optimize networks, reduce the number of civil servants and budget programs, measure performance, assess the impact of public interventions, and improve the quality and accessibility of services. This goal is a key incentive to move to New Public Management (NPM) based on business sector experience and market conditions, modernizing administrative system structures, control methods and administrative culture according to new challenges. This requires a fundamental change in the bureaucratic management methods prevailing in the public sector [Vienažindienė, Sakalas, 2008, p. 183], which, according to the reformers, were considered ineffective. Such changes are often seen as a consequence of neoliberal policies and are often criticized for supporting the dominant role and centralization of the government [Crouch, 2011, p. 70].

However, by organizing reforms mostly focused on quantitative research, in the view of Urvikis [2014] the historically rooted quantitative methodology of public service research remains poorly supplemented by elements of a qualitative approach and corresponding research methods. Apparently, this leads to a lack of legitimacy of qualitative research methods in the eyes of reformers. Participatory, pluralistic approaches seek to empower people and involve stakeholders in decision-making [Nazarko, 2013], which in turn slows down reform processes [Palfrey, Thomas, Phillips, 2012; Szydło, 2014; Szydło, Grześ-Bukłaho, 2020].

Researchers Pollitt and Bouckaert [2003], Lane [2001], Christensen [2012], and others have analyzed the topic of reform from a theoretical perspective. Each of these

well-known authors singled out both the positive and negative features of the reform and its objectives and analyzed the elements thereof, but none based their analysis on the example of a particular organization. Tumėnas [2010] undertook a literature analysis of public sector reform changes in his dissertation. Normantė [2014] analyzed the impact of liberalization on the implementation of the reform of the Lithuanian postal sector, discovering that EU postal services have been liberalized as part of a political program to remove commercial barriers and develop a single EU market for goods, services, capital and labor. The liberalization and legal consolidation of the EU postal market are accompanied by three Postal Directives, which are binding in all EU Member States and provide for the gradual liberalization of postal services by 2013.

On 1 March 2018, the conclusions and recommendations of the OECD Experts' Review Report were published, on the basis of which the reform of the Labor Exchange was organized. According to OECD experts, since the early 1990s, the country's population has been shrinking by more than 1 percent each year. A significant number of people have left the country to look for better (and better-paying) jobs – it is forecast that 9% of the working age population will do so between 2015 and 2020, a number that is expected to grow in the years to come. The number of elderly dependents per 100 people of working age will increase from 28 in 2015 to 46 in 2030 [Ministry of Social Security and Labor of the Republic of Lithuania, 2018].

The OECD has recommended that the Lithuanian government monitor job creation following the entry into force of the new Labor Code and the impact of the establishment of works councils on trade unions (which it is already doing) and take corrective action and implement sanctions against employers who break the law. The social dialogue between employer organizations and trade unions in Lithuania is very limited [Dvorak, Karnite, Guogis, 2018]. At the same time, one proposal is to provide more assistance to jobseekers by allocating more funds to the PES and increasing participation in training programs, especially for older workers. It is also recommended that the country improve social protection by increasing the maximum duration of unemployment benefits, further increasing cash social assistance and tax incentives for the state pension system in order not to increase poverty among the elderly [OECD, 2018].

Recently, the reform of the PES has been much discussed on various Lithuanian media websites [[www.lrt.lt](http://www.lrt.lt), [www.rinkosaikste.lt](http://www.rinkosaikste.lt), [www.vz.lt](http://www.vz.lt), etc.]. The labor exchange itself, as an institution, has no prestige in the eyes of the population. There is a widespread opinion in the country that the labor exchange cannot help one find a “normal” job, individuals visit “only to tick a box” and ensure eligibility for all social benefits, and the goals of other users of the services do not correspond to the goals

of the services provided by the institution. Therefore, the ongoing reform, which clarified the functions of the institution, the objectives of the visit, and tightened the funding opportunities, caused a great shock to the population, attracting a great deal of attention. The support and approval of not only the employees of the PES, but also the public, is vital to the success of this reform. In order for the public and the staff of the service to support the ongoing reform, it is necessary to inform them about and explain the key moments, progress and goals of the reform.

