

## **Best practice Cases of the 4th Quality Conference for Public Administration in the EU**

### **State Social Insurance Agency**

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Organisation: State Social Insurance Agency  
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Level: Federal  
Sector: Social sector

#### Short description of the case:

Agency has almost 10 years long experience in the field of measurement of customer satisfaction. Customer satisfaction is measured not only in the framework of services provided by the agency but also in a broader sense - as an attitude towards the social insurance system itself. The case presents the experience of the agency how to become client-oriented institution and to take in account client researches starting with strategic planning and finishing with service delivery process.

#### Main feature of the case:

- Strategic planning for achieving the targets set
- The satisfaction of customers and citizens

#### Key words:

Client satisfaction, social insurance, strategic planning, service delivery

### **The Long Description**

#### **1) Title of the case: Measuring Customer Satisfaction in the State Social Insurance Agency**

The State Social Insurance Agency (Agency) is a state institution, implementing the State policy in social insurance and State social benefits field.

The mission of the agency is implementing the state social security policy, providing social insurance services and State social benefits that meet the requirements of Latvian citizens by rationally and publicly managing State funds.

In accordance with the State policy in social insurance and State social benefits field, three level pension system is developed in Latvia. It is an insurance system, in which personal interest of each person in securing him/herself in old age and generation solidarity are united. 1<sup>st</sup> level or mandatory State non-funded pension scheme was launched in Latvia on 1 January 1996, 2<sup>nd</sup> level or mandatory State funded pension scheme – on 1 July 2002, 3<sup>rd</sup> level or voluntary private pension scheme – on 1 July 1998. In Latvia the Agency is the only State institution, which is responsible for all State social

insurance types, namely, pensions, unemployment, health, maternity, accidents at work, professional diseases, and funeral as well as various State social benefits.

The Agency was founded in 1994 and it is under supervision of the Ministry of Welfare. Main tasks of the Agency are as follows:

- to administrate the social insurance budget;
- to register socially insured persons and their contributions into the socially insured person's accounts;
- to provide social insurance and selected social assistance services to the population – grant, calculate, recalculate and pay pensions, benefits and allowances;
- to provide individual consultations to the population about the social insurance and social help services;
- to inform the public regularly about the topical social insurance matters;
- to ensure, that the services are available to every customer as close to their place of residence as possible.

There are 1290 employees in the Agency, including 966 – at client servicing places. There are 49 structural units in the Agency. Client servicing is ensured at 38 client servicing places. Client servicing places are distributed in the whole territory of Latvia, ensuring availability of services to every customer as close to their place of residence as possible.

Clients of the Agency are all socially insured persons, making social insurance contributions or receiving social insurance or State social services provided by the Agency. In 2005 the Agency has administrated 1 161 000 services, as well as maintained 1 130 000 social insurance contribution accounts, including 702 000 accounts of the State funded pension scheme participants. In 2005 on average 64 000 consultations per month have been provided to the clients at servicing places.

### **3) The main content of your case**

The essence of the Agency's case is to show with what methods satisfaction of our clients is measured and to reflect, what the actual results of the client satisfaction are. Within the framework of the case experience of the Agency and lessons learned is explained, which could be useful also for other public sector organizations, which order client satisfaction researches from independent market and public opinion research centres or perform them on their own account. The case of the Agency is special because it analyses the work of the institution, which has purposefully developed after the collapse of the Soviet Union and has become a client focused organization, which is proved by the client satisfaction research data.

Since 1998 the Agency regularly measures client satisfaction. Results obtained from the researches are used for evaluating work of the institution, determining strategic, tactical and operational targets and improving client service. Since the most part of the research data is directly applicable to the operation of business processes the research results are used for monitoring and improving processes ensuring basic activities of the Agency. Results of client satisfaction research point to trends of how the Latvian citizens evaluate social insurance system of the country, as well as it is a good example for other State administration institutions for evaluating their activities in comparison and realizing that State administration institutions may achieve high client satisfaction results.

### **4) The reasons behind the case**

In 1995 the Latvian government with support of the World Bank started overall reform of the social security system. One of the goals of the reform was to develop and implement in the country a new social insurance system. In order to implement the new system it was necessary to reorganize the Agency, the basis of whose operation, as a State institution, were work organization principles dominating in the Soviet Union. Main objectives in relation to the Agency as an institution were to make its work more efficient, client and process management focused. In order to improve client service, with the help of the reform the following main measures were implemented at the Agency: a possibility was offered to the clients to submit the documents for receiving services and receiving certifications regarding social insurance contributions made at any client service place; client service places were reorganized and functionally improved by adapting them to client servicing and the

requirements of clients, public information campaigns was carried out regarding the new social insurance system, regular staff training was carried out on client servicing as well as research was carried out both on public awareness and client satisfaction with the Agency's work. The Agency was the first State institution in Latvia, which measured client satisfaction, thereby confirming the purposeful work on developing client focused organization as well as comprehension about monitoring of work of such organization.

