Quality of Public Administration
A Toolbox for Practitioners

Theme 4: Organisations – managing performance, quality and people

Organisations are the building blocks of the public administration. A high-performance administration is built upon public bodies that are solidly competent in carrying out their mandate, agile when circumstances dictate they must adapt, and resilient when confronted by external 'shocks' from time to time: events that change the operating environment. Organisations that excel already are often more robust and better equipped to manage change. This theme examines how organisations: engage in results-based management and learning to strengthen their performance in achieving better outcomes; create a quality culture, using systems thinking and total quality management techniques to look both inwards and outwards at ways to continuously improve; modernise their human resources management (HRM) to attract diverse talent and enable their employees to maximise their potential singly and together; and build effective leadership, including through the senior civil service.

Contents

Good governance is strongly dependent on professional and well-functioning public organisations. The wider discussion on public administration reform and administrative capacity building focuses on how to strengthen organisations to become more efficient, effective, resilient and better run. This chapter:

✓ Sets out the essence of results-orientation in managing performance, including the pros and cons of traditional tools, such as performance agreements (outsourcing), indicators and targets, and the merits of defining a strategy, setting objectives, and using performance information;

✓ Explores how organisations are integrating systems thinking and instilling a culture of continuous improvement, with the help of total quality management (TQM) approaches;

✓ Underlines the crucial role that professional, well-selected and competent leaders play in managing and shaping public sector organisations;

✓ Describes the ways in which modern public organisations manage people, their most precious asset, by examining how they recruit, motivate and develop staff, and share knowledge, with strategic, sustainable and future-oriented human resources policies.

Introduction

Organisations are the building blocks of the public administration. In the context of multi-level governance (see theme 3), the quality of every organisation counts. For this reason, governments set standards through civil service laws, codes of conduct, competency frameworks, and terms and conditions for civil servants and public officials. They expend resources on both generic and specialist staff development through leadership schemes, civil service training centres and judicial academies. They encourage public bodies to introduce better practices by promoting quality management systems across the civil and judicial administration. And yet, the quality of public administration still largely depends on the decisions of individual organisations, the use of entrusted powers, resources and functions, the design of systems and procedures, the engagement of capable and motivated staff, and their interaction with citizens, enterprises, civil society and other administrations. This puts the onus on leadership and organisational strategy.

Strengthening public administration means investing in administrative capacity and making the most effective use of available assets, especially the energy, expertise and experience of public officials. Capacity building (also termed 'capacity strengthening' and 'capacity development') emerged as a concept in the 1980s[1], but is still relevant today. An often-used definition of capacity building comes from the OECD[2] below:

Capacity building is the process by which individuals, groups, organisations, institutions and societies increase their abilities to perform functions, solve problems and achieve objectives, and to understand and deal with their development in a broader context and in a sustainable manner.

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[1] P. Morgan (1999), *Some observations and lessons on capacity building*, in R. Maconic and P. Morgan, 'Capacity-Building Supported by the United Nations: Some Evaluation and Some Lessons', United Nations.
[2] OECD (2006), *The challenge of capacity development. Working towards good practice*.

To be comprehensive and coherent, capacity building should have three dimensions:

1. **The societal level:** Good governance does not depend solely on the decisions of individuals, even the most effective leaders, nor on the outstanding performance of stand-out organisations. It relies on a working web of connections between public bodies (see theme 3), and more fundamentally, a complete set of institutions that serve society's needs. Institutional development entails ensuring that all the functions of government are fulfilled (ensuring national security and rule of law, stimulating the economy, providing education and social protection, etc.). It also means enabling democratic accountability through checks and balances in the system, and mechanisms to raise concerns and seek redress, through parliament, ombudsmen, independent regulatory agencies, civil society, free and social media, etc.

2. **The organisational level:** It is well recognised that organisations are not just collections of people serving a common purpose, each one has its own internal dynamics, as many studies of organisational behaviour will testify. At this level, all dimensions of capacity should be examined, including the interaction of individual institutions with others in the system, and with other entities (private and civil sector), stakeholders and clients. Capacity at organisational level has many dimensions, including mission and strategy, culture and competencies, human resources planning and management, technical and managerial processes, external relations, resources and infrastructure.

3. **The individual level:** The most widely recognised aspect of capacity building happens at the level of people themselves, either as individuals or groups, and their need to function efficiently and effectively, within the specific organisational environment, but also within the broader system. One could speak of human resources development (HRD) as assessing the needs and addressing the gaps through adequate measures, including the design of educational programmes and training courses to meet identified skills requirements, including training of trainers and ensuring there are sufficient qualified staff to operate the organisation's systems.

