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Background

Employment in *central government* under the main General Employment Framework (GEF):¹

2009: 16 055 employees
2011: 16 045 employees

Total employment in the *general government sector* as a percentage of labour force (2010):[†]

19.6%

Central human resources management body:

Department of Public Administration and Public Service, along with other bodies.

Government production costs (2010)^{††}



Government centralisation (2008)^{††}

Data unavailable

Type of recruitment system (2010)



Legal Framework

GEF covers all employees:	No
GEF includes fixed-term contracts:	Yes
Private law applicable in public sector:	Partial

Employment in the public service in Estonia is governed by the Public Service Act, which separates employment into three groups: officials; support staff; and non-staff public servants. Non-staff public servants are further split into non-staff officials and non-staff employees. All officials are appointed or elected and fall under the regulation of the GEF, whereas support staff and non-staff employees are

hired under the general labour law. All non-staff public servants are employed under fixed-term contracts. Casual employment is allowed, but falls under general labour law. Some aspects of public service employment are regulated by private law, there are no guarantees in favour of life-long employment and, by law, the civil service is not granted the right to strike.

N/A = Not Applicable	Staff have the right:		Benefits, to which employees are entitled to, are:			Firing rules provide:	
	to unionise	to strike	Full funding of social security	Partial funding of social security	Some funding of pensions	Different guarantees about job protection / dismissal	Guarantees in favour of life-long employment
Public sector	Yes	No	N/A	Yes	Yes	Yes	No
Private sector	Yes	Yes	N/A	Yes	Yes	Yes	No

Composition of Employment

Central government employment (2011)¹

Total employment under GEF: 16 045 employees
Part-time employment: 747 employees

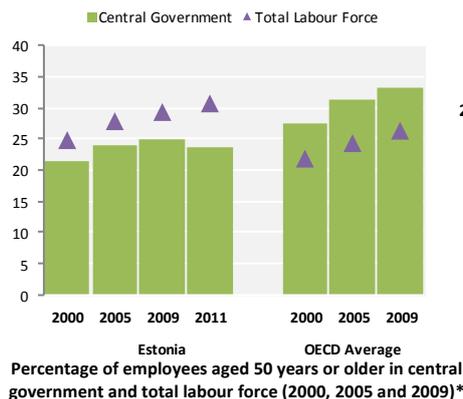
Gender in the public sector (2011)²

Female participation in central government workforce: 53.0%

Share of top positions who are women: 19.5%

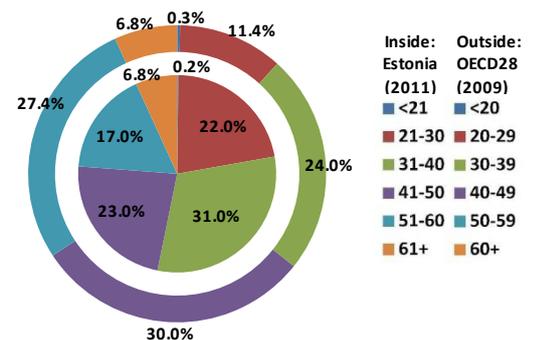
¹ Data are for core ministries and agencies of central/federal governments

² Data are for core ministries and agencies of central/federal governments, and police officers, judges and military staff.



Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*

Part-time employment accounts for a very small fraction of employment under the GEF. The age structure of the public service is relatively young, with 23.8% of central government employees aged 50 or older, well below the OECD average of . The trend for this group is consistent with that of the total labour market, although at a lower level. In



Age structure of central government

addition, staff aged 30 or below account for 22.2%, whereas the OECD average is 11.7% for staff aged below 30. Women account for 53.0% of central government employees, which is above the OECD average of 49.5%. On the other hand, women account for only 19.5% of top management positions.

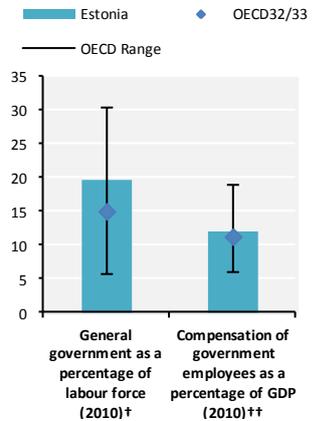
Public Sector Restructuring

Estonia is one of 27 OECD countries which reported an anticipated decrease in public employment levels as a result of planned reforms. Various measures to reduce the operational costs of the public service have been implemented, including restructuring of ministries and personnel cuts. There has been a 15.5% decrease in personnel costs since 2007, achieved through various measures, including reduction of training budget, staff cuts and implementation of part-time working hours. Dismissal due to restructuring is allowed, but reallocation possibilities must be offered beforehand and the employee receives a regulated allowance if dismissed. General government employment (excluding public corporations) as a percentage of the labour force, 19.6%, is above the OECD average of 15.1%. However, compensation of public employees as a percentage of GDP, 11.9%, is very close to the OECD average of 11.3%.