In the Agency's strategy as one of the targets provision of high quality services that meet the requirements of the clients is set. As an indicator for evaluating this strategic target serves the proportion of completely satisfied clients, who evaluate the work of the Agency satisfactory. In accordance with the strategy the Agency has defined that this indicator shall reach 82% in 2004, in 2005 – 83% and in 2006 – 85%.

Client service standards have been developed in the Agency, in which the basic principles of the Agency for client service and developing relations with clients are prescribed. The Standards point to the found basic requirements of the clients, which the Agency undertakes to fulfil.

<b>Client Service Standards</b>
1. We receive our customers within 5 minutes; at peak times – within 20 minutes.
2. In standard cases we serve our customers within 15 minutes.
3. We treat every person we serve with courtesy and respect.
4. We provide clear, precise information about the services and answer to our customers' questions in substance.
5. We provide at least one free call phone number for our customers.
6. We inform our customers in writing about granting or rejection of a service in all cases.
7. We inform customers about the review procedure of their application upon their first request.

Research data as a source of information is used in different aspects. The most significant use of data is for carrying out self-assessment of the institution and implementation of further improvements. Research results also serve for confirmation of evaluation of the results achieved within the framework of the reform, achieving strategic targets and developing client service standards that meet the requirements of the clients. Since 2004 the client satisfaction indicator is one of the criteria by which the Ministry of Welfare as the direct supervision institution evaluates the work of the Agency.

### **5) The actors behind the case**

Client satisfaction research planning takes place observing their regularity, namely, they are organized on average once in 2 years. Since 1998 4 client satisfaction researches have been carried out at the Agency and 3 of them have been carried out by independent market and public opinion research centres and one was carried out by the Agency itself. Ordering researches from the independent contractors as well as carrying them out on own account the average number of respondents was 1650 clients. The structural units of the Agency, which are responsible for the business process management, evaluation of the work of the organization and client satisfaction and use of the further results are involved in the research planning, arrangement and process. The abovementioned structures are directly involved in approving the questionnaire. Ordering a research from an independent executor, its main tasks are to define the methodology of the research, based on the previous researches to prepare the questionnaire and to submit it for approval to the responsible officers of the Agency, to carry out the inquiry, to record and analyse the data as well as to present it to the Agency. In case of an independent research, after signing the agreement with the researcher the managers of the client service places are informed about time and performers of the inquiry, their tasks and obligations. The managers of the client service places are responsible for informing employees under their supervision about the research process. At the client service places the employees of the Agency have

no rights to interfere with the interviewers' work, in order to ensure as high data objectivity as possible.

Developing the questionnaire for the first independent research the content of the questionnaire was agreed upon with the Ministry of Welfare.

As it was mentioned before, the primary research and idea in general on carrying it out arose within the framework of the welfare reform project. Within the framework of this project management consultants from Sweden were involved, who supported the Agency in defining the research content and field, developing satisfaction criteria as well as determining the basic methodology. With the support of the consultants criteria influencing the client satisfaction evaluation were determined at the Agency: Work of the Agency's personnel; client service premises and their availability; organization of the client service work and organization of the visitor flow; availability of information; client servicing speed. According to these criteria a part of the questionnaire questions were prepared.

## **6) The process leading to success**

The process of independent researches consists of the following related activities: work task preparation, procurement procedure organization, including methodology preparation; questionnaire preparation and agreeing upon it with the Agency; client inquiry; documentation and analysis of the results; presentation and publication of the research data; improvement of the Agency's operation.

Preparing the work task the Agency as the contracting authority of the research sets the purpose of the research, the target groups of the research, main activities and their execution deadlines as well as shortly describes the Agency, its clients, previous research etc.

After work task confirmation in accordance with the legislation of the Republic of Latvia the Agency arranges the procurement procedure, within framework of which a procurement commission is developed, the procurement regulations are drawn up, tenders of the tenderers are submitted and evaluated, the winner of the tender is selected and finally the agreement is signed. The tenderers in their tenders include the methodology description, where it is mainly prescribed how the selection shall be arranged, what its extent will be, and what methods will be used for obtaining, summarization and analysis of data. From the point of view of methodology the selection in the previous researches was carried out at random, as well as the minimal number of respondents (on average 50 clients) was determined at each client service place. In addition an interval was set, in which the clients were interviewed, for example – every third client, as well as the clients were interviewed after visiting the client service place.