The establishment, strengthening and maintaining of administrative capacity has its own particularities at each of these levels, as briefly highlighted in the table below:

	Establishing	**Strengthening**	**Maintaining**
Societal	Ensuring adequate institutions, laws and regulations	Enforcing laws and regulations for good governance	Adapting regularly institutions, laws and regulations
Organisational	Ensuring efficient structures, processes and procedures	Integrating processes and procedures in daily workflows	Adapting regularly structures, processes and procedures
Individual	Developing adequate skills, knowledge, competencies and attitudes	Applying skills, knowledge, competencies in the workplace	Reducing staff turnover, and facilitating skills & knowledge transfer within organisations

This chapter will focus mainly on the **organisational and individual levels of capacity development**, with specific attention to the elements that make public sector organisations function and perform

well. The High-Performance Organisation Centre[3] has identified five factors (with 35 characteristics) as the basis for success:

- ✓ **Quality of management**: Management is trusted by organisational members, shows integrity, provides a role model, applies fast decision-making and action-taking, focuses on achieving results, etc.

- ✓ **Openness and action orientation**: Management frequently engages in a dialogue with employees, much time is spent on communication, knowledge exchange and learning, staff is always involved in important processes, management welcomes change, etc.

- ✓ **Long-term orientation**: The organisation develops good and sustainable relationships with all stakeholders, servicing the users as best as possible, etc.

- ✓ **Continuous improvement**: Processes are continuously improved. Processes are continuously simplified, processes are continuously aligned. Both financial and non-financial information is reported to organisational members.

- ✓ **Quality of the workforce**: Management always holds organisational members responsible for their results, and inspires organisational members to accomplish extraordinary results. Organisational members are trained to be resilient and flexible. The organisation has a diverse and complementary workforce.

This chapter will deal with these factors and characteristics, by focusing on the following questions, and sets out ways and tools to address them.

Key questions	Ways and tools
4.1 Do we know what we do, why we are doing it and how we do it, and are we directing our **performance** towards achieving better outcomes?	♣ Setting objectives and intended outcomes ♣ Linking mission, values, vision and strategy ♣ Using performance information
4.2 How do we integrate systems thinking and continuous improvement into a **quality** culture in public administration?	♣ Using quality management models ♣ Stimulating a quality management culture
4.3. How do we manage, motivate and develop **staff**?	♣ Developing HRM strategies & planning for the future ♣ Managing competencies ♣ Attracting and selecting the right staff ♣ Getting the best out of people ♣ Promoting equality, diversity and active aging
4.4 How do we assure good and strong **leadership** in the public sector?	♣ Creating a Senior Civil Service ♣ Recruitment, training and development

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[3] A. de Waal (2008), *The Secret of High Performance Organizations*, Management Online Review, April, p.2.

4.1   Managing performance for results

Every administration has an interest in improving its performance, especially under ever-present attention from politicians, press and public. This is inevitable in a democracy, and increasingly so in a time of round-the-

Setting objectives & intended outcomes

Linking mission, values & vision through strategy

Using performance information

clock media coverage, monthly published data (e.g. GDP, unemployment and trade), and regular reporting of other statistics affecting citizens, such as recorded crimes, results from exams, and recovery rates from strokes, cancers and other conditions. This attention is further accentuated when administrations are under extraordinary pressure to justify their stewardship of public funds (see theme 8), deliver better services at the user's convenience (see theme 5) and improve the prospects for jobs, growth and living standards. Performance management has never been more critical in the public sector than it is today – and will continue to play a significant part in future reform trends.[4]

But managing performance is more than just setting metrics, gathering data and assessing their status. It is about an **agenda for change** and achieving results. Whether at the level of individual organisations, whole sectors (e.g. education, law enforcement) or the entire administration, performance management is ultimately about how best to attain better outcomes for society on a sustainable basis.

> For the purposes of this Toolbox, **performance** is defined as the success with which public administrations achieve their policy goals and improve societal outcomes (social, economic and environmental) - such as better quality of life for all citizens, increased prosperity and less inequality, and sustainable development to ensure the benefits are enjoyed by future generations.

Organisational performance is often seen through the prism of a **production process**, arranging inputs and activities to achieve outputs (e.g. pupils taught, patients treated), results (e.g. qualifications gained, diseases remedied) and impacts (e.g. jobs gained, life extended), using performance data to derive measures of efficiency and effectiveness. This is usually captured in a variant of the following diagram[5]. In this format, 'activities' is a broad notion that captures all the decisions and actions of the administration.