Anticipated reforms' effect on employment level: Decrease

Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:

- Hiring freeze / non replacement of retiring staff
- Change in retirement age



Organisation of HR Management

Decentralisation of HR Management

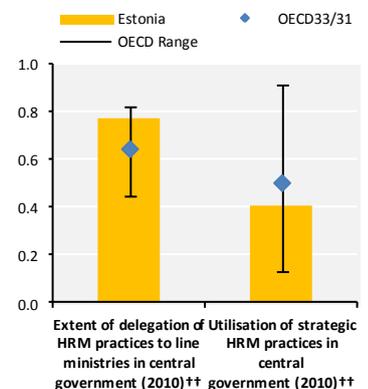
Central HRM unit:	Department of Public Administration and Public Service, along with other bodies.
Role:	Responsible for defining HR policy
Location:	Ministry of Finance
Responsibilities:	<ul style="list-style-type: none"> • Provide leadership and guidance • Design HR strategy • Provide advice on legal framework • Design the pay system • Transmit public service values • Define salary levels and benefits • Provide training
Personnel, budget and pay delegation:	<ul style="list-style-type: none"> • Pay systems, allocation of budget, bonuses and the distribution of posts are all managed by ministries.
Classification, recruitment and dismissal delegation:	<ul style="list-style-type: none"> • Career management, the post classification system, recruitment, contract duration and dismissal are all managed by ministries, with units/teams involved in the first issue.
Employment conditions delegation:	<ul style="list-style-type: none"> • The code of conduct is managed by ministries. • Working conditions, performance appraisal and equal opportunity issues are managed by ministries and units/teams.

Strategic HR Management

Existence of HRM accountability framework for managers:	No General Accountability Framework exists.
HRM targets feed performance assessments:	No
Regular HRM assessment of ministries and departments:	Yes
Top & middle management plan and report on:	Not applicable
Forward planning use:	Yes, with framework design left to discretion of different organizations.
Forward-planning horizon:	1 year
Key aspects explicitly considered in forward planning:	<ul style="list-style-type: none"> • New issues in policy delivery • Possibilities for outsourcing • Possibilities for relocating staff • Efficiency savings (for example, through e-government)

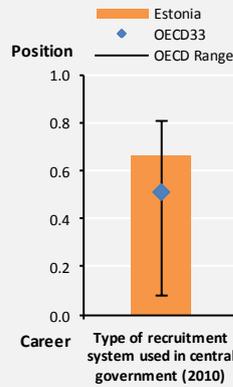
Estonia delegates HRM practices to line Ministries to a substantially higher extent than the average OECD country, and lies in the upper region of the range. The central HRM body has a fairly wide range of responsibilities, which are mostly focused on providing guidelines and the legal framework. The management of all issues regarding pay, recruitment, dismissal and employment conditions are delegated to ministries and units/teams. Overall, delegation has led to broadly comparable employment frameworks within ministries, but with significant differences across them. Estonia makes less use of strategic HRM practices

compared to the OECD average. No accountability framework for management exists and performance assessments do not consider HRM objectives. Regular assessment of ministries' HRM capacity is undertaken and management reports on the implementation of strategic planning annually. Forward planning is mandatory for ministries and agencies, and covers a range of issues over a one year horizon. The preparation of the field-based development plan has to be coordinated with the Government Office and Ministry of Finance, before the strategy is approved by the Government.

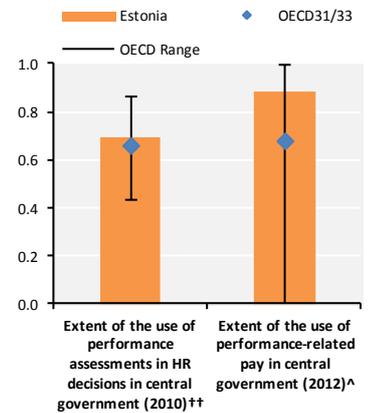


HR Management Practice

RECRUITMENT: Estonia uses a relatively position-based recruitment system which is decentralised. Entry into the public service is gained through direct application and interview for a specific post, with entry possible at all levels, including the highest. All vacancies are published and open to internal and external recruitment. Selection panels and external experts are used, and the HR department prepares a shortlist of candidates. There are no specific policies aimed at increasing the recruitment of under-represented groups.



PERFORMANCE: Estonia makes use of performance assessment in HR decisions to a similar extent as the average OECD country. Assessment is mandatory for almost all staff and takes the form of an annual meeting with, and feedback from, the immediate superior. A fair range of criteria is used, including activities undertaken, outputs, improvement of competencies and interpersonal skills. Assessment is of high importance to contract renewal and medium importance to career advancement and remuneration. In addition, Estonia uses more performance-related pay (PRP) than the average OECD country. PRP is used for most public employees, its application is managed by ministries and it typically takes the form of permanent pay increments. There is no regulated maximum level that PRP can take.



