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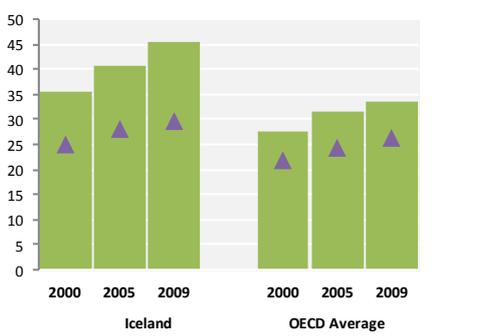
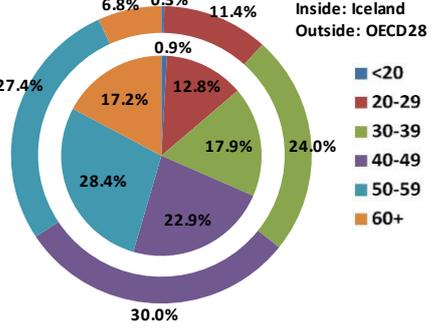
Background

<p>Employment in central government under the main General Employment Framework (GEF):¹</p> <p>2009: 12 251 Full-time equivalents (FTEs)</p> <p>Total employment in the general government sector as a percentage of labour force (2010):[†]</p> <p>No Data</p>	<p>Central human resources management body:</p> <p>Personnel Policy Department</p> <p>Government production costs (2010)^{††}</p> 	<p>Government centralisation (2008)^{††}</p> <p>Data unavailable</p> <p>Type of recruitment system (2010)</p> <table border="1"> <tr> <td>Career based</td> <td>◆</td> <td>■</td> <td>Position based</td> </tr> <tr> <td></td> <td>Iceland</td> <td>OECD33</td> <td></td> </tr> </table>	Career based	◆	■	Position based		Iceland	OECD33	
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Legal Framework

<p>GEF covers all employees: Yes</p> <p>GEF includes fixed-term contracts: Yes</p> <p>Private law applicable in public sector: No Data</p>	<p>Employment in the public sector in Iceland is mainly governed by the Government Employees Act, no. 70/1996, as well as the Government Employees Pension Fund Act. 1/1997. Remuneration is governed by the Collective Agreements for Public Sector Employees Act no. 94/1986 for most employees, and the Wage Council Act 47/2006 for the remainder. Employment conditions in the public sector are largely in line with those of the private sector. Some differences remain in that civil servants have fixed-term appointments, have no right to strike and limited rights to collective bargaining, and they are entitled to up to twelve months' redundancy compensation. There are no guarantees in favour of life-long employment and casual employment is used in the civil service.</p>																															
<p>Staff have the right:</p> <table border="1"> <tr> <td></td> <td>to unionise</td> <td>to strike</td> </tr> <tr> <td>Public sector</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Private sector</td> <td>Yes</td> <td>Yes</td> </tr> </table>		to unionise	to strike	Public sector	Yes	Yes	Private sector	Yes	Yes	<p>Benefits, to which employees are entitled to, are:</p> <table border="1"> <tr> <td></td> <td>Full funding of social security</td> <td>Partial funding of social security</td> <td>Some funding of pensions</td> </tr> <tr> <td>Public sector</td> <td>Yes</td> <td>No Data</td> <td>Yes</td> </tr> <tr> <td>Private sector</td> <td>Yes</td> <td>No Data</td> <td>Yes</td> </tr> </table>		Full funding of social security	Partial funding of social security	Some funding of pensions	Public sector	Yes	No Data	Yes	Private sector	Yes	No Data	Yes	<p>Firing rules provide:</p> <table border="1"> <tr> <td></td> <td>Different guarantees about job protection / dismissal</td> <td>Guarantees in favour of life-long employment</td> </tr> <tr> <td>Public sector</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>Private sector</td> <td>Yes</td> <td>No</td> </tr> </table>		Different guarantees about job protection / dismissal	Guarantees in favour of life-long employment	Public sector	Yes	No	Private sector	Yes	No
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Composition of Employment

<p>Central government employment (2009)¹</p> <p>Total employment under GEF: 12 251 FTEs</p> <p>Part-time employment: 5 158 FTEs</p> <p><i>Part time is defined as 38 hours per week or less.</i></p> <p>Gender in central government (2009)¹</p> <p>Female participation in central government workforce: 65.0%</p> <p>Share of top and middle positions who are women: 29.0%</p> <p>¹ Data are for core ministries and agencies of central/federal governments</p>	<p>Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*</p> 	<p>Age structure of central government 2009</p> 
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The proportion of part-time employment in the Icelandic central government accounts for a relatively large share, 42.1%, of total working hours. The age structure is significantly skewed towards older employees, with those aged 50 or older comprising 45.5% of central government FTEs in 2009, compared to the OECD average of 34.3%. In addition, the representation of this group is growing at a faster rate in the civil service than in the total labour force; however, the latter is roughly in line with the OECD average trend. The representation of women in the civil service varies greatly between overall levels and those for management. Women accounted for 65% of central government FTEs in 2009, which is one of the highest proportions of reporting OECD countries. On the other hand, the proportion of women in management, 29% in 2009, is slightly below the OECD average of 34.7%.