As mentioned above, this reform has brought about a great deal of discussion, as well as dissatisfaction among the population; thus, the scope of this reform, both structural and functional, is very broad. As such, an examination of this topic would seem worthwhile. There is an infinite amount of theoretical knowledge pertaining to changes in the governance structures of public sector organizations, but their practical applicability to a particular organization is rarely analyzed, especially when the reform is only in its infancy.

*The aim of the current research* is to diagnose the public employment service reform and its specifics in the context of public administration reform.

The study addresses the following relevant question: What innovative theoretical knowledge of the reform of the governance structures of public sector organizations has been used in the reform of the PES?

*Research methods.* Several research methods were used to find the answer to the question raised:

1. The method of *literature analysis* was used for the theoretical analysis of the management structure in the public sector. The analysis of the works of various authors has been undertaken, and on that basis the theoretical analysis of the bureaucratic model, organizational structures, and the new doctrine of public management has been undertaken as well.
2. Content analysis was applied in the analysis of the PES reform model. The *method of analysis of laws and documents*, which helped to reveal the goals and objectives of the reform, was also used for this analysis. Resolutions, orders and documents submitted by the PES of the Seimas of the Republic of Lithuania were examined.
3. *The Configurative-ideographic* case analysis method was used to reveal the PES reform model and its differences in the context of public administration reform. Tables depicting the Weber and New Public Management doctrine and the changes in the structure of the PES were made based on the *method of graphical research*. Such methodology is often applied in public administration studies.

## 1. Literature analysis of public administration structure

Government, the private and non-governmental sectors operate in the context of globalization, cooperating or competing with each other to meet the needs of society. Due to the complex context of today's activities, bureaucracy exists not only in the public sector, but also in the non-governmental sector, private companies, churches, and universities.

Global socio-economic phenomena and the consequences thereof determine new requirements for the structure of public administration. The theoretical modeling of public administration has been analyzed by numerous scholars, such as Osborne, Gaebler [1992] and Lane [2001].

The global characteristics of the evolution of public administration are the subject of research by the prominent researchers Dror and Held. Mechanisms of public administration reform processes and their comparative characteristics are presented in scientific monographs by the likes of Pollitt, Bouckaert, Klijn, and Lynn. Problems of organizational change management in the context of the evolution of new public management is a common field of research for Poole, McNabb, Kettl, and other scholars. The structure of social management dimensions and the efficiency and dynamism of the interaction of its elements are consistently discussed in publications by Lin and Maon.

The evolution of public administration in the late 20<sup>th</sup> and early 21<sup>st</sup> centuries is directly related to the formation of the new public management paradigm [Raipa, 2014, pp. 10]. The main goal of the earliest researchers of new public management, such as Osborne, Gaebler, Hood, Denhardt and others, was to attempt to codify the changes taking place in the public sector, as well as to analyze the impact of globalization on a systematic transformation to a market economy

The very concept of bureaucracy was coined by the German sociologist Weber, who stated that *“the main reason why a bureaucratic organization is given priority is because of a purely technical advantage over any other organization. A fully developed bureaucratic mechanism compared to the management of other organizations can be described as the operation of a machine in non-mechanized production”* [Weber, 1947].

Weber's [1947] bureaucratic basis for the organizational model is the legal institution. Everything in his model is clearly defined. Written rules govern human behavior. Weber believed that people could only be judged on the basis of written rules and norms. All employees working at all organizational levels must adhere strictly to the rules. Competencies and responsibilities must be clearly defined. The

division of labor into highly specialized tasks creates a chain of command which ensures that tasks are performed as defined.

However, Lane [2001] states that employees of institutions are not selfless servants of their political hosts, committed to the neutral and objective performance of professional duty. Moreover, according to him, public administrators perform their duties selfishly, and institutions reduce public goals to the measures needed to achieve more important personal goals, such as salary, personal power and prestige, and job security. Thus, the theory of public choice refutes Weber's theory that bureaucrats are guided only by the interests of the state.

