

**PUBLIC SECTOR – AN EMPLOYER OF CHOICE?  
REPORT ON THE COMPETITIVE PUBLIC EMPLOYER PROJECT  
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1. On secondment to the OECD Public Management Service.

## **FOREWORD**

This report is based on the Expert Meeting on the Competitive Public Employer Project, held in Paris on 5 – 6 April 2001. The meeting included presentations of country-specific case studies, prepared by experts of the participating OECD Member countries. The purpose of the project was to support the efforts of governments to enhance the competitiveness of public employment in the labour market and to improve professionalism in the public service. The selected case studies of the project are published as separate chapters of this report.

The report was prepared by Kirsi Äijälä of the OECD Public Management Service who would like to thank the OECD countries that participated in the project and especially the authors of the case studies.

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## 1. Introduction

This report summarises the material presented at the PUMA's expert meeting on the Competitive Public Employer in 2001. It provides an overview of 11 selected Member countries' work in the area of enhancing the competitiveness of public employers and solving critical skill shortages. This synthesis is based on 11 country reports, an expert meeting, country answers on main points of competitive public employer strategies and PUMA's Public Sector Pay and Employment database. Country reports are included as separate chapters in the report.

The purpose of the project is to support the efforts of governments to enhance the competitiveness of public employment in the labour market and to improve professionalism in the public service. The aim is to raise awareness of this issue and to help Member countries to deal with it.

### Box 1. The project on Competitive Public Employer

The Competitive Public Employer project was discussed, and its importance to OECD work confirmed, at the Human Resources Management Working Party meeting in June 2000. It was subsequently launched in February 2001 with a call for country reports on the subject. The project contributes to PUMA's work on Enhancing Public Sector Capacity.

An expert meeting was held at OECD Headquarters, Paris, on 5-6 April 2001, with representatives from 18 OECD Member countries. Country reports were presented by Austria, Canada, Denmark, Germany, Korea, Italy, Norway, Poland, and Sweden. In addition, country studies were provided by Portugal and Spain. Other countries participating in this conference included Belgium, Finland, France, Hungary, Iceland, Luxembourg, Mexico and Switzerland. Professor Patricia W. Ingraham from Syracuse University, United States, participated in this meeting as a commentator.

## 2. Why a Competitive Public Employer project?

In the next 10 years, many OECD Member countries will be forced to hire a remarkable number of new employees to replace current employees as they reach retirement age. Restructuring of government functions, privatisation and cuts in personnel spending have, in many countries, already led to decreased numbers of public employees. However, while the number of public employees is not increasing, a special challenge for the public sector will be how to attract well-educated personnel. Figure 1 below illustrates the employee situation in Member countries.

Figure 1. Ratio of entrants and leavers (1990-1999)

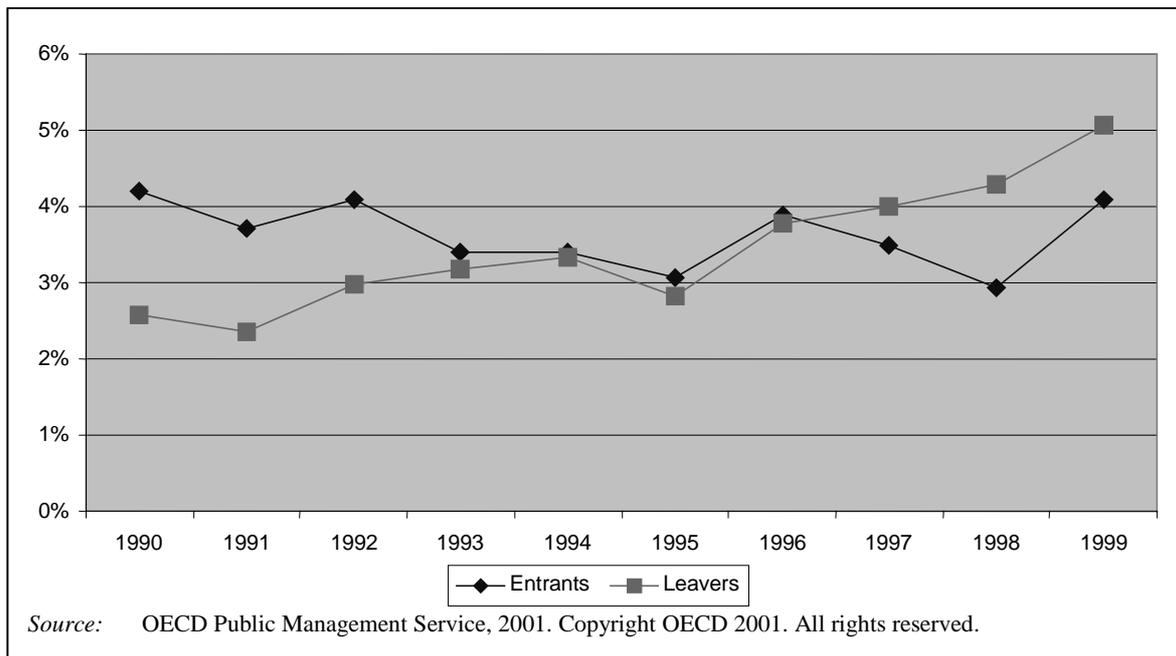


Figure 1 shows the trends in annual ratio of entrants to leavers over total public employment in the 1990s. The ratio for each year calculated is the arithmetic mean of the ratios of surveyed countries.<sup>2</sup> This indicator is designed to provide cross-country trends of turnover rate of public employment rather than weighted for the OECD as a whole. The ratio of leavers across these countries has been increasing for the past 10 years. Structural changes like downsizing and privatisation of public sector functions have affected this trend. The ratio of entrants to the public sector has been relatively stable for the same period. From 1996, the number of leavers has been greater than the number of entrants. This trend will raise issues for the competitiveness of the public sector as an employer.

Most OECD Member countries are currently searching for strategies and policies on how to retain and enhance the professional quality of their public service. If governments do not succeed in enhancing the competitiveness of the public employer in the labour market, the possibilities of recruiting highly qualified personnel to public organisations will diminish dramatically. Additionally, the risk of an increasing outflow from the strategic tasks of the public service to more attractive private employment is a threat to the public sector. These trends present real challenges for governments in the future.

The starting point for the project on Competitive Public Employer was the PUMA Human Resource Management Working (HRM) Party meeting in July 2000. Prior to that meeting, the Secretariat collected data regarding OECD Member country strategies to enhance the competitiveness of the public employer and to cope with critical skills shortage. The results of the survey are shown in Box 2.