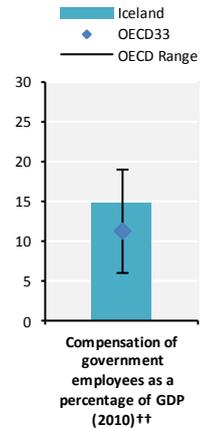
Public Sector Restructuring

Iceland is one of 27 OECD countries who reported an anticipated decrease in public employment levels as a result of planned reforms. The fiscal consolidation plan includes a range of measures that affect government employment, including nominal wage cuts for many government employees, overtime and travel reductions and restructure of ministries and semi-public organisations. Data are unavailable regarding the proportion of the total labour force employed in the general government sector. Compensation of public employees as a percentage of GDP, 14.8% in 2010, is above 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:

- Contracting out
- Delegation to other public or semi-public organisations
- Reorganisation / restructuring
- Hiring freeze / non replacement of retiring staff



Organisation of HR Management

Decentralisation of HR Management

Central HRM unit: Personnel Policy Department

Role: Coordination only

Location: Ministry of Finance

- Responsibilities:**
- Provide leadership and guidance
 - Design HR strategy
 - Coordinate and supervise HR policy/strategy
 - Provide advice on legal framework
 - Design the pay system
 - Transmit public service values
 - Standardise recruitment and skills profiles
 - Finalise labour market agreements
 - Form the Pay Negotiation Committee of the government

- Personnel, budget and pay delegation:**
- Pay systems are managed centrally.
 - The management of budget allocation, bonuses and the number and types of posts are delegated to ministries.

- Classification, recruitment and dismissal delegation:**
- Recruitment, contract duration, career management and dismissal are all managed by ministries and agencies.

- Employment conditions delegation:**
- Working conditions, performance appraisal and equal opportunity issues are managed by ministries and agencies, with the central HRM body also contributing to the latter.
 - The central HRM body sets the code of conduct but allows ministries some latitude.

Iceland delegates HRM practices to line ministries to a greater extent than the average OECD country. The central HRM body plays a coordination role only, but does have a reasonable range of responsibilities within that. Ministries are responsible for the management of most employment considerations, including budget allocation, recruitment, dismissal, work conditions and performance appraisal. Overall, delegation has led to a broadly comparable employment framework across ministries but with some differences

Strategic HR Management

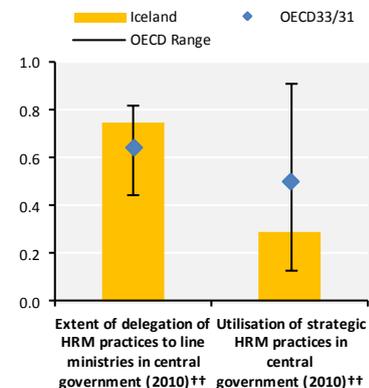
Existence of HRM accountability framework for managers: No, HRM is only marginally linked to planning and reporting.

HRM targets feed performance assessments: No

Regular HRM assessment of ministries and departments: Yes

- Top & middle management plan and report on:**
- Participation in whole of central government initiatives
 - General people management

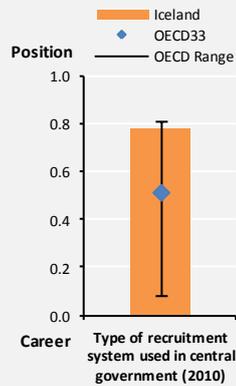
Forward planning use: No forward planning is in use.



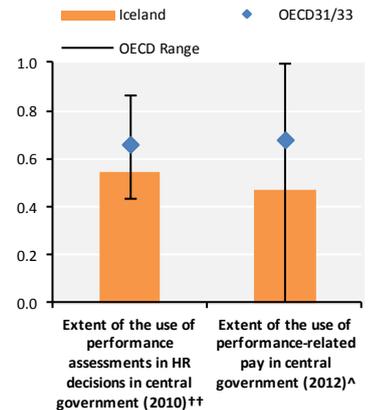
within them. Iceland makes substantially less use of strategic HRM practices compared to the OECD average. There is no accountability framework for management and performance assessment does not consider HRM targets. Regular surveys of ministries' HRM capacity are undertaken, but agencies are chiefly responsible for managing their own workforce. The most significant weakness in relation to strategic HRM is the lack of forward planning.

HR Management Practice

RECRUITMENT: Iceland uses one of the most highly position-based recruitment systems of all OECD countries. Entry into the civil service is gained through direct application and interview for a specific post and there is no centralised recruitment. All posts are published externally and open to internal and external applicants. Each agency decides its own selection methods, but must comply with the Administrative Procedures Act as decisions can be appealed to the relevant minister. Recruitment is transparent, as all documents involved in the process are defined as public under the Access of Information Act. In addition, recruitment firms/centres are used. There are no policies in place targeted at advancing underrepresented groups in the recruitment process.