The privatization of the public sector was only part of new public management reform aimed at more comprehensively shaping the vectors of organizational restructuring, giving bureaucracy a more polycentric dimension, in contrast to Weber's monocentric approach to bureaucracy, which often failed to achieve efficiency in the traditional public administration era. However, bureaucracy, like the state - according to the ancient classic - is the "best evil" for which there are no equivalent alternatives in terms of organizing the governance of society. In view of the previously discussed ad hoc fragmentation (segmentation) of the public sector by means of new public management, it must be acknowledged that new public management (as a set of tools, methods, and procedures) allows for more diverse and flexible measures for the stability of management, the deployment of various resources, and changes in organizational behavior, to expand the forms of informal structures and behavior in organizations, which is also treated ambiguously in terms of rationality, individualism, morality and others [Raipa, 2010, pp. 14].

Analyzing the characteristics of organizations, it is necessary to describe the ideal type of Weber's bureaucracy and the doctrine of New Public Management (Tab. 1).

Modern governance since the aforementioned Weber doctrine has focused more on the system of contracts than on hiring a person for life. Attempts are being made to apply a freer style of cooperation, to employ people with managerial skills in certain managerial positions, to "allow and force managers to manage". The distinguishing feature was that the service sector should outsource some of its functions to private organizations. It is important to mention that in both Weber's and the New Public Management doctrines, hierarchical management of the organization remained.

In modern public management literature, three characteristics of public management are usually distinguished: *corporate governance*, *good governance* and *new public governance*.

**Tab. 1.** Peculiarities of the doctrine of M. Weber and the new model of public management

M. Weber's bureaucratic model:	The doctrine of New Public Management:
Clearly defined hierarchy of power.	The task of government is to govern, not to discipline. "Allow and force managers to manage".
Written rules determine the conduct of officials at each level of the organization.	It is necessary to put the competition mechanism into operation.
Officials work full-time and receive a salary.	The government should pay more attention to the work.
There is a clear difference between the tasks performed by an officer in an organization and his or her private life.	The object of government services is the "customer".
No member of the organization is the owner of the resources used for the work.	The government should meet the needs of customers, not the needs of bureaucracy.
	Decentralization of government: from hierarchical to participatory and collaborative.
	The government should view the market as a guideline.
	Greater importance of citizens' entrepreneurial spirit.

Source: Created by the author based on [Weber, 1947; Giddens, 2001; Nakrošis, 2015; Runya Qigui and Wei, 2015; Denhardt and Denhardt, 2002].

Corporate governance emphasizes the importance of external systems and processes in strengthening the decision-making and implementation responsibilities of organizations of any type or level, and in giving freedoms to policy makers, policy implementers (administrators) and public structures, interest groups or abilities, and so on.

Good governance is linked to the dissemination of the normative governance model in the social, political and economic spheres, with the support of international economic, political and financial institutions.

Public administration, treated as the new public administration, is defined by different definitions:

- Socio-political governance, emphasizing new forms of interaction between organizations as necessary for the formulation and implementation of public policy, as well as the solutions required for it.
- Public policy management, emphasizing the place and role of the political elite in managing public policy, decision-making processes and the ability of the political elite to create networking systems, to concentrate in the political community, and to coordinate policy formulation with stakeholder expectations.

- Administrative management in order to make use of the more efficient possibilities of public administration to emphasize the complexity of modern state management, perceiving it as a variation of “holistic” theory.
- Contract management, understood as the new public management experience and the opportunities which new public management offers to improve the decision-making required for contract management practices. The most important feature of the place of contracts in the new concept of public management is significantly increased responsibility for the development and functioning of contract management systems.
- Network management, emphasizing the functional purpose of networking of interorganizational (mixed-structure) institutions to develop hybrid, matrix structures of organizations providing public services and the necessary solutions to solve these tasks [Buškevičiūtė, Raipa, 2011].

The same idea of this doctrine was supported by De Vries and Nemeč [2012]. According to the authors, the government must be focused not on rules and regulations, but on results. A great deal of attention must be paid to the “customer” [De Vries, Nemeč, 2012].