The preparation of the questionnaire and agreeing upon it with the responsible officers of the Agency is the first task carried out by the independent researcher within the framework of the agreement. While developing the questionnaire the researcher shall especially take into consideration the fact that the data of the respective research shall be comparable with the previous researches. The questionnaires consist of two blocks, namely, the first block contains questions in substance, in order to find out the satisfaction level, and the second block contains demographical questions about the respondent. In the first block of the questionnaire questions are included in order to receive the information from the client about the following aspects: purpose for visiting the client service place; efficiency of issue settling; client satisfaction in distribution by criteria; time of arrival, waiting and service; solving the problematic situation; sources of information; recommendations of the clients. Taking into consideration the specifics of the Latvian citizen national structure, the questionnaires are drawn up both in Latvian and Russian languages. The number of the questionnaire questions is growing all the time, because new aspects are learned about which the Agency wants to receive evaluation of the clients. The questionnaire of the research in 1998 consisted of 23 questions, and in 2005 - of 54 questions.

The client inquiries in accordance with the approved methodology are organized in all client service places during their business hours. On average they are run 2-8 days in each service place. In 2005 the average length of an interview was 12 minutes. The interviewers interview the client in Latvian or Russian languages, depending on the nationality of the client.

Client inquiry results are summarized in a report. Most part of information about client answers to the questionnaire questions are reflected both in common evaluation and in breakdown by client service places. Such data reflection is useful for later analysis and improvement of work of the service places.

In the report the researchers analyse the data and provide recommendations for the future work of the Agency.

The researchers present the obtained data both to the advisory board of the Agency, which consists of the representatives of the Ministry of Welfare and the Latvian Pensioner's Federation, board of directors and managers of the client service places. Summary of the research is published on the home page of the Agency, which is accessible to any interested party, but the full version is available on the intranet of the Agency, thereby ensuring access to the information to any employee of the Agency, During this year the in the Latvian scale a unified portal of the researches ordered by the State administration institutions was introduced, in this portal data of the Agency's research will be available to any interested party.

In accordance with the research results the higher management of the Agency and the middle level managers plan the future work of the Agency in order to implement the necessary improvements. Implementation of improvements is organized in order of their content, namely, both centralized in all client service places or in specific activity of the basic processes, and decentralized, when a separate client service place improves its operation.

The purpose of the research carried out by the Agency itself was to find out the requirements of the clients and the client satisfaction level. The process of the researches carried out by the Agency itself is very similar to the process of independent researches. The component parts of this process are: questionnaire preparation; client inquiry; result documentation and analysis; presentation and publication of the research results; improvement of the Agency's work. Comparing the execution of the component parts in the independent researches and the research carried out by the Agency, there are certain differences in the questionnaire development, documentation and analysis of the results as well as inquiry organization.

Carrying out the research independently the questionnaire is prepared in a centralized manner and sent to the client service centres, which may supplement them with questions, which are directly specific to the respective centre. The questionnaires are available in service places and the employees of the Agency invite the clients to fill them. The employees of the Agency do not interview the clients in order to obtain objective information. Primary summarization of the questionnaire data is carried out at the client service centre but data summarization of all client service centres takes place in the central office of the Agency. Data analysis about the Agency overall is carried out by the responsible structural units of the central office. Analysis of the results of each client service centre is carried out by the Manager of the centre.

## 7) Results indicating the success

Client satisfaction researches reviewed in the illustration of the Agency are directly related to the qualitative and quantitative indicators. The researches provide information about client satisfaction and its dynamics as well as they are the source of information for planning and implementing the necessary improvements in the Agency's work.

The most important data and conclusions, based on the research results, are provided below.

Overall satisfaction with the work of the client service places is as follows:

	<b>1998</b>	<b>2001</b>	<b>2003*</b>	<b>2005</b>
<b>Proportion of the satisfied clients</b>	81%	79%	99,87%	96,3%

*\* research carried out by the Agency itself*

As we can see from these results, the Agency has achieved in its operation a higher satisfaction level than it was set in the strategy. That is explained by the fact that in 2003 while developing the strategy actual results of the research of 2001 were taken into consideration as well as the influence of the improvements in the client service field on the satisfaction level planned for that moment was predicted lower. Data of the 2005 research confirm that the general satisfaction indicator mostly is influenced by the client's confidence in the Agency's work, perceptibility and comprehensibility of the information provided by the Agency, penetration of employees in client needs, problems or unpleasant situations in the departments and confidence in relation to security of personal data. In accordance with the data published by the independent researchers 22% of the Latvian population trust the State authority in general. Accordingly that allows making a conclusion that the Agency has comparatively

very high proportion of satisfied clients, as well as the fact, that exactly client confidence is very important and considerable for work of the institution. The proportion of satisfied clients confirms that the Agency's work is completely client focused, fulfilling the most part of the clients' requirements. From the results of the researches we can conclude and understand what the client expects from the Agency. In accordance with the results of the 2005 research it is the most important to the clients of the Agency that at the client service places:

- there are no any lines and the problems are solved quickly (~5 min);
- there is an individual approach and penetration in the client's problems;
- services are provided by well-informed, competent, cooperative and polite employees.