2. Ten selected OECD Member countries have been used for the calculations.

**Box.2 OECD Member country strategies to enhance the competitiveness of the public employer (2000)**

<u>Australia</u>	<ul style="list-style-type: none"><li>• Flexible salary scales.</li><li>• Improved performance and human resource management.</li><li>• Implementation of reforms including legislated Values and Code of Conduct.</li><li>• Enhanced attention to training and development.</li></ul>
<u>Austria</u>	<ul style="list-style-type: none"><li>• Adjust pay system to private sector including performance-oriented components.</li><li>• Flexible working time.</li><li>• Being the best in personnel development.</li></ul>
<u>Belgium</u>	<ul style="list-style-type: none"><li>• New pay systems.</li><li>• The global reform programme Copernic which is based on three axes:<ul style="list-style-type: none"><li>–structural change;</li><li>–organisational development;</li><li>–HRM policies.</li></ul></li></ul>
<u>Canada</u>	<ul style="list-style-type: none"><li>• New pay systems: pay increases at the senior level, at-risk pay.</li><li>• Developing personnel management systems.</li></ul>
<u>Denmark</u>	<ul style="list-style-type: none"><li>• Competence development.</li><li>• Surveying motivational factors.</li></ul>
<u>Finland</u>	<ul style="list-style-type: none"><li>• New personnel strategy for the state.</li><li>• Monitoring and evaluating competitiveness and image.</li><li>• Adopting new pay systems.</li></ul>
<u>Germany</u>	<ul style="list-style-type: none"><li>• Creating incentives other than salary.</li><li>• Flexible salary scale.</li></ul>
<u>Hungary</u>	<ul style="list-style-type: none"><li>• Career programme.</li><li>• New pay system and performance-based pay.</li></ul>
<u>Iceland</u>	<ul style="list-style-type: none"><li>• New pay systems (decentralisation, flexibility, less automation).</li></ul>
<u>Ireland</u>	<ul style="list-style-type: none"><li>• Promote unique selling points of public service (working hours, etc).</li><li>• Ensure effective induction and socialisation.</li><li>• Geographical placement.</li><li>• Provide training and development opportunities.</li></ul>
<u>Italy</u>	<ul style="list-style-type: none"><li>• Effective use of IT – training programme for all employees.</li></ul>
<u>Japan</u>	<ul style="list-style-type: none"><li>• Personnel exchange.</li><li>• Efficient business management methods.</li></ul>
<u>Korea</u>	<ul style="list-style-type: none"><li>• Open position (OPS) recruitment system for senior level.</li><li>• Mobility between sectors for fixed terms (from public to private).</li></ul>
<u>Mexico</u>	<ul style="list-style-type: none"><li>• Salary restructuring.</li></ul>

<u>New Zealand</u>	<ul style="list-style-type: none"> <li>• Improving the image of the public service.</li> <li>• Research on how to make public service an employer of choice.</li> <li>• Enhancing electronic recruitment.</li> </ul>
<u>Norway</u>	<ul style="list-style-type: none"> <li>• Improving image.</li> <li>• Emphasising factors other than pay: flexibility, distance work, interesting tasks, competence building.</li> <li>• Increasing the share of women at top level.</li> <li>• Full use of immigrant capacity – recruiting ethnic minorities, etc.</li> <li>• Senior programme.</li> <li>• Finding ways to prolong working career.</li> </ul>
<u>Poland</u>	<ul style="list-style-type: none"> <li>• New, open recruitment system: publishing vacancy posts, open competition.</li> <li>• Improve the attractiveness of public employer through: <ul style="list-style-type: none"> <li>–pay systems: bonuses based on years in service, awards for achievements;</li> <li>–training: improve vocational qualifications (quality and professionalism);</li> <li>–terms of employment: shorter working hours;</li> <li>–code of conduct.</li> </ul> </li> </ul>
<u>Portugal</u>	<ul style="list-style-type: none"> <li>• Improving the recruitment and selection system by creating a pool and a specialised central body.</li> <li>• Optimising available resources (re-qualification through training, training of senior staff, IT).</li> <li>• Streamlining the pay and career system, by encouraging merit acknowledgement mechanisms.</li> </ul>
<u>Spain</u>	<ul style="list-style-type: none"> <li>• Training (evaluation of the impact).</li> <li>• Priorities: new technologies, human resource management, information and communication, rules of administrative procedure.</li> </ul>
<u>Sweden</u>	<ul style="list-style-type: none"> <li>• Model IT user.</li> <li>• Induction training.</li> <li>• Staff training.</li> <li>• Image: Spreading examples of good professional work.</li> </ul>
<u>Switzerland</u>	<ul style="list-style-type: none"> <li>• New pay systems (performance based).</li> <li>• Senior programme.</li> <li>• Mobility between public and private sectors.</li> <li>• Continuous learning.</li> </ul>

Because the generation entering the labour force is smaller than the generation retiring, the workforce is more competitive than in the past. This applies to both national and international labour markets. Some countries are undertaking campaigns to attract and entice employees; for example, health care personnel or teachers, to move from one country to another. The incentives usually include higher salaries and better terms of employment than those offered in the domestic country.

This report focuses on enhancing the competitiveness of the public sector in relation to the private sector as well as the methods employed by Member governments to solve critical skills problem. Although it is an important and growing trend, this report will not examine labour market competition between countries.

### 3. Problems or challenges faced by the public employer with respect to competitiveness

Problems and challenges faced by OECD Member countries, as identified in the country reports, can be divided into the following categories: Problems (1) recruiting and/or (2) retaining qualified personnel either at present or likely to appear in a few years' time; and (3) of critical skills shortage or risk of lagging professionalism.

Table 1. Problems identified at present or in the future

Country	Recruitment		Retention		Critical skills shortage
	Now	In a few years	Now	In a few years	
Austria		✓			
Canada	✓		✓		✓
Denmark	✓				
Finland	✓				
Germany		✓			
Italy					✓
Korea					✓
Norway		✓		✓	
Poland					✓
Portugal					✓
Spain				✓	✓
Sweden	✓		✓		

#### 3.1. Current problems in recruiting and/or retention

A few countries have already reported difficulties recruiting qualified personnel. Other countries however, maintain that recruiting is easier than retaining personnel with two to four years' experience, particularly in the 20–34 age group. The problem of retaining staff applies particularly to young graduates, who demonstrate a high turnover rate. Key questions for governments are:

- How to improve the attractiveness of public sector organisations as employers for young, talented and competent people.
- How to improve human resource systems and working conditions so as to make working in a public organisation more favourable.

The problems of recruitment and retention most often concern specialists. The labour market supply of specialists is generally much smaller than the demand. The private sector, as well as the public sector, is confronted by a lack of competent people. The contest for experts therefore, more so than in other professional cases, is often settled in favour of the employer who is willing to pay more.

There have been reported shortages of the following groups of professionals:

- IT specialists (Australia, Germany, Norway, Portugal, Sweden);
- other technical staff (Norway, Sweden);
- control staff: for example, tax control and engineers (Norway);
- research and training staff (Sweden);
- auditors and economists (Sweden);
- officials in tax and finance (Switzerland);
- top management level and/or high quality professionals (Canada, Portugal);
- lawyers (Australia).

In general, outflow from strategic tasks to the private sector does not seem to be a critical problem in Member countries. However, signs of this kind of risk can be seen in a few vulnerable areas, for example air force pilots, and high-level civil servants competent in banking or multinational business affairs. Reasons for outflow are usually related to wages.

### **3.2. *Problems will appear in a few years' time***

As some countries are still reducing staff in the public sector, they have not yet confronted difficulties in recruiting or retaining qualified personnel. However, they already recognise that problems will arise within the next five years due to demographic changes and the fact that labour market demand will outstrip potential supply. These countries are seeking strategies to manage this future situation. However, they are already experiencing difficulties recruiting specialised staff. Key questions are:

- How to reduce staff in sectors that are stagnating or diminishing in importance and at the same time increase staff in public sectors that are growing in importance. How can **mobility** be achieved from the diminishing areas to the expanding areas? How can we create a **positive image** of working in, for example, the health care sector?
- How to deal with challenges of **retraining and developing personnel** for new jobs.

Some countries have not reported problems in recruiting or retaining staff although they may still experience problems recruiting specialised staff. This may be due to a package of factors including differing demographic trends or perhaps to the status and/or prestige accorded to civil servants in these countries. Exact reasons for this trend cannot be identified from the country reports.

The number of applicants per advertised post is commonly used as an indicator of recruitment levels. In some countries, such as Germany, Korea, Poland, the number of applicants has not decreased in recent years. In other countries (e.g. Spain), a drop of 15–25% can be seen, depending on the level of the post, while the total number of posts advertised has remained the same or higher than in previous years (1998–1997). In Spain, the largest drop of applicants has occurred in senior posts.

Statistics concerning the number of applicants are not comprehensive enough to determine whether these drops are temporary or permanent, or whether they reflect reduced attractiveness of the public sector. However, constant monitoring of the situation will help to distinguish trends.

### 3.3. *Critical skills shortage*

Another problem is shortage of critical skills, identified both in those countries with and without problems in recruiting and retaining personnel. That is to say, some Member countries are faced with critical skills shortages even though they are not experiencing difficulties in recruitment or retention.