Attempts by the authorities to adopt private business methods and strategies have been described differently by researchers; for example, Hood uses the term “new public management”, Pollitt managerialism, Rosenbloom market-based public administration, Osborne and Gaebler entrepreneurial government, among others [Hood, 1991].

The development and implementation of strategies of public administration institutions is a promising object of research and a relevant practical task. The economic situation of society, development opportunities, state capacity and image in integration processes, and access to the support of global political and financial institutions depend on the ability of public institutions to plan, prepare and make decisions, as well as coordinate how they are implemented by pooling resources and opportunities [Bučinskas, Raipa, Staponkienė, 2004, pp. 1).

Mintzberg [2009] suggests that organizations can be differentiated according to three main aspects: (1) the core part of the organization, that is, the part of the organization that plays the most important role in determining its success or failure; 2) the main coordination mechanism, which is the main method used by the organization to coordinate its activities; and 3) the type of decentralization used, i.e., the extent to which the organization involves subordinates in the decision-making process [as, 2012].

Thus, globalization, the internationalization of production, markets, capital and finance, economic development, scientific and technological development require



a new approach to public affairs. Citizens expect more and better services at a lower cost than before, not only in professional activities but also in public and private life.

In order to make public sector organizations work better, their changes are linked to public administration reform.

The main directions of the reform are as follows:

- the pursuit of efficiency;
- introduction of market mechanisms (privatization, competition mechanisms, organizational flexibility);
- greater focus on services (customer orientation);
- decentralization (more functions are devolved to local government);
- redistribution of functions (redistribution of power from the service provider to its purchaser);
- change in operational priorities (greater focus not on processes or structure but on results) [Kettl, 2000].

Pollitt and Bouckaert distinguish four components of reform: finance, personnel, organization, and performance appraisal [Pollitt, Bouckaert, 2003]. Since 1980, Rosen has emphasized two trends: the implementation of a philosophy of government reduction (by delegating functions to the private sector, signing contracts) and the emphasis on improving the performance of institutions / organizations (implementation of total quality management, etc.) [Rosen, 1993]. Lane [2001] distinguishes between the different objectives of public sector governance and public sector reform. The objectives of public sector governance reform are efficiency, equity and savings. Efficiency is the goal of reforming the distribution and regulation of power, while equality is the goal of changing the role of the distribution of power [Lane, 2001].

Public sector reform has three objectives: improved performance, strengthening regulation and control and cost reduction. If the results are emphasized, the introduction of technologies, new programs, and the creation of more efficient institutions can be accepted. If the goal is to achieve more economical activities, the best measure is to reduce costs. On the other hand, there is reason to say that fundamentalism promotes new values of public management and neoliberalism.

The same goals of organizational reform are perceived by Læg Reid and Verhoest [2010], who place greater emphasis on integration, horizontal coordination with a governance approach, and enhanced political control and decentralization.

## 2. Background of Public Employment Service reform

Public administration reform is not an end in itself. The pressure of public sector reforms due to different variables (values) should not be the basis for reform. Change management in the public sector is not merely a combination of certain isolated phenomena. Change must be seen as one element of a more general change in a system of political problems and responses to them [Pollitt, Bouckaert, 2003, pp. 16].

In a society with a large public sector, demand for and supply of its reforms can interact, leading to the creation of a separate policy sector. The need for public sector reform may arise from a variety of approaches to public interest, and the supply of public sector reforms may stem from a more efficient allocation of public resources or greater fairness in revenue distribution [Lane, 2001, pp. 206].

As mentioned earlier, reformers need to set goals, present implementation strategies and procedures when developing a logical model of reform; yet according to Brusson [2009], practical applicability is rarely assessed. The analysis of practical applicability requires a great deal of scientific work and is a complex process, especially since theory cannot always be applied in practice. All this is influenced by society, different government structures, personal goals and the needs of certain individuals (rulers, reformers). Peters [1998] identifies the time factor as crucial to the success of administrative reforms.

Thus, when analyzing the PES reform model, it is necessary to discuss the goals and strategy of this reform.