PAY SETTING: Generally base salary is through decentralised negotiation, but collective bargaining takes place in certain sectors (tax officials, rescue officials and others). Bonuses are set through decentralised negotiations only. Remuneration is not indexed to other variables and is revised annually. Job content is the most important determinant of base salary for management and professionals, whilst experience, qualifications, performance and the specific ministry factor for all staff. Seniority based pay is in use and the length of time spent in the public service influences a new employee's salary.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	●	●	●	●	●
Job content	●	●	●	●	●
Ministry	●	●	●	●	●
Performance	●	●	●	●	●
Age	○	○	○	○	○
Seniority in the position	●	●	●	●	○
Relevant experience	●	●	●	●	●

● Key importance ◐ Somewhat important ○ Not at all important

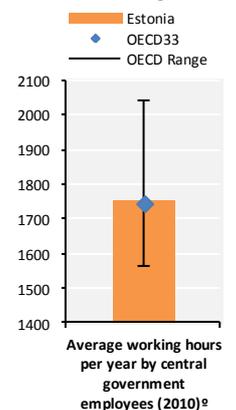
PROMOTIONS: Educational qualifications and performance appraisals are relevant determinants of promotion for all levels of staff, although performance is not relevant for technical support staff. Education levels may prove an informal restriction to promotion between hierarchical grade, in addition to other requirements specific to the post. There is systematic use of selection panels and there are no specific policies to advance the promotion of under-represented groups.

MOBILITY: Internal mobility has been increasing in Estonia, along with the publicity of available positions. External mobility is accepted but not promoted in any particular way, and staff on external posts risk losing pension rights and accumulated salary/benefits if they do not return to the public service.

TRAINING: A centralised, voluntary induction training programme is in place for entrants to the public service, as well as some organisation-specific programmes. Approximately 5.8% of entrants participated in the centralised programme in 2009, which lasts for three days for state officials and two days for local government officials. On average, public employees receive 3-5 days of training per year.

WORK CONDITIONS: The average yearly working hours in Estonia, 1 750 hours in 2010, is very close to the OECD average of 1 745 hours. A longer working week is offset by more annual leave and public holidays. Data are unavailable regarding the average number of sick days taken per employee. Annual paid sick leave with a medical certificate is limited and recommendations for preventative medical care are given for those who have high rates of absence.

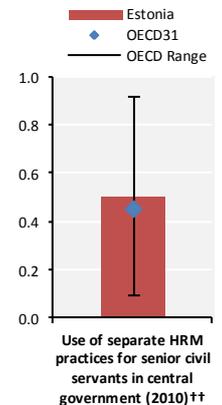
Number of regular working hours per week: 9	40
Average number of annual leave days per year: 9	25
Average number of bank (public) holidays per year: 9	12
Total number of hours worked per year: 9	1 750



Senior Management

Estonia uses separate HRM practices for senior civil servants (SCS) to an extent roughly similar to the average OECD country. SCS are considered a separate group and have a centrally defined skills profile; however, there are no policies to identify potential SCS early in their careers. They are recruited with a more centralised process and their contracts are shorter than for regular staff, with no guarantee of renewal. Appointments in the SCS are made through open

competitions and assessment centres are regularly used. The minister influences the appointment/dismissal of all management levels; the central HRM body influences those of secretaries general and deputies; and the ministry head and an independent body influence those of deputy secretaries general and directors general. All political advisors to the ministry's leadership turn over with a change in government; however, no other management positions do so.



Industrial Relations

Public service unions play a small formal role in industrial relations in Estonia and receive no public funding. Consultation with unions is voluntary regarding base salary, work conditions, the employment framework, the code of conduct and the introduction of new management tools, whereas unions typically play no role in negotiations of other HRM issues. Negotiation of bonuses is delegated

to departments, whilst those of the code of conduct and the introduction of new management tools are decentralised. Base salary, work conditions and the employment framework are all negotiated at the departmental level, whilst government restructuring is done centrally. All public employees are granted the right to unionise, but are denied the right to strike by law.

Reforms

Estonian Parliament passed a new Public Service Act in June 2012. The act will enter into force on April 1st 2013. According to the new act, the definition of state and local government officials will be changed – the positions responsible for support functions (personnel staff, accountants, IT-staff, etc.) will be regulated under the Employment

Contracts Act in the future. The new law abolishes the existing attestation system, establishes a new framework for remuneration, promotes mobility in the public service and brings about other amendments to modernise the public service.

Challenges

- Implementation of a new Anti-Corruption Act that will extend the categories of public service and public sector employees to whom the new requirements will apply.
- Implementation of a shared support service project on financial accounting; personnel records and wage calculation systems will be transferred to a common software.
- Implementation of the new Public Service Act, including classification of public service posts into the groups of public officials and employees; also classification of public service posts into job families.
- Systematic development of middle managers to enhance their professional skills.

Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.

* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.

° OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

° OECD (2011), *Public Governance Reviews – Estonia*, OECD Publishing, Paris

Further Reading

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