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[4] COCOPS (2014), *The future of public administration: public sector reform in Europe*, Policy Brief, June 2014
[5] See also theme 1, where a similar diagram was used to illustrate policy monitoring and evaluation.
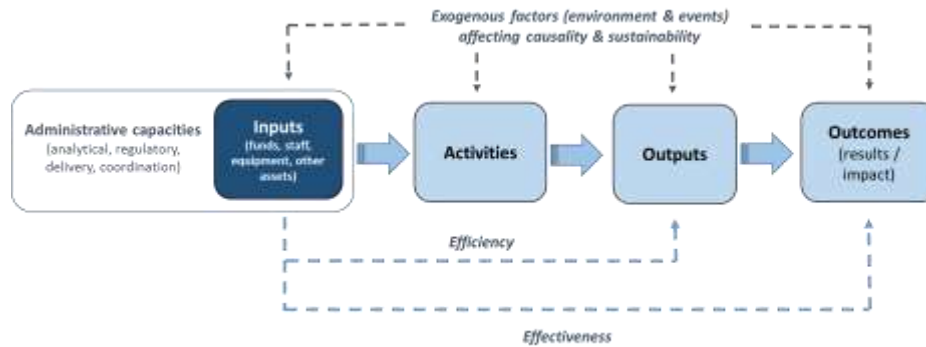
A **high-performing administration** then is one that has "*the capacity to perform and converts this capacity into … outputs and outcomes*"[6]. It can improve the quality of its actions and the quality of its achievements.

In practice, the business of government (safeguarding citizens, ensuring the rule of law, generating economic growth and employment, protecting the environment, etc.) is highly sophisticated and the external environment is complicated, with a diverse set of stakeholders, which undermines the 'production process' analogy. Public administrations are **complex systems** (see topic 4.2) within a continually changing context. The 'black boxes' of capacity and activities contain a lot of variables and relationships, which make their interaction hard to predict and even harder to control.

Nevertheless, the notion of 'public administration as a factory' underpins many of the **conventional instruments** of performance management that are popular today, applied to institutions and the individual officials within them, many of which were transplanted from the private sector. These tools tend to dominate the discourse about performance management across Europe and globally, and are outlined in the following table.

Conventional instruments of performance management

Instrument	Description
Performance budgeting	Allocating resources to public entities based on the link between the funds provided (inputs) and their expected outputs and/or outcomes, using objectives and performance information for decision-making during budget preparation (see)
Performance agreements	**Organisational performance agreements** are usually negotiated by ministries with their executive agencies or contracted service providers (outsourcing), and signed by the minister or state secretary for one party and the chief executive or top manager for the other. They set out the expectations from the agency / provider in delivering the strategic goals of the ministry, often based on detailed performance targets for operations and outputs, which are linked to a review process and payments. **Individual performance agreements** can form part of the negotiation of an employment contract, setting out the expectations of the coming year, or can be a written agreement within an annual performance appraisal, evaluated as part of that process.
Performance indicators	Data and information are usually collected in the form of performance indicators, to monitor, evaluate and audit performance (see also topic 1.3).
Performance targets	Giving extra weight to performance indicators in the assessment of success, by either setting an end-value that should be achieved by a pre-determined deadline (e.g. certain % of students achieving grade C or higher, or fall in crime rates by X%), or defining the minimum parameters for success in ongoing processes (e.g. patients to be treated within a specified period; court cases to be completed within X weeks of trial starting).

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[6] W. Van Dooren, G. Bouckaert and J. Halligan (2015), *Performance Management in the Public Sector*, 2nd edition, Routledge Masters in Public Management.

Topic 4.2: Managing quality into the system

Instrument	Description
Performance appraisal	Within human resources management, a set of procedures for assessing the work performance of individual employees, according to pre-determined criteria, usually including personal objectives and, where existing, competency frameworks. Performance appraisals usually also consider the official's learning and development needs, in the context of their performance, prospects and ambitions (see topic 4.3).
Performance-related pay (PRP)	In administrations with PRP schemes, this is the element of an employee's remuneration which is adjusted according to the performance of the official, and sometimes his or her administrative unit and/or organisation. Typically, income comprises up to 3 components: base pay is the wage or salary income that every official receives regularly (usually monthly) to reflect their position; additional allowances may be allocated on a regular in addition to base pay to reflect specific competences (such as language skills) or requirements (such as travel); PRP is a variable bonus that is typically awarded annually (or possibly bi-annually), following a performance appraisal (see topic 4.3).
Performance audits	In the words of the European Court of Auditors, this is "an independent, objective and reliable examination of whether undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness, and whether there is room for improvement" (see topic 1.3).

Sometimes, these techniques are simply replicated across countries, but there is also much variation in their application. In general, they rely on:

- **Setting a direction** – using objectives and targets;
- **Galvanising behaviour through incentives** – using budgets and payments;
- **Monitoring and assessing progress** – using indicators, appraisals and targets.

Increasingly, questions are being raised about the use and usefulness of each of these instruments in their application to public administrations. Are they conceptually sound? What happens in the real world? **Do they work in practice?**

For example, the separation of policy development and delivery through **performance agreements**, and the reliance on performance indicators and targets to allocate resources, have been called into question by both independent analysis[7] and public administrations' own experiences.