According to the Law of the Lithuanian Labor Exchange under the Ministry of Social Security and Labor [2018, as of 1 October 2018, the Alytus Territorial Labor Exchange, Kaunas Territorial Labor Exchange, Klaipėda Territorial Labor Exchange, Marijampolė Territorial Labor Exchange, Panevėžys Territorial Labor Exchange, Šiauliai Territorial Labor Exchange, Tauragė Territorial Labor Exchange, Telšiai Territorial Labor Exchange, Utena Territorial Labor Exchange, Vilnius Territorial Labor Exchange were reorganized by connecting them to the Lithuanian Labor Exchange under the Ministry of Social Security and Labor, the name of which after reorganization is the PES under the Ministry of Social Security and Labor of the Republic of Lithuania. This order was submitted on the basis of the Seimas Resolution of 7 February 2018 “On Consent to Reorganize the Alytus Territorial Labor Exchange, Kaunas Territorial Labor Exchange, Klaipėda Territorial Labor Exchange, Marijampolė Territorial Labor Exchange, Panevėžys Territorial Labor Exchange, Šiauliai Territorial Labor Exchange, Tauragė Territorial Labor Exchange, Telšiai Territorial Labor Exchange, Utena Territorial Labor Exchange and Vilnius Territorial Labor Exchange” [Seimas, 2018].

One of the most important aspects in analyzing reform is to discern the origins of the idea of reform. These were given by Valalytė, former Director of the current PES; R. Šalaševičiūtė, Chairwoman of the Seimas Committee on Social Affairs and Labor; and L. Kukuraitis, Minister of Social Security and Labor [2018]. According to them, such reform was necessary because services no longer corresponded to the labor market, and was also based on criticisms and suggestions from the International Organization for Economic Co-operation and Development, the European Commission. Rising unemployment in the districts, social exclusion among the population, and an unfilled labor market have led to the need for the reform of the PES. Therefore, it can be stated that the origins of the idea of PES reform are related to socio-economic factors.

Another important aspect - the goal of reorganization – is to reduce the number of budgetary institutions and optimize the activities of territorial labor exchanges in order to effectively manage budgetary institutions implementing employment support policy and the high quality of labor market services and employment support measures for jobseekers and employers, consolidate the general functions of these bodies and increase the number of staff serving jobseekers and employers.

Based on the stated goal, it can be said that this reform is based on New Public Management. PES reform optimized the structure, making the “client” the main object of the organization, case managers were introduced, management became centralized, and the focus was more on services, as stated by Nakrošis [2015], Runya Qigui, and Wei [2015] and other authors.

### **3. Stages of reorganization of Public Employment Services**

In this part of the article we examine the three stages of reorganization of the PES.

Stage I of reconstruction: the administrative structure of the Lithuanian Labor Exchange was changed (from 1 September 2016) and territorial labor exchanges began to apply a new customer service model, the aim of which was to ensure efficient, smoother and more customer-friendly service provision.

The essence of this model is as follows:

- during the first visit, an assessment of jobseekers' employment opportunities and their segmentation is carried out;
- specialized services are provided to job seekers and employers according to the individual needs of each client.

Such theoretical directions of the model were listed by the previously mentioned scholar Kettl [2000]. Blomberg [2020] argues that move to decentralized service

delivery model where individual consultation assigned to the users provide both effectiveness and efficiency.

Prior to the implementation of a new customer service model, the pilot project of this model was applied in 14 customer service departments - Alytus, Kaunas city and district, Kaišiadorys, Klaipėda, Skuodas, Vilkaviškis, Panevėžys, Biržai, Akmenė, Šilalė, Telšiai, Molėtai and Širvintos.

Analyzing all this from a structural perspective, the structure of the Lithuanian Labor Exchange administration during Stage I of the restructuring changed into the PES (from 1 September 2016) (fig. 1). The results of the research by Pivoras and Gončiarova [2017] found out that the new customer service model encouraged the orientation of employment policy according to the changing work needs of customers and the modernizing labor market.