Countries have concurred that in order to fulfil their tasks properly and in a high quality manner, they must focus on *training current personnel, recruiting professionals from the private sector and promoting high standards of leadership*. This has been the focus mainly of those countries that have not yet experienced problems in recruitment and/or retention. However other countries have also seen competent civil servants move from the public to the private sector. One reason for this may be the recent restructuring and downsizing of the public administration which has, in some countries, resulted in the loss of many talented executives and civil servants.

To deal with critical skills shortages, Member countries have reported a variety of approaches which will be discussed later in the report.

#### Box 3. **Loss of high calibre executives in Canada**

Canada confronted difficulties in providing the public service with high calibre executives in the era of a freeze on public service wages and significant cuts to personnel. The effect on the executive cadre was serious and by 1997, there was a critical need to take action. Departure programmes introduced during the time of downsizing had resulted in the loss of many talented executives. Close to 70% of the remaining executive population was eligible to retire within 10 years. Six years of a salary freeze had resulted in significant compensation disparities with the private sector and within the broader public sector (e.g. universities, hospitals and other levels of government). Performance expectations were increasing while morale was judged to be at an all-time low.

Some questions may be raised in this context, such as how do we know what skills will be needed in the future? Will universities produce graduates with the competencies demanded by the public sector? Some kind of co-operation with universities was esteemed useful in order to predict and plan future tendencies in the public sector. The question of ability to build a strategic capacity to anticipate workforce needs was also raised at the meeting.

### 3.4. *Reasons underlying the identified problems*

- **Demographic development:** Demographic change is the most frequently cited problem because a large proportion of central government employees will retire in the next five to 15 years. Besides the shrinking number of employees entering the labour market, another consequence of demographic development may be an immense outflow of knowledge and experience over a short period of time. Recruiting specialists, especially for IT tasks, is a particular problem. Continuing change in the public sector also creates a need for new knowledge and competencies.

Figure 2 provides a picture of the situation in Member countries (sorted by rank age group of 40-49).

Figure 2. **Employment ratio by age group in central (or federal) government**

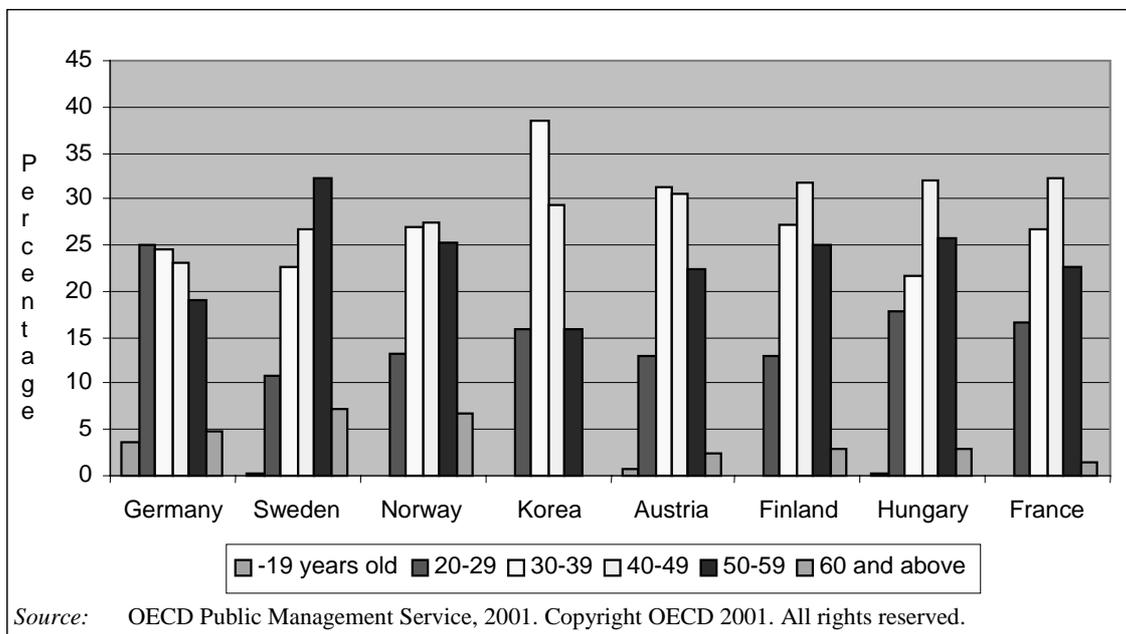


Figure 2 shows employment ratios by age group in the central (or federal) government for the most recent year available. For the age groups of 20s and 30s in Germany and Norway, employment is evenly distributed with no specific age group exceeding 30% of total employment. In Korea, the 30s are the most dominant age group, accounting for about 40% of employees. In Sweden, Norway, Finland and Hungary, more than a quarter of central administration employees are 50 years or older. There are a number of factors which contribute to this for the countries covered:

- **Lower level of wages** compared to the private sector. When competing for new staff, especially young graduates, salaries are important. In some countries this problem only concerns specialised staff (*e.g.* IT personnel). Wages have proven to be a crucial factor in the retention of staff, especially after two to four years of service. The salary level is not the only critical issue. There is also the possibility of influencing one's own salary by performance. Pay systems are being developed which include elements based on individual/team performance or results. Surveys show that performance-based salary systems are attractive to young people.
- **The image of the public sector** is not very positive, clear or stimulating. Although there are exceptions among Member countries, young people do not rate public employment very highly. The public sector is deemed dull, bureaucratic, old fashioned and the prestige of civil service low. In addition, citizens' trust in government has decreased, negatively influencing the image of government.
- **Slow advancement** including the fact that seniority is more important than merit. A common belief is that it is impossible to advance by promotion and that there is a fixed order, independent of performance. There is a weak tradition of recognising individual merits of employees.

- **Public sector is not reaching students and graduates** in the way that most commercial companies do. This applies to marketing vacancy posts, use of electronic recruitment as well as, for example, increasing knowledge about public organisations. The methods used to attract students are often more passive than active.
- **Changes in employee attitudes and values toward work.** Individual employees' demand, to a much greater extent than before, conditions tailored for the individual. This applies to job content, opportunities for development, career opportunities, work scheduling and salaries. A challenge for government organisations is to create workplaces that meet the preferences of both the organisation and the employees.
- **Career paths are unclear and career planning is insufficient.** To make career path opportunities clearer, strategic actions are needed at several stages. Recruitment situations give employers the opportunity to explain career prospects. Questions include how to incorporate career planning in regular performance and career discussions and how to create pay and other HRM systems that promote both kind of careers: one leading to leadership positions and one leading to expert positions. Increasing mobility is closely related to this issue.
- **Staff development** will be an increasingly important competitive factor. The public sector is challenged to use knowledge management to ensure that everyday development is kept at a competitive level and that public organisations are at the forefront of knowledge enterprises.

#### 4. What strategies have been adopted?

##### *Vision: Public service as an employer of choice*

In many countries, programmes for the renewal of the public sector have been launched. The objectives are to increase *efficiency, effectiveness and flexibility* as well as to *improve quality* in the public sector according to the needs of the national economy and the growing expectations of citizens. Some countries have expressed visions of becoming **an employer of choice**, or **an ideal employer** or, in order to be particularly attractive to young people, **a model IT user**. These are considered key factors in competing for young and well-trained labour, as well as in retaining staff and preventing outflow to the private sector. Governments are searching for answers to the following questions:

- What are the elements of being an ideal public employer?
- What are the best ways of improving the image of the public sector in Member countries? Do young people and other potential employees really know what the public sector is doing and how?
- How can the public sector recognise the competitive factors that make it attractive as an employer and how can these be measured?

Areas currently worked upon by OECD Member countries are listed below under four main headings:

- enhancing trust in government and improving the image of the public sector;
- reforming HRM systems;
- creating better working conditions;
- improving professionalism in the public service.

