

Public Service as an Employer of Choice

**What are the
challenges in securing
high-quality civil
servants?**

**What are the reasons
underlying the
identified problems?**

**How can the public
service become an
employer of choice?**

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Introduction

Most OECD Member countries are concerned with how to retain and enhance the professional quality of their public service. If governments cannot enhance their competitiveness in the labour market, they will find they will not be able to attract the skilled people needed for the future. On top of that is the risk of an increasing outflow from the strategic tasks of the public service to more attractive private employment.

To help governments enhance the competitiveness of public employment and improve professionalism in the public service, the OECD launched a project on the "Competitive Public Employer" in 2001. Nineteen OECD Member countries participated. This Policy Brief is based on 9 country cases studies presented to an OECD Expert Meeting held in April 2001, and 2 country case studies submitted after the meeting. Those countries are Austria, Canada, Denmark, Germany, Italy, Korea, Norway, Poland, Portugal, Spain and Sweden. ■

What are the challenges in securing high-quality civil servants?

Most OECD Member countries are facing, or will be facing, difficulties in recruiting and retaining civil servants, in particular those who are highly skilled.

The OECD study shows that several countries, including Canada, Denmark, Finland and Sweden, are already experiencing this problem.

Problems identified by Governments

Country	Recruitment		Retention		Critical skills shortage
	Now	Soon	Now	Soon	
Austria		X			
Canada	X		X		X
Denmark	X				
Finland	X				
Germany		X			
Italy					X
Korea					X
Norway		X		X	
Poland					X
Portugal					X
Spain				X	X
Sweden	X		X		

In other countries, recruitment and retention are not a problem at the moment, largely due to a decreased number of government positions. But these countries anticipate that they will also confront the same challenges in a few years' time.

In addition, some countries suffer from critical skills shortages, for example, ICT specialists, technical experts, and auditors and economists, etc. ■

What are the reasons underlying the identified problems?

Because of a demographic bulge, a large portion of employees will retire soon...

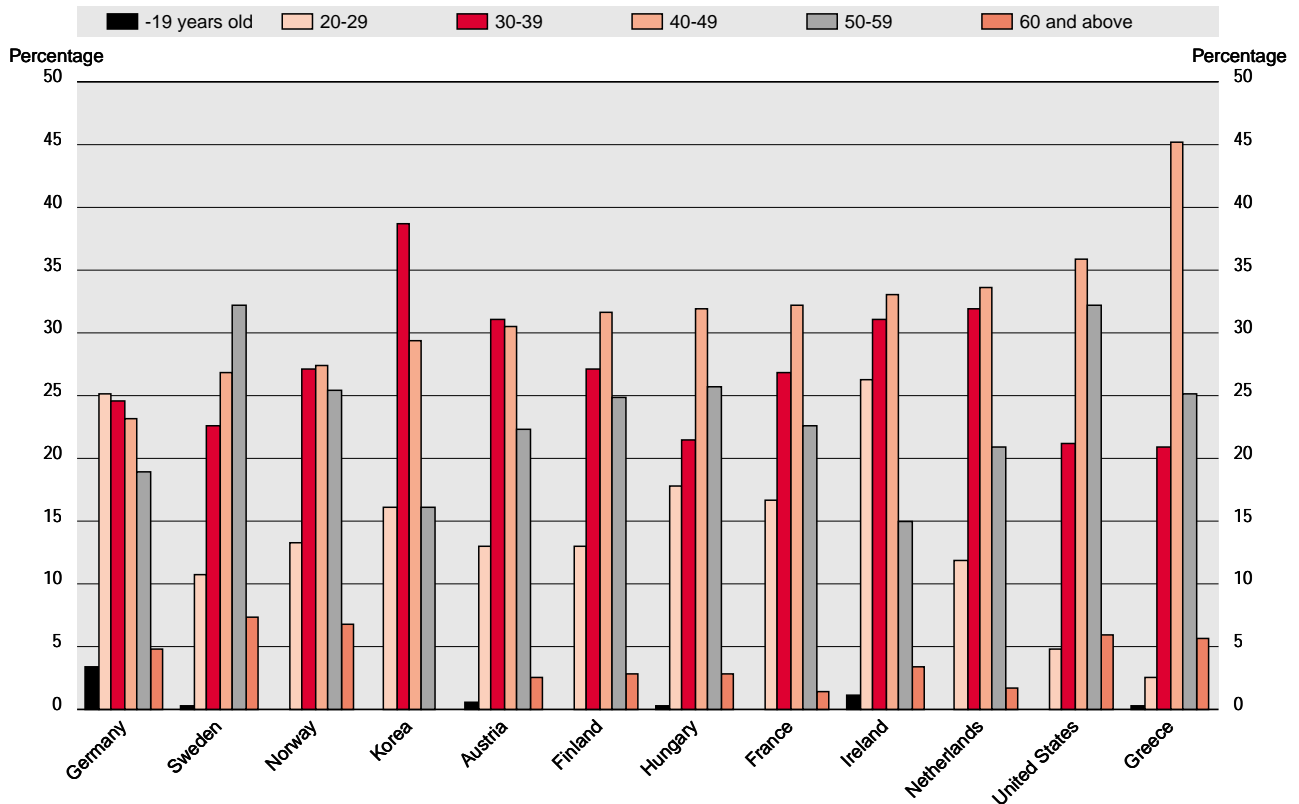
The age structure of government employees means that a large portion of government employees will