PERFORMANCE: Iceland uses performance assessment to a lesser extent than the average OECD country. Assessment is never mandatory but is often used. It consists of a meeting with, and written feedback from, the immediate superior on an annual basis. A comprehensive range of criteria is used, including activities undertaken, timeliness and quality of outputs, values, cost effectiveness of work and improvement of competencies. Assessment is generally of low importance. Iceland uses performance-related pay (PRP) to a substantially lesser extent than the average OECD country. PRP is used only for some government organisations and no government-wide PRP programme exists due to the decentralised nature of pay setting.



PAY SETTING: Pay formation is a three stage process in the state sector. Firstly, collective bargaining agreements are reached, where main components of total remuneration, other employment conditions and general pay increases are decided upon. Secondly, each agency's senior management and the relevant unions negotiate a local contract (Agency/Institution specific) on categories of job classification. Lastly, agency management decides where each

employee is to be placed according to the terms reached at the former two stages. Base salary is indexed to inflation and collective agreements are revised every third year or so. Job content, qualifications, the particular ministry and experience are the main determinants of base salary for all levels. Seniority based pay is not in use but new recruits' pay takes into account previous salary and number of years in a similar position.

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	◐	◐	◐	◐	◐

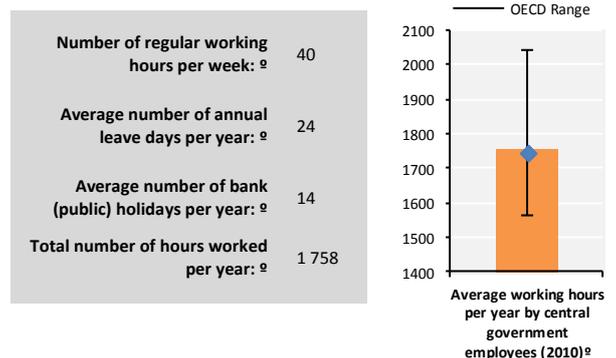
● Key importance ◐ Somewhat important ○ Not at all important

PROMOTIONS: Experience and qualifications are the most relevant factors considered in promotion decisions. There are no formal restrictions to promotion between hierarchical grades but often minimum education requirements apply. Openings are published on transparent listings accessible to all employees and no diversity policies are in place regarding promotion.

MOBILITY: Internal mobility has been falling in Iceland but there are no plans to increase or reduce it. External mobility is not promoted and the cost of not returning to the public sector varies according to the individuals' pension programme.

TRAINING: There is no initial training for entrants into the central government and the average training each employee receives per year is 5-10 days, but this varies considerably between groups.

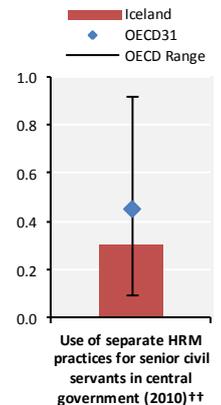
WORK CONDITIONS: The average yearly working hours in the Icelandic civil service, 1 758 hours in 2010, are quite close to the OECD average of 1 745 hours. This comprises more weekly working hours and a few extra public holidays. Data are unavailable regarding absenteeism.



Senior Management

Iceland uses separate HRM practices for senior civil servants (SCS) to a lesser extent than the average OECD country. SCS are considered a separate group but there is no centrally defined skills profile or policies to identify potential SCS early in their career. SCS are recruited with a more centralised process and their contracts are for specific terms of shorter duration than regular staff. SCS

are only identified through career progression in the civil service. Top and middle managers, levels D2-D6, are appointed/dismissed by the minister or ministry head. Advisors to the ministry's leadership and a few top managers, level D2, tend to turn over with a change in government.



Industrial Relations

Unionisation is obligatory in the civil service in Iceland, consequently unions play a large role in workplace relations; however, they do not receive public funding. Agreement with unions is mandatory regarding base salary, working conditions, the employment framework, the right to strike/minimum service and bonuses, which are all negotiated

centrally, except for bonuses which are negotiated at the decentralised level. Unions must be consulted by law regarding the code of conduct, which is negotiated centrally. All but certain categories of public employees are guaranteed the right to strike, except where minimum service rules apply.

Reforms

- The Ministry of Finance is promoting the use of Oracle Human Resource Management System (OHRM system) in every state agency. The aim is to increase the use and dynamism of human resource methods within agencies, as well as increase the quality of the methods being used. In addition, it should increase the use of standardised HRM practices among agencies, which will increase transparency and awareness among employees.
- The Ministry of Finance has set a requirement for all state agencies to have their own Human Resource Policy which includes the following minimum requirements for every single employee: job description; job discussion; and a professional development plan.

Challenges

- To ensure all ministries have the capacity to utilise modern HRM methods and overcome the discrepancy between larger and smaller ministries in this respect.
- To implement and benefit from the new OHRM system in terms of standardisation of HRM practices and facilitating employee career development plans.

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.

Further Reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris.

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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