These areas cover not only human resource management but also a wider range of public management issues. Commonly, countries have adopted and started to implement strategies in order to deal with the present and future situation. Although the stage of implementation varies among countries, most strategies presented are very new and practical actions in their infancy.

#### **4.1. *Enhancing trust in government and improving the image of the public sector***

According to some countries, the image of individual agencies is more positive than the image of the public service as a whole. Public evaluations and surveys illustrate that citizens have a greater knowledge of staff in service delivery or in visible public works such as the police, armed forces, or tax offices, etc. These functions are often ranked higher than the invisible administrative public service in general.

#### ***Conducting surveys***

Some countries, such as Denmark and Norway conducted surveys in order to help determine problems and possible solutions. Surveys are a good way to obtain information regarding both positive and negative factors that may influence the public sector's attractiveness as an employer. Surveying the image of public sector or individual organisations is a practical tool that can be targeted to citizens in general but also to specific groups such as current employees in both public and private sectors and young people. In Spring 2000, the Danish State Employer's Authority carried out comprehensive research on what it is that motivates central government sector employees and what their expectations are with regard to work and the workplace. This research contributes to the endeavour of setting a framework for superior human resources development. Motivation was deemed an important research factor because motivated employees are instrumental in creating an attractive workplace, which is crucial in the future for successful recruitment, development and retention of human resources.

#### **Box 4. Denmark: Surveys on motivational factors**

Three Danish surveys on motivation have been aimed at providing added insight and knowledge of the relationship between employee and organisation, with a particular focus on employee motivation. The lessons learned on motivational aspects should help government institutions create better working conditions for their employees. They will also create a better motivational climate in central government institutions, which will increase recruitment and retention. To ensure that the State Employer's Authority would provide as detailed a picture of the motivational situation as possible, three types of surveys were carried out in Denmark. The questions concerned motivational factors and expectations. They covered employees in central government institutions, in the private sector and among young people, a total of 14 000 persons. According to the results, the most important motivational factors among all types of employees were:

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

The major reasons cited for staying in the current job were:

- satisfaction with job content;
- a positive and co-operative relationship with colleagues; and
- influence on work planning.

Those individuals thinking of changing workplaces

- expressed the need for a higher salary; or
- complained of unsatisfactory leadership; or
- too few possibilities for development.

According to the Norwegian survey in 1998, 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.

Some countries have established independent external *committees* to ensure objective research and impartial recommendations. They have been used to analyse a variety of topics, from benchmarking of pay levels between the public and private sector to broader issues such as building a long-term human resources strategy. Positive experiences have been achieved in Canada, where advisory committees comprise individuals from the private, academic and broader public sectors.

### ***Improving the image of the public sector***

Most countries are concerned about the deteriorating image of the public sector as an employer and the loss of prestige of public employees. The reasons for this development have not yet been investigated. However, the solutions for improving image may be related to public service effectiveness; *i.e.* quality of service, transparency, integrity and ethics, leadership, knowledge management, working conditions, interesting tasks, and finally, salary. Thus, there are two points of view to consider, that of the employee – potential or current – and that of the citizen.

- Is the image of the public sector better in countries that do not experience difficulties in recruiting or retaining staff? Why are civil servants appreciated by the public in some countries and not in others?
- How can the public sector image be evaluated?
- What methods can be used to improve the image of the public sector? What are the most successful methods?
- The country reports and delegates agreed that image is a crucial factor in the battle against loss of competitiveness of the public employer. What can be done to improve the image of the public employer so as to make becoming a public servant an attractive choice and opportunity?

**Building a more positive image** may include some of the actions listed below:

- improve the understanding of public authorities, for example by launching programmes and publishing brochures with information to citizens about their rights;
- design a communication strategy to present a more positive view of the public sector;
- focus more attention on the work of individual agencies rather than the public service in general;
- make public service and individual employers known to potential employees;
- highlight the positive factors of public employment (working for common good, etc.);
- improve the quality of performance and make it known to citizens;

- renew and modernise HRM systems, aiming to find positive points that are unique in the public sector;
- monitor and frequently evaluate the image among citizens and potential job seekers.

In addition, launching a competition for the friendliest agency of the year and adopting an annual civil service day are used for the same purpose.

Weakened citizen trust in government is affecting the public sector image. The following expression from the Swedish case study describes a goal shared by many countries:

*The state should enjoy full public confidence by affording favourable conditions for employment and growth and being successful and respected abroad.*

**Raising standards of ethics and integrity** is fundamental to governments providing a trustworthy and effective framework for the economic and social lives of their citizens. The institutions and mechanisms for promoting integrity are considered more and more as basic components of good governance. This area is closely connected to the image of the public sector and thus to the competitiveness of the public employer as well. Success in giving potential employees – and citizens – a true picture of an administration with corporate values, high standards of ethics and integrity can have an influence on the attractiveness and competitiveness of the organisation. Some countries have prepared or are developing a Code of Conduct.

**Box 5. Enhancing high standards of ethics in Sweden and Poland**

In the Swedish Action Programme, the demand for sound ethics is stated as follows: “public administration needs employees with ample knowledge of the field, good communication skills, integrity, sound judgement and an ethical approach that inspires respect.”

In Poland, building the ethos of the civil service is centred upon the need to increase the quality of the output delivered by the governmental administration, as well as the satisfaction of customers and of civil servants. One of several programmes that have been established is the development of a professional code of conduct for the civil service. An ethics commission prepared a draft code of conduct. The draft was then submitted for consultation within the civil service community and to other opinion-making public organisations such as the media, scientific community, academic youth, etc.

**Evaluation and monitoring systems**

- How can the adopted strategies be monitored and evaluated for success?
- What indicators measure the rate of competitiveness of the public employer?

There is a need to develop indicators that would make it possible to compare the competitiveness of the public employer across Member countries. Comparative indicators will become more and more useful in the coming years.

At present, many programmes are underway and processes will be evaluated in 2002 or later. Monitoring and evaluation processes used today assist in mapping directions for the future. For example, the continuing evaluation of the image of the public employer will give a clear picture of its development over time.

#### Box 6. Evaluation and monitoring in Poland

In Poland, the fundamental assumption is that all strategies and programmes will be subject to evaluation and monitoring of their results.

Hence, in the area of recruitment and selection, the following actions are planned:

- constant monitoring of vacancies against incoming applications;
- comparative studies concerning employment of candidates with a special focus on prevention of biases with respect to gender, age, and similar negative attitudes;
- fine-tuning of the recruitment monitoring and evaluation tools;
- evaluating competition for high-level positions within the Civil Service Corps.

With respect to the process and the results of the transformation, plans are underway to:

- constantly monitor the process and results of the transformation through opinion polls amongst junior staff and management in individual offices;
- build and improve the reporting system;
- hold periodic (twice a year) public opinion polls carried out by independent professional research companies.

#### 4.2. Reforming Human Resource Management (HRM) systems

The main target group in this area is current employees, as reforms to HRM systems can be used to retain staff. However, good career development systems and equal opportunities can help public organisations attract new staff as well.

##### *Development of management and leadership*

According to the Danish research on motivation, 43% of those who had considered or decided to change their job stated that the reason why was poor leadership.

Leadership is a critical component of good governance. Good leadership is needed to develop government institutions. Leadership is also the subject of research in the OECD. The current question is: *How to develop and increase the number of public officials who can draw others into a strong spirit of public service geared to the needs of contemporary society, and thereby make their services to government and to citizens more effective?*<sup>3</sup> A new kind of leadership is being adopted, which is characterised by co-operation, open communication and recognition. As leaders function as role models for their staff, high demands are placed on their performance.

Many national strategies and policies aim to strengthen the professionalism and leadership in the public sector. Actions in this area concern, on the one hand, recruitment of leaders and senior civil servants and, on the other hand, leadership training. Careful recruitment processes are important to ensure that appointed leaders have the required skills and competencies, especially leadership skills, when criteria other than seniority are emphasised in the appointment process.