Case for	Case against
☑ The use of arms-length agencies and outsourcing enables administrations to tap into external expertise and experience, especially in specialist fields.	☒ The policy context is often very sophisticated, whereas contracts can be quite rigid. It is almost impossible to anticipate all potential eventualities in a legal agreement over the medium-long term, and hard to design in flexibility when budgets are being set.
☑ In the case of outsourcing, the competition for contracts should produce efficiency savings, in the form of lower unit costs (better use of equipment and technology and/or fewer staff for the same or higher output).	☒ The core administration's role in managing these agreements - preparing, tendering, monitoring, etc. - creates transactions costs, which offset any efficiency savings.
☑ Tying resources to results, so that high performance is rewarded and under-performance	☒ Policy design and implementation are part of an

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[7] For example, F.H.M Verbeeten and R.F Speklé (2015), *Management Control, Results-Oriented Culture and Public Sector Performance: Empirical Evidence on New Public Management*, Organization Studies July 2015 vol. 36 no. 7, pp 953-978. The study examined the role of "*performance management based on targets, monitoring and incentives*", and found "*little support for the assumed benefits of … performance contracting*".

is penalised, should create incentive effects.	integrated and iterative process, rather than distinct disciplines. The outsourcing of implementation hollows out the core administration, reducing internal capacity and institutional memory which is important in ensuring agility and resilience.
	☒ Separation leads to fragmentation, which increases the coordination pressures on the core administration (see theme 3 on multi-level governance, including topic 3.3 on centre of government coordination).
	☒ Outsourcing opens opportunities for abuse of power in awarding contracts (e.g. cronyism or favouritism), which should be factored into the potential costs (see topic 2.2. on managing integrity & corruption risk).
	☒ Performance contracting can encourage creativity in cost-cutting, but incentives to increase service quality are less clear-cut, inhibiting innovation as experimentation incurs costs without the guarantee of any benefits.

Other topics set out the pros and cons of **other instruments of performance management**, namely: performance budgeting (see topic 8.1); performance indicators and targets (see topic 4.1.2, but also topic 1.3); performance appraisal and pay (see topic 4.3); and performance audits (see topic 1.3). Each one can be understood in its own terms, and yet there is also a common thread running throughout – performance information (see topic 4.1.3).

With the focus on these specific tools, it is easy to overlook the importance of **capacity** and its contribution to performance, or to confuse one with the other.[8] Administrations can fall into the trap of determining performance goals without fully considering the capacity to achieve them, for example when formulating indicators or targets, so that irrespective of whether capacity rises or falls, the metric remains the same. Moreover, some of the standard performance management techniques can be detrimental to capacity (e.g. evidence of the impact on performance pay on staff motivation). However, as the World Bank Institute has stressed: "*the relationship between capacity enhancement and performance is by no means direct and linear. The performance of governments … is affected by a multiplicity of factors, above and beyond capacity enhancement.*" Performance indicators are not suitable for measuring capacity, which requires its own metrics.[9]

Managing for results ultimately means doing things better, which involves making the most effective, efficient and creative use of available resources (including through innovation and

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[8] The United Nations Development Programme refers to capacity as the "*ability to perform functions, solve problems and set and achieve objectives*." Administrative capacities have been described by the Hertie School of Governance as "*the set of skills and competencies that are expected of public bureaucracies so that they can facilitate and contribute to problem-solving. They encompass the structural and procedural provisions that enable bureaucracies to perform particular functions and embrace the individuals within these bureaucracies that are capable and skilful enough to meet the expectations of their political masters and the wider public*." The Hertie School's 2014 Governance Report breaks down capacities into analytical, regulatory, delivery & coordination.

[9] World Bank Institute (2003), *Capacity Enhancement Indicators: Review of the Literature*, WBI Evaluation Studies No. EG03-72

involving citizens and enterprises), as well as strengthening capacity through investment. Hence, **performance improvements** can come from:

✓ More effective **structures and relationships**, and efficient allocations of responsibilities within and across levels of government (see theme 3 on multi-level governance);

✓ Developing a capable, and most importantly, motivated & engaged **workforce** (see topic 4.3); and

✓ Streamlining and simplifying **systems and service provision**, through life event analysis, process re-engineering, the processing capabilities of ICT, better channel management (one-stop and no-stop shops), and co-creation with citizens and businesses, etc. (see themes 5-7).

> When approaching performance management, clarity of purpose is crucial (why are we doing it, what do we hope to achieve) and should be widely communicated to all affected staff. Tools should be selected carefully to ensure they are appropriate to the purpose, and take account of the effect on capacity and activities, to avoid 'gamification' and unintended consequences.