Comparing the satisfaction with service with other institutions and companies, the Agency showed good results also in accordance with the results of the 2005 research:

<b>Name of the company/institution</b>	<b>Evaluation of satisfaction (1-5)</b>
Nord/LB (commercial bank)	4.5
Hansabanka (commercial bank)	4.48
Road Traffic Safety Directorate (State Joint Stock Company)	4.14
Latvenergo (State Joint Stock Company )	4.06
<b>Agency</b>	<b>3.93</b>
Latvijas Gaze (Joint Stock Company )	3.92
Latvijas Pasts (State Joint Stock Company )	3.81
State Revenue Service (State administration institution)	3.64
Police (State administration institution)	3.44

Research results prove that there are positive changes in such a qualitative indicator as population confidence in the social insurance system. Results of the 2001 research show that 61.1% of the respondents considered the system just, and in 2005 – 73.4%. It is a substantial increase and mainly it is closely related to the Agency's work in this period, client loyalty to our organization, client confidence in the social insurance reform and social policy, the implementer of which is the Agency. One of the quantitative indicators, which show the effectiveness of the researches, is the implemented improvements. After evaluating the research results and client proposals provided in them the Agency has implemented the following substantial innovations:

- reception times at the service places is changed;
- 5 additional client service places are opened;
- client flow distribution systems are installed at the service places;

After evaluating the abovementioned indicators as well as other data from the researches the Agency has come to the following conclusion:

- it is more efficient to order independent researches, since thereby more objective client evaluation is obtained regarding the Agency's work, the statistical data are processed more professionally as well as more valuable data analysis is possible;
- The primary further work of the Agency is to retain the high client satisfaction level not to increase it.

## **8) The main obstacles of the case**

Ordering or carrying out the client satisfaction research the Agency faced or could face the following obstacles/risks:

- Since the Agency was the first State institution, which has carried out a client satisfaction research, the inquiry caused incomprehension among the clients of the Agency regarding this process overall and partly could influence the information obtained during the research.
- Initially the employees of the Agency understood the research performance and data use as control not a searching instrument for improvement and development.
- It is difficult to plan the optimal research time, since legislation, prescribing changes in services provided by the Agency, is often amended. Accordingly it causes flow of the specific target audience to the service places in specific time periods and if it falls in the

research period, then the interviews are hindered and the variety of respondents is reduced, taking into account the wide range of the agency's clients.

- Clients overall become more and more demanding towards the State administration institutions as well as more and more institutions in Latvia improve their work. As a result a situation could develop where the client satisfaction level achieved by the Agency could decrease but at the same time it would not mean that the Agency's work has materially worsened.
- Up to now a unified methodology for measuring client satisfaction of the public sector organizations has not yet been adopted in Latvia, and it causes problems in comparing the satisfaction results among institutions. In its turn, if such methodology would be adopted and it would substantially differ from the methodology the agency applied up till now; there would be problems in comparing the results of the previous researches.
- There are difficulties in monitoring the client satisfaction researches, in order to gain confidence on complete reliability of the data.

### **9) Main sources of inspiration behind the case**

As it was mentioned before, until 1998 the Latvian State administration institutions had never carried out client satisfaction researches, which in turn means that the Agency could not base itself on experience of other equal institutions. The main driving forces for realization of the idea regarding carrying out the client satisfaction research were the support and understanding of the highest management of the Agency, as well as initiative of separate employees of the Agency. Accordingly support and additional knowledge source for the employees of the Agency was the foreign consultants and their experience.

### **10) The most important lesson learned**

- The Agency has proved that less than within 10 years it is possible to develop a client focused organization and to implement a new social insurance system, with operation of which the clients are satisfied. Experience of the Agency proves that with determined work on improving the client servicing of the institution it is possible to achieve loyalty to work of the organization from the client's side.
- Data analysis and definition and implementation of the necessary improvements is the most difficult stage in this process, as a result of which involvement of all level managers in data analysis is very important. Work on the research data analysis and future improvements is perpetual, no matter how high the results of the client satisfaction would be.
- The requirements of the State administration institution clients are always growing, because comprehension and awareness of the citizens, as tax payers, about their participation in ensuring the activities of the public sector institutions grow.