Managerial and leadership skills are, in many countries, emphasised in the training of senior civil servants. Denmark, for example, will put increased focus on identifying and training potential leaders. Current training programmes that incorporate mentoring, coaching and networking elements will be developed.

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3. "Developing Leadership into the 21<sup>st</sup> Century", OECD, 2001, p. 12.

### ***Career development and career planning***

Career development in the public sector is traditionally based on seniority in many countries. However, the trend is moving towards appointments with increased emphasis on merit and skills. One way to improve and retain the motivation of younger staff could be through the development of a promotion policy. An opportunity to be given more challenging tasks and to be promoted by one's own achievements may play an important role in recruitment and retention.

#### **Box 7. Career development plan in Germany**

In Germany, the plan includes making career structures more flexible. Additionally, it includes undertaking targeted staff promotion through a wide variety of staff development programmes: regular career and promotion talks, promotion and development planning, differentiated assessments, promotion of women, gender mainstreaming and targeted further training and qualification.

#### **Box 8. Changing careers and remuneration of IT specialists in Portugal**

Portugal has adopted a special strategy for IT specialists. A common problem: Young specialists choose the private sector, as they are attracted by the economic and financial benefits granted by private companies. This despite the employment stability, less stressful work rate, shorter working schedule and public administration initiatives to reconcile professional and family life, offered by the public sector.

The new strategy is aimed at changing careers and remuneration. This legislative initiative envisages the restructuring of careers to adjust them to IT and communication systems within the context of the public organisation order to make careers in the civil service more attractive by making it easier to climb the career ladder. In addition, those holding different academic qualifications may apply for these posts.

### ***Increasing mobility***

The mobility of employees, between the private and public sectors, within the public sector, and internationally helps to develop personnel and to increase organisational competencies. This sort of mobility can also play an important role in motivating employees by offering interesting career prospects. Thus, mobility is often deemed an attraction that can be used in marketing the profile of the public employer.

In some countries there is a real need to transfer staff from diminishing sectors to growing ones and to retrain staff with new skills. This situation highlights the need for good systems for re-training and geographical placement of current employees.

Mobility from the public to the private sector is common, but the challenge is to increase movement from the private sector to the public sector. It is, however, difficult to attract highly educated staff and managers from the private sector due to its higher remuneration levels. Some countries, such as Japan and Korea, have created systems allowing civil servants to take leave of absence in order to work outside the public sector for a fixed term.

### *Promoting equal opportunities between genders in public organisations*

Promoting equal opportunity in public organisations is one of the basic components of good governance. This means gender equality as well as ensuring equal opportunities to all employees regardless of ethnic origin, age, religion, etc. According to PUMA's survey on gender equality (1999), almost all countries have put in place measures to ensure equal access to the labour market in general. Public sector employment by gender ratio in some Member countries can be seen below in Figure 3.

Figure 3. **Public Sector Employment by Gender Ratio, 1999**

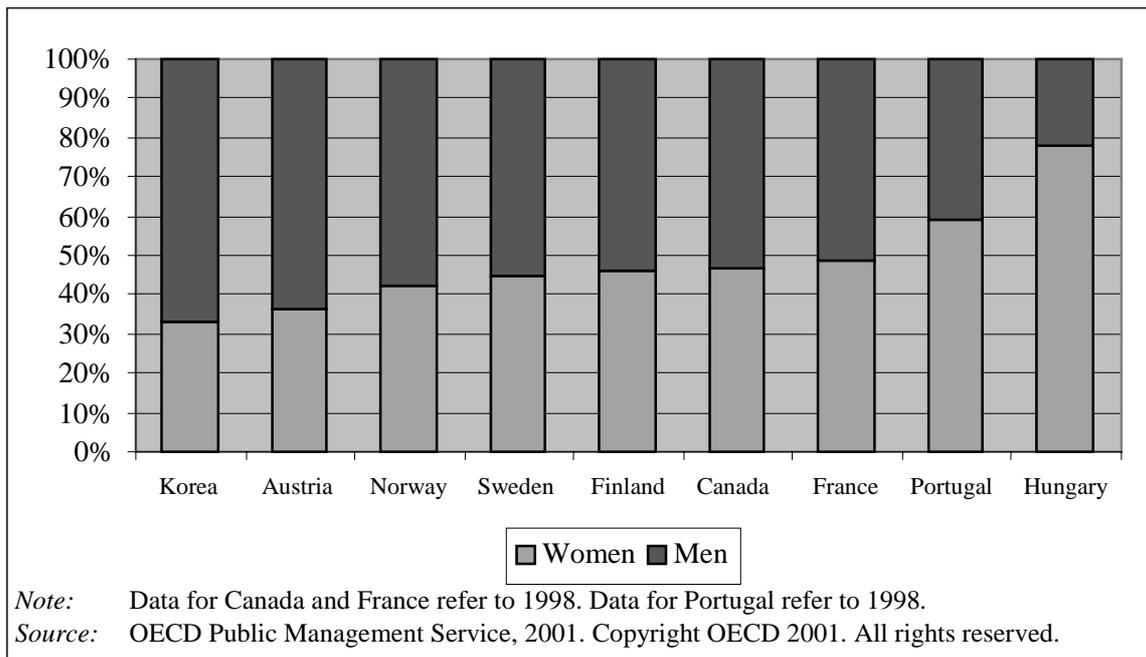


Figure 3 shows that in most countries participating in the competitive public employer project, women employees count for between 30 and 50% while in Portugal and Hungary, women employees represent over 50 %.

In the competitive public employer project, there is a particular call for strategies to employ the minority gender (men or women) in tasks or organisations mainly occupied by the other. How can this be done? Actions are being carried out on different levels – through legislative change and strategic action. For example, the following issues have been raised:

- policies to implement equality for women and men and eliminate existing disadvantages: *e.g.* improve women's chances in the labour market, create greater salary and income equivalence between women and men;
- increasing the number of women at the top level of the civil service.

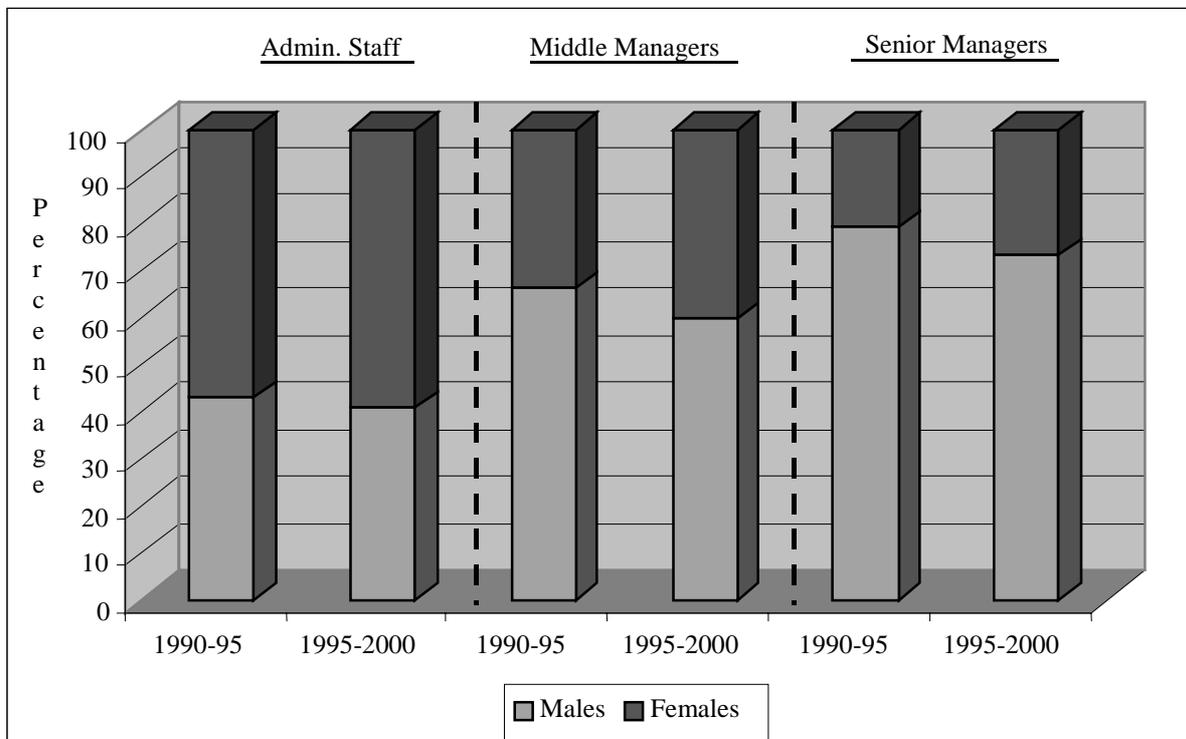
**Box 9. Policy of equality for women and men in Germany**