This suggests three main ingredients. First, it means establishing objectives and intended outcomes that provide a clear direction for public organisations, but retain sufficient flexibility about the means to achieve them to deal with eventualities. Second, this overall framework sets the parameters and tone for each public body to develop its own plans, based on clarity of purpose, translated into an understanding of the organisation's mission, values and vision, and a strategy to deliver them through its day-to-day activities. Third, it is about using performance information as intelligence for learning lessons, and shaping future activities, as well as the more conventional role of calling organisations to account.

4.1.1 Setting objectives and intended outcomes

Results-based management typically starts with setting objectives. Public administrations usually formulate these objectives within the wider framework of strategies or programmes (especially the latter in the case of using EU funds).

- **Setting objectives & intended outcomes**
- Linking mission, values & vision through strategy
- Using performance information

The **cascading of objectives** from the government to organisation to team to individual levels, as the basis for performance management, is illustrated by the case of Slovenia and its strategy for developing the public administration. The argument for strengthening the performance system was made in a 2012 OECD Public Governance Review, and has since been pushed forward through the adoption of a new strategic framework and action planning, shaped by the Government's principles and values.

Inspiring example: Strategy for developing public administration (Slovenia)

In 2012, the OECD published 'Towards a Strategic and Efficient State', its review of public governance in Slovenia, which included the following finding:

"*Staff in the central public administration need to be motivated to perform efficiently and effectively. Performance management systems should be used to align organisational and individual performance goals in order to facilitate the attainment of whole-of-government objectives. For this to be achieved, it is important to create linkages between individual, organisational and whole-of-government performance objectives; strengthen the individual staff performance management system; and achieve an optimal balance of incentives to motivate performance*".

In 2015, the Government adopted the [Public Administration Development Strategy (PADS) for 2015-2020](#), with a vision based on values:

"*The vision of the Government of the Republic of Slovenia is to organise modern public administration which will observe the following principles and values - the rule of law, professionalism, participation, transparency, integrity and corruption prevention, responsiveness and user-orientation, consensus-orientation, fairness and integration, innovation, success and efficient use of resources, and responsibility - as the basis for measures and indicators of effectiveness, observation of public interest, satisfaction of citizens, companies and other stakeholders with which it will achieve above-average results among EU Member States regarding high-quality service provision.*"

To achieve this vision, PADS sets out 10 overarching objectives and 7 thematic fields. Each of the thematic fields is broken down into sub-objectives, as shown in the table below.

Thematic field	'Sub-objectives'
1. Efficient organisation	1.1. Efficient organisation of the central level of the state administration 1.2. Programme budgeting 1.3. Managing projects in the public administration; efficient and economical implementation of strategic and development objectives
2. Efficient use of resources	2.1. Improving human resources management (competences, civil servant system, wage system) 2.2. Public procurement: Simplifications, higher flexibility, efficiency and cost-effectiveness of public procurement and, consequently, direct and indirect savings 2.3. Management of tangible assets
3. Improving legislative environment	3.1. Improving the regulatory environment 3.2. Establishing a modern and efficient system of administrative procedural protection which allows responsible creation of certain administrative relationships and which pursues more the service role of the state, which contributes to better reputation among citizens and competitiveness of the state
4. Open and transparent operation with zero tolerance to integrity violation in the public sector	4.1. Enabling the public to participate in the adoption of regulations and consistent transparent publication of proposals on the internet 4.2. Higher transparency of operation and use of financial resources in the wider public sector 4.3. Opening of public sector data 4.4. Increasing the level of integrity of employees in the wider public sector
5. Quality management systems in public administration	5.1. Enhancement of support and awareness of employees about the importance of quality as a value in the public administration 5.2. Enhancement of development of the quality management system on the basis of the CAF model and exchange of good practices at all levels of public administration 5.3. Enhancement of the quality management system by introducing a single application for support to measuring key objectives and indicators
6. Modernisation of the inspection procedure	6.1 Shorter and more effective inspection procedures with the established information support
7. Effective informatics, increased use of e-services and interoperability of information solutions	7.1. Improving the quality of citizens' lives, including by improving communication and harmonisation with the public administration using digital channels 7.2. Increasing competitiveness of the economy, including with better conditions for e-business 7.3. Digitalisation and optimisation of internal operations for a flexible, rational, efficient, transparent and open public administration

The sub-objectives in turn provide the framework for the first two-year Action Plan for 2015-2016. Each sub-objective is elaborated in the form of measures, indicators, starting & target values, financial resources, deadlines for implementation, and activity 'holders' (designated responsibility). These holders are defined at the level of ministries or other government offices. Some examples are provided overleaf.