retire in the next 5-15 years. In most countries, as shown in the figure below, more than a quarter of central government employees are over 50 years old. In addition, the generation entering the labour force is smaller than the generation retiring.

Low level of wages and loss of government competitiveness...

While the level of wages is not the only factor for attracting high-quality people to government, salaries are important when competing for new staff, especially young graduates. Although in some countries, this problem concerns only specialised staff (e.g. IT personnel), wages have proven to be a crucial factor in the retention of staff in other countries, especially after two to four years of service.

Employment ratio by age group in Central (or Federal) Government



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Image of public sector is negative and getting worse...

With some exceptions, young people do not rate public employment highly. The public sector is deemed dull, bureaucratic, old fashioned and the prestige of civil service is low in many countries. Citizens' trust in government has decreased, negatively influencing the image of government.

Recent reform movements that have de-privileged the status and working conditions of civil servants have also affected the image of public service.

Old-fashioned human resources management deters high-quality staff...

In many countries, seniority is more important than merit, and promotion of civil servants is not clearly linked to their performance. Career paths of civil servants are unclear and career planning is insufficient. Little emphasis is placed on staff development.

These kinds of human resources (HR) practice are disincentives to potential civil servants. ■

How can the public service become an employer of choice?

A number of countries are putting strategies in place to enhance the competitiveness of the public employer. Much work is in progress, and there is a palpable desire to share ideas and experiences among Member countries. Many of the strategies have strong political support, while the deadlines for actions vary from 2001 to 2005. There is a need to develop common indicators to determine trends in public sector employment as well as to identify diagnostic tools to help the framing of interventions. The use of common indicators across Member countries would create useful synergy.

Improving the image of the public sector is one of the most important challenges...

Public organisations must become attractive and desirable workplaces. This requires a comprehensive investment in building a positive and credible image of public sector work and working conditions.

The image of an old-fashioned and boring public service must be changed. Since individuals generally respond more positively to individual agencies than to the whole of government, perhaps more emphasis should be placed on how to advertise individual agencies to the public.

Improving the image of the government includes:

- Explaining to young people and students the kind of work that public organisations do and how they do it. Hiring students as trainees can show them everyday work in a public organisation. Effort should be put into disseminating information about the public service.
- The image of civil servants must be improved. In some countries, civil servants remain an elite cadre appreciated by society. In many others, however, the image of public employees must be strengthened among citizens, especially young people. Public service values such as integrity, transparency, accountability, and incorruptibility should be recognised in every public employee.

There is a need to actively demonstrate the advantages of public service employment over private employment. Some key points include: working for the common good, interesting tasks, modern work methods including advanced use of new information and communication technologies, clear promotion opportunities, good training opportunities and flexible and positive employer attitudes.

Surveys are a good way to identify critical issues for further development...

A comprehensive view of the current situation can be obtained by surveying private sector employees, citizens and young people. Surveys are a good way to

Surveys on motivational factors in Denmark and Norway

Three types of survey were conducted in Denmark in order to build a detailed picture of the motivational situation. They covered employees in central government, the private sector, and young people, with a sample of 14,000 people. The most important motivational factors reported across all types of employees were:

- job satisfaction; especially the authority to make decisions and interest in the work or project;
- the ability to plan one's own work schedule, particularly one's own holidays and time off;
- salary, especially the possibility of connecting salary to qualifications and competencies;
- working environment.