The aim of the programme in the German Federal Government is to establish regulations and devise tools designed to advance women's vocational equality. It intends to improve women's chances in the labour market and hence to create greater salary and income equivalence between women and men. The Equality Act for the Federal Administration and the Courts of the Federation was adopted by the Federal Cabinet in December 2000. The necessary improvements and specific forms in this new Equality Act make the following provisions, amongst others:

- An individually-targeted quota arrangement: according to this, women are to be given preference, taking the individual case into account, in those areas in which they are underrepresented in comparison to men, and where they demonstrate equal suitability, qualification and performance, in accordance with the specific aims of the equality plan, which is to be established by the offices. This applies with the express inclusion of the functions entailing superior and managerial tasks, for all jobs and for promotions, enhancements, participation in promotion procedures and the transfer of more senior service posts and jobs.
- To give more concrete and binding form to the preconditions for equality plans.
- To strengthen the competencies and rights of the Equality Commissioners.

Some countries have special strategies to increase the number of women leaders in government. The objective of recruiting the most skilled managers in public administration is to be attained by considering the skills of women, as well as those of men. For example, in Sweden, the strategy to increase the number of women leaders under the government's recruitment policy for managers contains the principle that there should always be a woman candidate in the final shortlist for a managerial post. The task of enhancing the quality of the supply of managers and their development in state administration also includes raising the proportion of women managers in some countries. Figure 4 shows the share of male and female employment by responsibility in OECD Member countries.

Figure 4. Gender by responsibility level



Source: OECD Public Management Service, 2001. Copyright OECD 2001. All rights reserved.

The results in Figure 4 are the arithmetic mean of ratios of the surveyed countries (PSPE, 2001). This indicator shows general tendencies in female participation in middle and senior management. This figure indicates that the share of female participation in all levels of responsibility has been increasing for the past decade. It shows, however, that women are represented more at the administrative level than middle and senior manager levels. On average, only about 30% of senior management posts are occupied by women. Two points should, however, be kept in mind: first, there are quite large differences between Member countries, and second, definitions of groups defined in the figure vary from country to country. This means for example that “senior managers” may consist of civil servants at different levels in each country.

In Norway, the goal was to increase the number of women in leadership positions from 22% in 1997 to 30% by the end of 2001. A central database has been built containing names of competent women, leadership candidates and specialists. The programme also includes a mentoring programme for women in middle management jobs aspiring to higher positions, as well as network meetings and meeting places for women in leadership positions.

Denmark made a case study with focus on women leaders in the central government sector. The purpose was to identify some of the barriers that prevent women from becoming leaders. The study showed that there is a wish among women for better advice about what it takes to be a leader and how to combine work life and family life. Women also want good role models. Finally, there is a call for a discussion about how much time you need to invest in your job as a leader. A call for a change in attitudes and values towards leadership was recognised.

### ***How to recruit the best individuals and how to improve the recruitment process***

Every organisation aims to recruit the best individuals. In public organisations, high quality personnel are crucial in retaining effectiveness and quality, as well as the confidence of citizens. The public sector would be more attractive as an employer if it were considered to possess competent and effective staff. Some countries have problems in recruiting the highest calibre management or in providing the top civil service with the highest quality of professionalism.

The following issues were raised at the meeting:

- What are the most effective and successful ways to attract young graduates from universities? Recruitment procedures are being developed to attract young people today for the public service tomorrow. Recruitment through electronic communication (e-recruitment) is a new way to achieve this goal. Electronic pools are already now in use in some countries, *e.g.* Denmark and Portugal. The visibility of agencies should also be improved to make their activities known to students.
- How to develop systems to appoint the most qualified persons to managerial posts (as well as to other posts) in order to increase the professionalism in management and leadership.
- What are the strategies to appoint more female managers and how are they carried out in practice?

- What is the impact of internationalisation and globalisation? As a result of increased movement between countries, the possibility to recruit immigrants is a current issue. In the European Union, for example, citizens have free access to work in all EU member countries.

Many countries have recently renewed the selection procedure in general, and that of leaders in particular. Increasing transparency, opening the recruitment system, putting more emphasis on actual skills than on seniority, assessing leadership and other skills, etc. are current areas targeted for improvement. The recruitment of immigrants can benefit the employment situation in a country, as well as foster diversity in public sector organisations.

**Box 10. Open Competition Position System in Korea**

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

***How to retain high quality staff in the public sector***

Retaining staff is as important as recruiting high quality staff, in terms of both meeting the needs of the workforce and retaining professionalism. Some countries have found it necessary to develop incentives in order to retain talented employees who are offered higher salaries by the private sector. In addition to offering interesting and challenging tasks, trainee programmes and career planning have been established to improve this situation.

Because of the looming shortage of employees, emphasis has been placed on finding ways to prolong the working career of older staff. In some countries, employees tend to retire earlier than before. For example in Norway, the average age of retirement decreased by more than one year in the period 1996-1999 and state employees now retire on average before the age of 62. In some other countries, however, the age is even lower and in addition, early retirement arrangements operate.

***Job security***

*“The Civil servant’s cake is modest but secure”*, as the old Swedish saying goes. Is the security of employment any longer a competitive factor after the restructuring of administration and personnel cuts?

Countries have different ideas and systems concerning the duration of employment. In some countries life-long tenure is still in force. In Korea, as job security is guaranteed throughout the period of service, government officials do not bother competing with the private sector. In contrast, the employment relationship in the public service is very similar to that in the private sector in the Nordic countries. This means that it is possible to dismiss a civil servant under certain conditions and it is possible to employ people for a fixed term under certain conditions. In some countries, like Sweden and Finland, the proportion of fixed term employees is higher in the public service than in the private sector. Germany, in contrast, has decided to retain life-long tenure of civil servants in order to increase the competitiveness of the public sector.

Some questions that arise are the relevance of job security in terms of attractiveness and competitiveness of an employer, *i.e.* to what extent is it useful and possible to guarantee tenure? Life-long tenure offers security to employees but may cause problems from an organisational point of view when structural or other reforms are required. Life-long tenure can also be problematic in cases where individuals are not

performing at a satisfactory level. On the other hand, job security that can be guaranteed to some degree in large public organisations can be a major incentive when choosing a work place. Job security does not necessarily mean continuity in the same job, but having the opportunity to move to another job within the public sector.

*What is the relevance of tenure in securing institutional memory?* Securing institutional memory is one of the key issues related to the length of tenure. Although the new ICT systems will be used widely in public organisations, they cannot compensate the memory or experiences of human beings. This concern was shared by many country representatives at the meeting. The higher the level of turnover, the more effort should be put into securing the memory and continuity of the organisation.

### **4.3. *Creating better working conditions***

#### ***Wage policy, performance-based wage systems***

Many countries are developing new wage policies or pay systems. The expectation is that creating more performance-based pay systems will help cope with current problems by motivating staff and offering opportunities to increase one's salary. According to the Danish survey, salary was the third most important motivational factor; particularly the possibility to earn more based on one's qualifications.