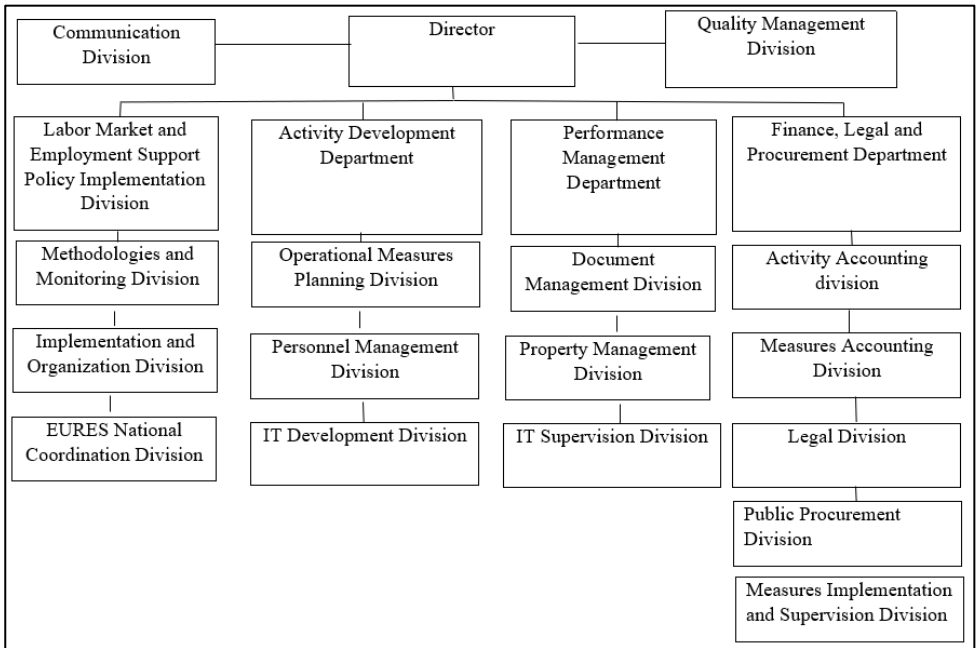


Fig. 1. Structure of the PES, Stage I

Source: PES, 2019.

Stage II of Public Employment Service reform. In stage II (as of 18 September 2017) the administrative structures of territorial labor exchanges were changed (except those of Marijampolė, Panevėžys and Utena TDB, where a pilot administration structure has been successfully applied as of 1 January 2017) (fig. 2).

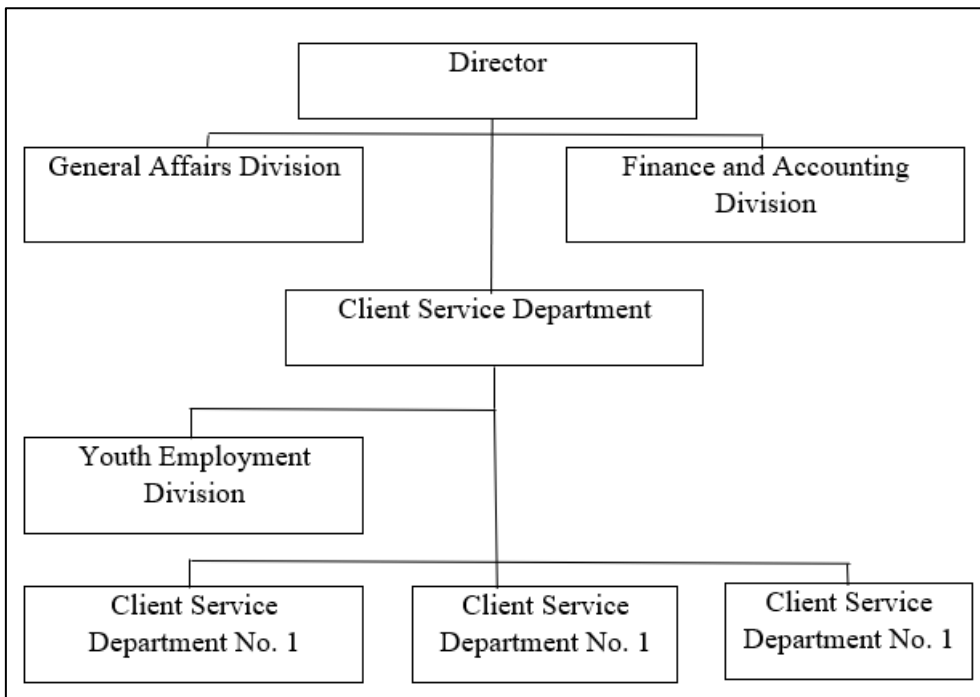


Fig. 2. Structure of the PES, Stage II

Source: PES, 2019.