A Norwegian survey in 1998 shows that salary is not the most important motivational factor. Relationships with colleagues, possibilities for personal development, and possibilities to expand one's knowledge have proved to be more important than salary when choosing a new job.

find out the positive and negative factors that may influence the attractiveness of the public sector.

Creating better working conditions is a pre-requisite...

Many countries are developing new remuneration policies and creating more performance-based pay systems and other incentives in order to motivate staff. In the past, the public service was attractive because of workplace safety, high pensions and less daily work stress. Low salaries were thus accepted. However, the work pressure has gone up, conditions of service have deteriorated, and a low salary is no longer acceptable, in particular to younger staff. Governments need to rethink their incentive policies.

According to the Danish survey, salary was the third most important motivational factor. There is a wide range of incentives beyond salary to enhance competitiveness. Since public sector salaries at the managerial and expert level cannot usually compete with

Pay increases and “at risk pay” in Canada

Canada adopted salary increases together with performance-based pay elements as part of its senior-level HR strategies and policies.

By April 2001, the senior level of the public service received two significant salary adjustments. The first resulted in increases from 4% for the lowest executive levels up to 19% for the most senior levels. A re-benchmarking of executive salaries against comparative groups in December 2000 indicated that the gap that existed prior to 1998 had started to deepen. Therefore, a second increase of 8.7% was recommended.

For all senior levels in the public sector, a new approach to performance pay was introduced as “at risk pay”. Executives became eligible each year to re-earn a lump sum payment based on their performance against established targets. These “targets” are agreed upon at the beginning of each year between the executive and his or her superior and include commitments with respect to the ongoing responsibilities of the executive, as well as a limited number of commitments that relate to key activities to be carried out that year. The amount of “at risk” pay an individual is able to receive depends on the position he or she occupies as well as his or her performance, and varies from 10% - 25% of base salary.

those in the private sector, there is a real need to find other kinds of incentives. For example, Germany has developed non-material incentive systems such as flexible working hours, flat hierarchies and a high standard of technical equipment. Creating non-monetary incentives is a new area, and one which will require particular attention in the future.

Improving professionalism in the public service is a longer-term strategy...

The rapid development of Information and Communication Technologies (ICT) drives the need for a

Examples of non-monetary incentives

- a culture of co-operative leadership, open communication, co-operation and recognition
- flat hierarchies, sufficient scope to display initiative and to make decisions on one’s own work
- good working conditions, working methods and organisation
- opportunity to control work time: flexible working hours, dates of annual leave, etc.
- good opportunities for training and personal development
- distance working
- a family-friendly personnel policy to help reconcile family and working life
- opportunities for educational leave or leave for other personal reasons

stronger professionalism in the public sector. Life-long learning is indispensable to increasing the professionalism and quality of public services in a continuously changing environment. Active programmes of staff development are important tools for public organisations to motivate and retain staff. Distance training arrangements are being considered in order to keep staff in the workplace. In addition, good training opportunities are increasingly considered as an important factor in being a competitive employer.

Austria: Being the best in personnel development

Personnel development and challenges for life-long learning are sometimes more important to young people than money. Ways of achieving these include providing job rotation, training in private sector companies, other countries’ public services or international organisations as well as by offering IT-training and training in software skills.

Induction training helps increase professionalism and the retention of newcomers. It has become more important as staff turnover has increased, and more senior people are recruited from the private sector.

Norway: Training programme for young employees

In Norway, a trainee programme is directed towards people who have an academic education (at least 4 years), are under 35 years old and have served in the government for less than four years. The main focus is to learn by serving in three different ministries. In addition, six thematic gatherings are arranged that focus on such issues as public administration, the economy, laws, challenges, project management, international reforms and personal development.

A variety of training programmes have been put in place in areas of critical skill shortages. The most frequently mentioned skills are those needed for ICT, because competition with the private sector is very intense in this area. In recruitment, new electronic methods are being developed to reach young people. Strategies and plans aim to meet the needs for ICT competence among government employees.

The programmes include of e-learning networks, the opportunity for all employees to reach a competence

Italy: Training in the action plan for e-government

Italy has launched a broad public administration reform effort and an action plan for e-government. The plan for e-government includes training for public employees. It consists of two kinds of programmes: basic training, which focuses on training public employees as users of information technology and follows the pattern of EDCL; and specialised training for staff who are responsible for running IT infrastructures, in particular network infrastructure managers.

level equivalent to the European Computer Driving Licence (EDCL), or preparing for a higher standard of ICT knowledge

Reforming HRM systems is a fundamental step...