We have not collected data regarding the differences between public and private sector salaries, although a general view is that public employees are paid less than their colleagues in the private sector.

As noted in the Austrian case study, past attractions for being a public servant were workplace safety, high pensions and less daily work stress. Low salaries were thus accepted. Studies in Austria showed, however, that life-long incomes – salaries and pensions together – of civil servants and employees in private companies were the same. In some countries, the public sector does not experience problems in attracting new staff. In general, managers and senior level positions are paid at a lower level than in the private sector. Pay levels also vary according to tasks or agencies. Special pay arrangements may also exist. For example, in Korea civilians recruited from the private sector are paid more than other civil servants and there is no limit to this sort of recruitment. Wage structures are also sometimes skewed in favour of younger staff. In Austria, for example, salaries have increased for starting cohorts and have decreased in the years before retirement.

- Do performance-based pay systems solve these problems? What is the real impact of salary level for young people on the one hand and public servants in different posts on the other? What is the impact on motivation?
- What is the relevance of pay increases?

#### Box 11. Pay increases and “at-risk pay” in Canada

Canada adopted salary increases at the same time as performance-based pay elements as part of its senior-level human resource 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, including deputy ministers. A re-benchmarking of executive salaries to the 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 by the Committee. The Committee also recommended a transparent process for external benchmarking of executive salaries and a routine annual review, thus depoliticising the process of establishing senior level public service pay structures.

For all senior levels in the public sector, a new approach to performance pay was introduced as “at-risk pay”. Executives became eligible to earn each year 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 which 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 they occupy as well as their performance, *i.e.* from 10% - 25% of base salary.

#### *Creating and marketing incentives other than salary*

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 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 incentives is one step; marketing them is another. To be effective both components are necessary. Creative solutions are in demand.

Examples of possible incentives:

- a culture characterised by co-operative leadership, open communication, co-operation and recognition;
- flat hierarchies, sufficient scope to display initiative and to make decisions concerning 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 in reconciling family and working life is necessary when trying to attract the unutilised potential of women in the labour market;
- opportunities for educational leave or leave for other personal reasons.

Creating new kinds of incentives is a new area, and one which requires particular attention in the development of human resources management issues in the near future.

**Box 12 New pay system in Austria**

Job security is not the decisive motivation to enter public service any more. Salaries have some influence on recruiting. Total income for lifetime – salaries for the years working and pension together – has not been comparable between public and private sector yet. However, salaries for young officials have been comparatively low. High pensions do not give best motivation to young civil servants. In the new pay systems salaries have been adjusted to those in the private sector now. As a result, recruiting experienced employees is possible. Executive personnel must not be recruited from civil servants only and can be contractual as well. Additionally, performance-oriented components are becoming more important in a sense of at-risk pay.

#### **4.4. Improving professionalism in the public service**

##### ***Staff development, training***

Life-long learning is indispensable to increasing the professionalism and the quality of public services in a continuously changing environment. Staff development can be seen as an important tool for public organisations to improve performance, motivate, and retain staff. Distance training arrangements are being considered in order to keep staff in the work place. In addition, good training opportunities are an increasingly competitive factor. As stated in the Austrian report, good training has more importance for many candidates and employees than the amount of money offered. In Austria, training programmes are reviewed and training will be in greater demand and more career-oriented in the future. The Swedish report points out that the state is still in a favourable situation in terms of staff development in its traditional form, *i.e.* courses.

The following questions can be raised:

- Who is in need of training? When and how should it take place?
- What is the right time for training: When is it most critical for the employee to be motivated, to learn more, and – on the other hand – when is it most useful for organisational purposes?
- How can public sector values be shared with newcomers? These values may not be clear for a person who joins the public sector from the outside, and every public sector employee should be familiar with them.

**Box 13. Austria: Being the best in personnel development**

Personnel development and challenges for life-long-learning is sometimes more important to young people than money. Job rotation, training in private sector companies, in other countries' public services or in international organisations as well as offering IT-training and training in soft skills shall establish public service as one of the best of employers.

##### ***Induction training and training of young employees***

One way to increase professionalism and to help organisations in the public sector retain newcomers is through induction training. Induction training is useful to all recruits from outside of the organisation, from young people in their first job to senior people coming from the private sector. Some countries have

implemented induction training as an important part of their training system. Mentoring is sometimes used in this context. In Sweden, induction training for new recruits – mainly relatively young administrators – places heavy emphasis on administrative know-how and routines specific to central-government administration.

**Box 14. Trainee programme for young employees in Norway**

In Norway, a trainee programme is directed towards people with an academic education (at least four years), under 35 years old and having served in the government for less than four years. The programme was scheduled to start in 2001. The main focus is to learn by serving in three different ministries. In addition, six thematic gatherings are arranged which focus on such issues as public administration, the economy, laws, challenges in the Norwegian public service, project management, international reforms and personal development.

***Programmes to acquire lacking skills or competencies***

A variety of training programmes have been put in place across OECD Member countries to resolve the problems related to critical skill shortages in the public sector, including programmes for managers, leaders, skilled administrators and a managerial programme catering to women managers. European regulations and language skills are areas that require particular attention. Additionally, retraining staff is required in situations where staff are transferred from diminishing areas to expanding ones.

The most frequently mentioned skills are those needed for new information and communication technologies. Because competition with the private sector is very intense in this area, countries are developing different kinds of training systems for their own staff. In recruitment, new electronic ways are developed to reach young people. Strategies and plans aim to meet the future need for ICT competence among government employees. The programmes consist of e-learning networks, an opportunity for all employees to reach a competence level equivalent to the European Computer Driving Licence (EDCL) or preparing for a higher standard of ICT knowledge among top and senior civil servants.

- What impact does e-government have on everyday work?
- How does it affect staff requirements?

**Box 15. Training in the Italian action plan for e-government**

Italy has launched a large public administration reform 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.

The aims of staff training are, among others, to increase the productivity of all those who need to work with computers, achieve a higher return on investment in IT and to provide skills that enable anyone, regardless of level and type of schooling, to be part of the “Information Society”.

*What are the real effects of training programmes and personnel development?*

Training is very often measured by time used in it or money that is spent. Evaluating the effects of personnel development is an interesting exercise that was undertaken in one country study. It would be very useful to have more data on different evaluation systems. Are there other models similar to, or in addition to, the one presented?

#### Box 16. Evaluating the impact of training in Spain

In Spain, an agreement on continuing training was signed between the government, trade unions and professional organisations in 1994. The objective of the agreement is to improve the quality of public services, to enhance the career prospects of public employees and to enable public employees to better adapt to changes in government and society.

An outside firm is responsible for preparing an annual evaluation report based on the following criteria: the quality, effectiveness and impact of training and the extent to which it meets needs.

Two types of information should be taken into account when assessing the results expected or already obtained. First, the staff's own evaluation of the quality of training provided and secondly, the assessment of the impact of training on the effectiveness of departments by their managers and the staff who work in them.

According to civil servants and government employees, the courses most appreciated during the 1995-1999 period were, in descending order: new technologies, rules of administrative procedure, human resource management, information and communication, and economic and budget management. Civil servants also said that training activities helped to increase their motivation and satisfy their expectations for career advancement.

As regards the evaluation of the impact of training by departments, the surveys of managers indicate that improvements were seen through: higher quality of services provided to citizens, innovations proposed by civil servants involved in management, and better human relations in the workplace.

## 5. Experience in implementing strategies

Because these initiatives are, in many countries, at such an early stage, few concrete results can be reported. The strategies and actions launched by the government can, however, be seen as an indication of the importance governments attach to these matters. As noted in the Swedish case study, *“these efforts may be expected, in turn, to result in more modern and efficient public administration capable of measuring up better to public demands and offering more attractive career prospects.”* However, some results have been reported already.