Sub-objective	Short substantive description of measures & notes	Indicator	Starting values for 2014	Target values for 2020	Financial resources	Deadline of implementation	Holder of activity
1.2 Programme budgeting	Initial analysis of the current situation and necessary changes in the field of legal framework for the creation of a program budgeting, information solutions supporting the preparation and implementation of budgets and organisation of work in individual groups of institutional units of the general government sector.	-	-	-	-	31. 12. 2015	MF
2.1. Improving human resources management (competences, civil servant system, wage system)	Strengthening of competences of civil servants	Average number of training days per civil servant a year	4 days	5 days	ESF €2 million and own activity	Continuous until 31.12.2023	MJU, DJS
2.3. Management of tangible assets	Centralisation of management of tangible assets with an emphasis on optimisation of operation	Reducing rental costs	0	30%	Savings of €1 million and revenue from management	1.1.2017	MJU, DSP
3.1 Improving the regulatory environment	Better administration: e-Regulations – Modernisation of electronic support for the preparation of regulations and measuring of their effects on the economy (SME test)	Share of ministries where the measuring system and the use of SCM methodology is established	1	87,50%	EU funds, integral funds €70.000,00	30.6.2016	MJU, SBZUPK SVZ MGRT

The next step in the MPA's plan to **cascade objectives** from the strategic to the operational is the allocation of those Action Plan sub-objectives and measures that fall to the Ministry of Public Administration (MPA) to specific administrative units within the MPA. This exercise can subsequently be extended to other public bodies named in PADS, and beyond that, the experience can act as a test-bed for setting and cascading objectives from other Government strategies in other sectors.

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Objectives set a way forward, act as a guide to public servants, and influence behaviour both inside and outside the administration. **Convention suggests that objectives should be 'SMART'**:

Criteria	Meaning
Specific	Avoid ambiguity, to ensure the objective is meaningful
Measurable	Knowing when you have 'reached your destination'.
Achievable	Objectives should be realistic, not speculative
Relevant	Another way of saying 'evidence-based', addressing a real-world problem.
Time-bound	To convert objectives into concrete plans, objectives cannot be entirely open-ended, and hence it makes sense to set some time limits (however, see below regarding flexibility).

However, care must be exercised in interpreting and applying these criteria, to avoid dogmatically pursuing paths that lead into blind alleys and cul-de-sacs. The caveats are that information is often incomplete and imperfect, and the future is always uncertain. It is impossible to anticipate and analyse all possible scenarios, so **flexibility** is crucial. Harold MacMillan, a former British Prime Minister in the 1950s-1960s was said to have been asked by a journalist what was most likely to blow his government off course and replied "events, my dear boy, events". It is essential that there is latitude built into policy delivery. Hence, the mantra that administrations must be ready to adopt-and-adapt their policies to the realpolitik, through the implementation of their strategies and plans (see theme 1).

The academic and journalist, Professor John Kay, argues that goals are often achieved *indirectly*, in unplanned and unexpected ways, a concept he calls 'obliquity'. He notes that, in business for example, it is paradoxically the visionary companies that tend to make more money than the ones

that place profit-making or 'shareholder value' at the head of their strategies. By pursuing the goals of quality, innovation and service, enterprises that give customers what they want generate revenues, whereas the ones that seek to make profits by pursuing aggressive sales strategies and ruthlessly cutting costs are often less successful in their primary objective of maximising profit. Moreover, organisations that stick rigidly to their plans, set out in grand designs, can come unstuck when they hit an obstacle if they refuse to change direction. Given uncertainties and complexity, Kay argues for **objectives to be kept high-level**, which can also be understood as 'aspirational', taking small steps and making regular checks in striving towards the ultimate goal (see theme 1).

> *"There are no predictable connections between intentions and outcomes … Problem-solving is iterative and adaptive … irrationality lies in persisting with methods and actions that plainly do not work"*. Professor John Kay, Obliquity: Why our goals are best achieved indirectly, 2011.

Public bodies can struggle to differentiate between desired outcomes (e.g. reduced crime levels) and intermediate operational goals (e.g. recruiting police officers), especially when cause-and-effect are opaque. At the same time, they can pay too much attention to specifying inputs and outputs, rather than the eventual outcomes or the essential enablers, which depends on sifting through the available evidence. For example, decision-makers might want to see more police on the street generally, in response to public pressure for a visible police presence. Evidence-based policy weighs up whether this is the optimal solution to reduce street crime, or whether this might be better achieved through more targeted interventions focused on 'hotspots', or other options.

Since 2013, the Federal Chancellery, as the Centre of Government in Austria, has been embedding performance management across the entire public administration through the concept of '**outcome orientation**'. Three years is a short period of time, but the benefits are already being felt.