HRM system reforms to enhance the competitiveness of the public employer include ensuring high-quality leadership, building clear career planning, enhancing HR mobility, and promoting equal opportunities.

Many national strategies and policies aim at developing management and leadership in the public sector. Actions in this area include recruitment of leaders and senior civil servants, and leadership training. Careful recruitment processes using detailed and relevant criteria are important to ensure that appointed leaders have the required skills and competencies, especially leadership skills.

The career development focus is shifting from "seniority" to "merit and skills" in many countries. One way to improve and retain the motivation of younger staff could be through the development of a better promotion policy. An opportunity to be given more challenging tasks and to be promoted through one's own achievements may play an important role in recruitment and retention.

Enhancing HR mobility between the private and public sectors as well as within the government helps to motivate employees by offering interesting career prospects, and it can also increase organisational competencies. In some countries there is a need to transfer staff from diminishing sectors to expanding ones. In other countries, the challenge for mobility lies in movement from the private sector to the public sector.

Korea: Open competition position system

Korea has opened 20% of the top civil service posts to open competition. Both private and public sector employees can apply for these posts. The goal is to attract the best leaders by changing a culture where seniority has been the main route to achieve higher positions.

A critical solution to the forthcoming shortage of workforce and critical skills is to make sure that full use is being made of the national pool of talent. This involves creating workplaces based on equal opportunities in terms of gender, age, ethnic origin, and other comparable criteria. The goals of increasing the number of women in top civil service positions and recruiting ethnic minorities are important in this respect, as well as efforts to prolong the working career of older employees. ■

For further information

The synthesis report on Public Service as an Employer of Choice as well as eleven country case studies are available on the OECD's Public Management Service website, at www.oecd.org/puma/hrm.

Additional information on this topic can be obtained from: Deok-Seob Shim
e-mail: deok-seob.shim@oecd.org. ■

For further reading

- **A Synthesis Report on Public Service as an Employer of Choice**
free on Internet: www.oecd.org/puma/hrm
- **Country Case Studies:** Austria, Canada, Denmark, Germany, Italy, Korea, Norway, Poland, Portugal, Spain and Sweden
free on Internet: www.oecd.org/puma/hrm
- **Public Sector Leadership for the 21st Century,** 2001, ISBN: 92-64-19529-7, 20 euros, 104p.
- **Government of the Future,** 2000
ISBN: 92-64-18448-1, 20 euros, 256p.
- **Trust in Government: Ethics Measures in OECD Countries,** 2000
ISBN: 92-64-18519-4, 68 euros, 332p.
- **Highlights of Public Sector Pay and Employment Trends,** 2001
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Where to contact us?

FRANCE

OECD Headquarters
2, rue André-Pascal
75775 PARIS Cedex 16
Tel.: 33 (0) 1 45 24 81 81
Fax: 33 (0) 1 45 24 19 50
E-mail: sales@oecd.org
Internet: www.oecd.org

GERMANY

OECD BERLIN Centre
Albrechtsstrasse 9/10
D-10117 BERLIN
Tel.: (49-30) 2888353
Fax: (49-30) 28883545
E-mail:
berlin.contact@oecd.org
Internet:
www.oecd.org/deutschland

JAPAN

OECD TOKYO Centre
Nippon Press Center Bldg
2-2-1 Uchisaiwaicho,
Chiyoda-ku
TOKYO 100-0011
Tel.: (81-3) 5532 0021
Fax: (81-3) 5532 0036/0035
E-mail: center@oecdtokyo.org
Internet: www.oecdtokyo.org

MEXICO

OECD MEXICO Centre
Av. Presidente Mazaryk 526
Colonia: Polanco
C.P. 11560
MEXICO, D.F.
Tel.: (00.52.55) 5281 3810
Fax: (00.52.55) 5280 0480
E-mail:
mexico.contact@oecd.org
Internet: www.rtn.net.mx/ocde

UNITED STATES

OECD WASHINGTON Center
2001 L Street N.W.,
Suite 650
WASHINGTON D.C. 20036-4922
Tel.: (1-202) 785 6323
Fax: (1-202) 785 0350
E-mail:
washington.contact@oecd.org
Internet: www.oecdwash.org
Toll free: (1-800) 456 6323

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