- In Canada, the implementation of the Committee recommendations contained in three reports was a valuable signal to the executive level that the government valued their services, and recognised the need to ensure that they were being compensated appropriately, thus positively affecting morale. The salary adjustments restored internal equity and improved the competitiveness of cash compensation. A new performance management policy is in place requiring the establishment of performance agreements for executives and senior level public servants. These agreements contain commitments and performance indicators which serve as the basis for determining the amount of “at-risk” pay to which an individual can be entitled. But the recommendation of the external advisory committee that has had the most profound effect is that which relates to the need for a long-term human resources strategy for the public service. A Task Force has now been established to recommend a modern policy, legislative and institutional framework for the management of human resources, to enable the public service to attract, retain and develop the talent needed to serve Canadians.
- Follow up initiatives of the **Danish** research on motivation primarily concentrate on the five following themes: 1) recruitment; 2) leadership development; 3) image of the public sector; 4) development of job content, way of working and organisation; and 5) development of competence. In 2001, Denmark especially focused on the first three subjects. The activities included, for example, the following:

- *Recruitment:* Launching a project with the purpose of exploring which aspects of recruitment and introduction to the workplace affect the recently employed to stay in their job.
  - A new job database [www.job-i-staten.dk](http://www.job-i-staten.dk) has been created. All the vacant jobs in the central government sector can be found in it.
  - *Action plan for better leadership:* In 2001, a survey counting 300 questions was carried out among 600 managers in the Danish central government sector. The results show what the managers consider the major challenges in their job as a manager. Questions such as what they consider as good leadership, what they think of their career so far, how they see their role as a leader and what personal competencies they consider the most important to develop were asked. The survey gives knowledge for planning the future initiatives on the leadership development in the central government sector. In 2000, a similar survey was made among managers in the private and the public sector which gives a possibility to draw some comparisons. The barometer research shows, for example, that managers consider networking as one of the most important factors for their development as leaders.
- The Korean Government has established the Civil Service Commission (CSC) as a central organisation to take charge of the government personnel policy. CSC has created general criteria, has designated the 131 positions as open competitive positions, and has indicated the job qualification for all these positions. Since the introduction of the Open Competition Position System (OPS) in February 2000, 90 out of 131 positions (69%) have been filled under the new recruitment system. Only 13.3% of the OPS vacancies were filled by civilian experts. However, the new system generated strong interest among public servants as well as civilian candidates, showing that on average the number of applicants for a specific post exceeds four. The Korean Government reports that the level of expertise in the public sector has been significantly enhanced with the implementation of this new system, although a large portion of positions were filled with current civil servants at the initial stage of its implementation. This is because the new system accelerated the competition internally as well as externally. Selection is based on merit and thus the best-qualified candidates are recruited to OPS posts.
  - In Norway, a Competence Reform has been launched with the main objective to meet the need for competence in society, the workplace and the individual. An agreement between the government and social partners in connection with the 1999 and 2000 wage settlement form an important basis for the reform. Important results have already been achieved in adapting new legislation and changing the rules for educational funding to better reflect the need for competence building. The competence plan for older workers and the plan for recruiting people with immigrant backgrounds have devoted increased attention to these areas. The trainee programme has attracted a good number of qualified applicants as trainees.

Norway is about to achieve its goals with respect to its project for women, quality and competence. Results in January 2001 showed that the number increased from 22% to 29% (all the categories increased).

- In Sweden it is too early to judge how well the strategy and measures of the action programme will affect the skills and the competitive situation in central government administration. But there is good reason to believe that its focus on these issues and its broad approach will appreciably enhance awareness of these matters, and result in ambitious and creative efforts.
- In Portugal, recruitment and selection systems will be improved by a public employment pool that will be available on the Internet in 2001, and through a special body charged to undertake these functions.

## 6. Conclusions

### *Some questions*

Although a good range of practical approaches was presented at the meeting, many questions remain unanswered. Before drawing conclusions from the reports and discussions, it is useful to consider a few more critical issues raised by the anticipated reduction in employees entering the labour market and critical skills shortage:

- How will the public sector be able to combine stability in applying the rule of law with the requisite flexibility?
- To what degree should retiring employees be replaced by newcomers? Realistic alternatives could – to a certain degree – involve buying knowledge, not humans.
- Privatisation, outsourcing and establishing non-departmental governmental bodies to address skill shortages. What problems does this raise?
- Is it easier to attract consultants than public sector employees for the same work? If so, why? Is the public employee remuneration competitive with that of private consultants on a full cost basis?

### *What are the conclusions so far?*

Some common trends can be detected from the country reports, and some general conclusions can be drawn.

A number of countries are putting in place strategies 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. The deadlines for actions vary from 2001 to 2005.

To make it possible to compare trends in Member countries, there is a need **to develop common indicators** to determine trends in public sector employment as well as to identify diagnostic tools for helping the framing of interventions. The use of common indicators across Member countries would create synergy.

The main conclusions that can be drawn at this point are as follows:

- **Improving the image** of the public sector is one of the most important challenges faced by countries. Public organisations must become attractive and desired 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 broken down. Since individuals generally responded more positively to individual agencies than to the public employer in evaluations, perhaps more emphasis should be placed on identifying public sector employers to the public.

Improving image includes, among other things, the following tasks:

- Explaining to young people/students the kind of work that public organisations do and how. Hiring students as trainees can show them everyday work in a public organisation. Emphasis and effort should be placed on effectively disseminating information about the public service. Public service organisations hold the main responsibility for this task, however the ability of all public employees to informally spread positive messages through word of mouth should not be underestimated.
  - The image of a civil servant or public servant 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 and especially, young people. Public service values such as integrity, transparency, accountability, and incorruptibility should be recognised in every public employee.
- **Surveys** are a good way to identify critical issues for further development. A comprehensive view of the current situation can be attained through surveys of different groups, such as public service employees, private sector employees, citizens and young people.
  - **Highlighting the advantages of being a public servant compared to private employment.** There is a need to emphasise, in an active way, 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 as well as flexibility and positive attitudes of the employer concerning reconciliation of family and working life. *Job security* is usually much better in the public sector. Although life-long tenure is no longer the norm, relative job security may be one of the primary strengths of public sector in the future.
  - **Improving human resource management systems** is becoming more and more important, and includes ensuring high quality leadership, a professional recruitment system, a fair personnel policy, etc. All of these actions will contribute towards making public organisations **employers of choice**.
  - **Developing pay systems and other incentives.** The public sector is not usually able to compete with the salaries offered by private employers, especially those of highly-educated personnel and managers. However, pay increases may be necessary to prevent an outflow of highly-qualified personnel. Pay systems are being revised in many countries. There is a need for systems that take into account work requirements as well as individual capacity, competence and performance. *New incentives* should also be created in addition to salary. This is a new area, and one which requires particular attention.
  - **Putting human resources to full use** is one solution to the forthcoming shortage of workforce and critical skills. 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**.
  - **Knowledge management.** A big challenge will be how to retain critical skills in organisations as ageing employees retire, *i.e.* **how to transfer knowledge** – especially tacit knowledge – to younger generations so that institutional memory will be secured. It is a critical question, one that has not been the subject of much action in public sector so far.

- ***Regular monitoring and evaluation*** of strategic actions is a crucial part of the process and is a tool for continuing development and improvement.

Regardless of changes that the public sector has recently undergone or will undergo, governments will continue to carry out their fundamental core functions – the judicial system, defence, education, health care – in the future. These functions rely on the human workforce, even though the development of new technologies may reduce this need to some degree. While the availability of human resources in the public sector depends on the national (and international) economy and the labour market situation, there is an overall trend of a diminishing number of new employees entering the labour market and a lack of specialised knowledge resulting from too few professionals in certain fields. These problems, shared by many Member governments, are requiring strategies for their solution which call for a radical re-think of how OECD Member countries have traditionally approached the management of public servants.