

**PUBLIC EMPLOYMENT AND MANAGEMENT NETWORK
4 APRIL 2014 -- MEETING HIGHLIGHTS**

OECD- member countries are emerging from the economic turmoil sparked by the 2008 global financial crisis. Many are turning their attention to balancing remaining budgetary constraints with the need to begin reinvesting in their core workforces.

In this context, over 40 officials from 21 member countries and 3 non-member countries (Costa Rica, the Dominican Republic and UAE) attended the Network on Public Employment and Management (PEM) annual meeting on 4 April to share experiences and discuss approaches to HRM and the work ahead for the PEM secretariat.

Participants discussed:

- The policy **implications of the crisis** and its impact on public sector management and employment policies
- The nature of today's changing challenges for **public sector leadership**
- Results of the 2012 **Compensation Survey** and approaches to strengthening its methodology
- HRM in **Latin America**, including highlights from the first Latin American and Caribbean Government at a Glance publication and the Dominican Republic HRM review
- **Future priorities**, including OPSI, PWB for 2015-16 and associated data collection

The financial crisis caused reforms by exposing systemic weaknesses in public sector institutions while simultaneously limiting the capacity to achieve ambitious reforms. For employees, there are indications that measures taken have resulted in higher workloads and uncertainty, and lower motivation and commitment. This raises the question of whether it is possible to have austerity, efficiency, motivation and innovation all at the same time. A number of countries have responded to these challenges by increasing emphasis on results orientation, career system development, performance management and non-monetary incentives. Skills and training are central to various national strategies, which may be a sign that countries are beginning to reverse cuts to training - an area often cut first in times of fiscal consolidation.

Skills and training apply to the whole workforce, including senior leaders who navigate their organisations through rapidly shifting landscapes. Many of the problems faced by public sector organisations are both new and complex, demanding *leadership* flexibility to innovate, while also increasing perceived risk and lowering levels of trust. This is shifting emphasis from technical to softer skill sets. Leaders need to take an entrepreneurial mind set to problem-solving, emphasising communication, negotiation and engagement instead of autocratic command and control management. Austerity measures add extra challenges, as do generational shifts, particularly in countries where the older generations of public employees were part of a different economic and organisational paradigm. In some countries, we observe the emergence of separate senior civil service to institutionalise support for leadership skill development.

One consideration for public sector organisations is whether compensation is adequate to compete with the private sector for leadership talent. Overall, compensation is very different amongst countries and different categories of staff. Moreover, it is difficult to say whether public compensation is either higher or lower than in the private sector. The OECD *compensation survey* indicates that some countries may experience challenges competing with private sector compensation and there may be scope for further development of the methodology to more accurately compare compensation across the sectors.

Many of the challenges highlighted above are also reflected in *Latin America*, where public employment makes up, on average, less of the overall workforce than in most OECD countries, but faces substantial challenges in the level of services required. The assessments and recommendations of the OECD HRM review of the Dominican Republic was supported by many of the delegates who related to many of the challenges discussed and underscored the commonalities in developing strategic HRM functions regardless of location and overall level of development of a given country.

To complete 2014 work, participants are asked to send case studies, examples and practices on leadership needs and to respond to the survey on the impact of the crisis.

For the period of 2015-16, the Secretariat will continue to support the PEM work across three main themes: 1) a focus on skills needs for public sector employees – what are they and how to get them?; 2) a revision of the strategic HRM survey to determine workforce composition and structure for the future; and 3) research to develop the empirical link between a) HRM practices and policies, *and* b) public sector innovation and organisational performance.