> ### Inspiring example: Outcome orientation (Austria)
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> The Federal Performance Management Office (FPMO) is a unit in Austria's Federal Chancellery (the equivalent of a Prime Minister's Office) and is responsible for coordinating general governmental policies. The work of the FPMO is based on four pillars:
>
> 1. It is responsible for the **conceptual design and development** of the performance management framework. Much of this framework is laid down in laws and other forms regulation, but the FPMO has also developed handbooks and guidelines.
>
> 2. Its officials assist line ministries and agencies in the **coordinated and consistent implementation** of the performance management framework, by means of consultancy, training, meetings with ministries and seminars, both in-house and through the academy for civil servants.
>
> 3. Its main task is to provide **quality assurance** to performance information given by ministries, to promote the uniform quality of objectives, indicators, measures, etc. For this purpose, the FPMO has several tools like checklists, models of maturity and others.
>
> 4. The FPMO is responsible for **reporting performance** to Parliament and to the public. There are two reports each year regarding impact assessment (spring) and performance goals and achievements (autumn).
>
> In a broader sense, the competencies regarding performance management (PM) are split with the Ministry of Finance, which focuses on budget management issues. As the Finance Ministry focuses mainly on inputs, it can

be quite useful to have another ministry or department that keeps an eye on outputs and outcomes.

The performance management framework has been in place since 2013. What was the **rationale** for this reform? In the past, the Government operated under an out-dated and very detailed budget structure. It was largely a line-item budget, which encouraged an 'input orientation' in the public administration. Budget documents contained no information on activities and results. It was about who gets how much, instead of what services does the state provide and what will be the outcome. Budget management was not legally binding and lacked a longer-term perspective. The Budget Law lacked incentives for economic management and the small-scale budget structure was inflexible and not transparent. So, in general, the bigger picture was missing. In a sense, one of the most important questions was not being asked enough: What do we want to achieve with taxpayers' money? The need for change became even more apparent in the wake of the global financial and economic crisis, increasingly tight resources and hence pressure to deliver and demonstrate value for money. Parliament needed more information for political decisions. In conclusion, the old budget system lacked important, management-related information and was only input- and not output-oriented, so it needed to be reformed.

The response to those challenges has been the introduction of **outcome orientation** (*Wirkungsorientierung*). The basic idea is to manage the public administration based on its contribution towards achieving certain outcomes in society (e.g. social issues, environmental protection or gender equality). The 3 key pillars are:

- ✓ A new **budget framework** that presents the political goals and objectives, which are then measured and reported on;
- ✓ A new system of **outcome-orientated impact assessment**, integrating outcome orientation in the process of planning new regulations and major programs;
- ✓ A strong and **binding legal foundation** - outcome orientation has also been laid down as a budgetary principle in the Austrian Constitution.

Being a fundamental, large scale reform, it came into force in two stages, in 2009 and 2013. For the very first time in 2013, the budget showed the political goals and objectives, as well as the measures and activities, planned by Ministries and other public bodies. The adoption of the 2016 budget by Parliament was the 4th in line with the new system, and it is safe to say that the quality of performance information has developed impressively during the implementation phase. Also, indicators have been developed to measure the progress. In introducing performance management, the Government had five objectives:

1. It is important that outcome orientation is not only established on a rhetoric level (words in documents), but as a guiding principle for the public service, which meant nothing less than a change of the **administrative culture**. A cultural change does not occur overnight, it might take 5 years, 10 years or even longer. So, evidently, the PMO has not yet completely accomplished this challenge.

2. Information on outcomes should support **priority setting** and allocation of resources. To be sincere in setting priorities, this means that you must recognise there are some tasks which are not so important, maybe they can even be stopped.

3. The new system should strengthen **accountability**. Responsible positions and responsible managers should be clearly addressed in budget documents and other documentation.

4. It was clear from the outset that this would not be a one-off-reform, but the start of an improvement circle, following the concept familiar from quality management: **plan-do-check-act**.

5. To **increase transparency**, all the information on planned outcomes and all the reports should be on the internet, and the data should be presented in a modern and informative way.

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The example (right) shows in brief the **logic of performance management** in Austrian public administration. Political objectives form the starting point, and relate to a desired societal outcome like improved road safety. It is the task of public administration to provide the services necessary to achieve a desired outcome. These services we call the output. However, outcomes cannot always be clearly attributed to specific outputs, because external factors can play a role, too. In the example, these external factors could be increased traffic volume or bad weather conditions. Before services can be provided, the required resources, i.e. the necessary input must be ensured and allocated. Then the activities (measures) required to generate a specific output are carried out, either by public administration itself or by external service providers. For example, one output could be an awareness-raising campaign "do not drink and drive" or the introduction of a multi-phase driver education for young drivers. What must be borne in mind here is that the effects are sometimes medium- or long-term.