Continuing the restructuring activities of the Lithuanian Labor Exchange system, which began on 1 September 2016 when the administrative structure of the Lithuanian Labor Exchange was changed, nine territorial labor exchanges began operating under new administrative structures as of 18 September 2017. The essence of these changes was to refine functions, simplify processes, optimize resources and mobilize as many human resources as possible to provide services directly to clients (job-seekers and employers), and to deal promptly and individually with situations related to integration into the labor market or the prevention of unemployment. The main focus of transformation was to create fewer managers, and have more people working directly with customers [Lithuanian Labor Exchange, 2017].

Before being implemented at national level, the changes were tested at pilot level in three territorial labor exchanges. From 1 January 2017 they were implemented in the Marijampolė, Panevėžys and Utena territorial labor exchanges, which allowed them to reduce the number of managers to 40, simplified processes, eliminated writing from department to department, and focused more on direct service provided to clients, i.e. employers and job seekers. In those territorial labor exchanges that applied the pilot model, constructive co-operation has been strengthened, and communication between specialists has been significantly simplified in the course of operational planning and control, as well as labor market monitoring.

At this stage of structural reorganization, the number of employees working directly with clients in territorial labor exchanges has increased to 963 (not including Klaipėda TDB, which did not carry out such a reorganization). The posts of all deputy directors, deputy heads of structural units and heads of subdivisions have been abolished, thus reducing the number of managerial staff and enabling some of these staff to work directly with clients and to balance the workload. Out of 119 posts which were retained, 66 were redirected to direct work with clients, and the remaining 53 to perform functions assigned to territorial labor exchanges. From 18 September 2017 more employees started working with clients: 12 in Vilnius, 11 in Kaunas, 10 in Šiauliai, nine in Panevėžys, six each in Alytus and Utena, five in Marijampolė, four in Tauragė, and three in Telšiai (Lithuanian Labor Exchange, 2017: 7).

After the implementation of the transformation, one of the key innovations is the establishment of Youth Employment Departments in territorial labor exchanges, where young people under the age of 29 years will consistently be provided with access to the labor market, vocational guidance and other vocational guidance services and active labor market politics measures in one place.

Another innovation is the merger of the Labor Resources and Employment Support Units into one structural unit - the Customer Service Department, which aims to ensure the consistent and high quality provision of labor market services and the effective application of active labor market policy measures to jobseekers and employers, to monitor the implementation of measures and ensure that this process is managed at one level [Lithuanian Labor Exchange, 2017, p. 8].

Stage III of transformation 1 October 2018 PES - 1 juridical unit (fig. 3). From all stages presented, it can be concluded that management has become centralized. All management is the responsibility of one manager – director, because the changing public administration environment requires that government undertake less management but more control functions [Osborne and Gaebler, 1992]. In this way, general public sector functions such as finance, personnel, property management, general affairs, public procurements and IT maintenance are optimized. These structural

changes, as stated by the Minister of Social Security and Labor Kukuraitis [2018], will also have a positive impact on regions: there are four strong regional customer service departments, and a significant number of jobs previously handled by the central office have also moved to regions closer to the people. A call center has been set up to provide customer service by telephone, and jobs also will be created in the regions.

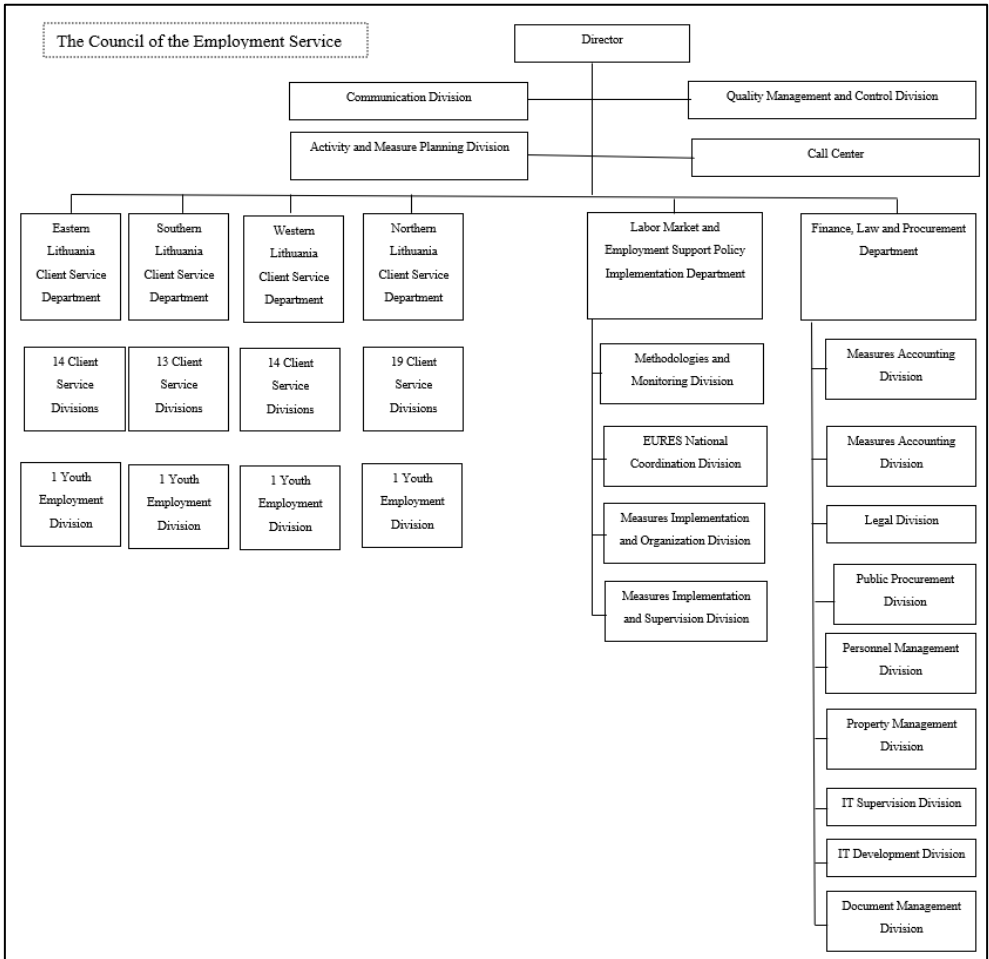


Fig. 3. Structure of the PES III Stage

Source: PES, 2019.

In summary, the features of this reform are very similar to the abovementioned New Public Management mechanism: improving efficiency by reducing public spending, reducing the number of officials, reducing funding for various programs, applying market mechanisms, privatization, and using alternative ways of providing public services [Vienažindienė, Sakalas, 2008, p. 185].

## **Conclusions**

There are a number of scientific works in Lithuania which have analyzed public administration reforms, their development, and factors promoting the content, results and results of reforms. Meanwhile, there is a marked lack of analysis of the reform of particular institutions. Globalization, internationalization of production, markets, capital and finance, economic development, scientific and technological development require a new approach to public affairs. People expect more and better services at a lower cost than before, not only in professional activities, but also in public and private life.

The article analyzes the reform of the PES, which aims to reduce the number of budgetary institutions and optimize the activities of territorial labor exchanges in order to effectively manage budgetary institutions implementing employment support policy and the high quality of labor market services and employment support measures for jobseekers and employers, consolidate the general functions of these bodies and increase the number of staff serving jobseekers and employers. This reform was found to consist of three structural phases, by means of which management became centralized, and general public sector functions such as finance, personnel, asset management, general affairs, public procurement and IT oversight were optimized. Based on these features, it has been established that the reform was carried out in accordance with the New Public Management doctrine.

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