The chart below illustrates how the Federal Government **links the budget structure with the performance structure**. The total budget is divided into five headings and the headings again are divided further into 32 budget chapters, such as 'interior', 'justice', 'social security'. A budget chapter often corresponds with the budget of a line ministry, however there are ministries who are responsible for two or three budget chapters. Each budget chapter is then subdivided into one to four global budgets, which can be programme budgets (e.g. 'police'). At the operational level, we have detail budgets, which are the budgets of departments and agencies (e.g. 'police department in region x').
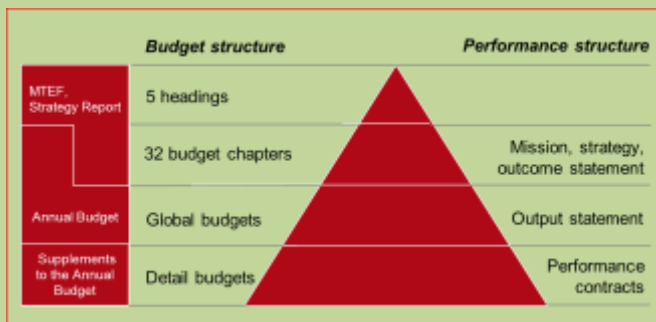
Each element of the budget structure has a **corresponding element on the performance side.** The planning documents contain all three elements. The available resources are discussed in the light of the planned outputs and desired outcomes. However, in the official budget documents - Medium Term Expenditure Framework (MTEF) and Strategy report, Annual Budget and Supplements to the Annual Budget - there is only a loose linkage, which means that the *total* amount of money is discussed together with selected priorities. Within each ministry, however, there should be tighter coupling, which is set out in its performance contract. This is what OECD calls "performance informed budgeting". The left-hand column of the diagram shows the planning documents where resources, objectives and indicators are defined. The MTEF and Strategy Report are produced every Spring, explaining the fiscal strategy. The draft Annual Budget is submitted to Parliament in the autumn, containing an outcome statement per budget chapter and an output statement per global budget. This is accompanied by the annual Budget Supplement, which contains a summary of the objectives set at operational level in the performance contracts.

The performance management cycle follows the principle of 'plan, do, check and act' (PDCA). The basic idea is that it is also a **learning process** for the organisation. Performance management is not only about achievement of objectives, but also about doing better in the future. The results of the evaluation are used for future planning and decision-making. So, the performance management cycle becomes a full circle, or maybe an even better image is to see it as a virtuous spiral, improving from year to year. The PDCA cycle is an element that is also used in quality management. In Austria, the performance

management system has been integrated with the common assessment framework (CAF). Austria's CAF specification has combined the performance management logic with the European Framework of Quality Management (EFQM) model (see topic 4.2).

How is this performance information used? Outcome orientation can be applied at different levels, and FPMO has identified three main user groups.

- First, the desired outcomes defined by the government are made transparent to **Parliament and the interested public** (such as the media, interest groups, and citizens). Parliament discusses this information intensively and from various perspectives in the budget committee, but also in the plenary sessions, including focusing on specific issues. They discuss the appropriateness and the level of ambition of objectives, they even discuss rather technical aspects. Performance information is referred to more by the opposition parties, but not at all only by the opposition. Members of Parliament are now in a better position to represent their interests towards government, and take decisions on an informed basis. Also, citizens gain better insight into the Government's work, as well as a better understanding of the machinery of government, and what it is responsible for. This will strengthen people's confidence in public institutions!

- Second, it is an **analytical tool that supports government and ministers**. It helps to identify the relevant challenges and to plan actions that tackle societal problems (like unemployment or gender inequality). It provides feedback about the effectiveness of interventions, including those of other ministries that affect their responsibilities.

- Third, it provides the basis for **decentralised management of public bodies**. Public administrations can also show the range of services they provide at all levels for citizens, organised interest groups, politicians and other stakeholders. It helps the **Federal Government** to ensure coherence and consideration of all impact dimensions and outcome objectives

Two **reports are presented to Parliament** each year - the Annual Federal Performance Report and the Report on Internal (Ex-Post) Evaluation of Impact Assessments. The information comes from the ministries and supreme organs, with a statement on achievement of their objectives. The role of the FPMO is coordination, standardisation and quality assurance. The screenshot (right) shows Written Parliamentary Questions on the topic of outcome orientation.

Enshrined in the Constitution now is a budgetary principle that outcome orientation includes **gender equality**. This demands an integrated approach. Gender equality must be considered in policy making and management (strategy report, annual outcome and output statements, and performance mandates), which goes beyond simply allocating separate budgets for women and men. Integrated gender mainstreaming and budgeting requires: gender analysis; identification of challenges; definition of objectives (i.e. outcome statements); actions to be taken (i.e. output statements); and evaluation and reporting (i.e. the Annual Federal Performance Report). Examples include:

Ministry	Outcome related to gender equality
Education & Women's Affairs	Promoting equality in the educational system (reducing gender, ethnic and socioeconomic inequality)
Science, Research & Economy	Facilitating the reconciliation of work and family life
Labour, Social Affairs & Consumer Protection	Reintegration of women into the labour market, especially after parental leave
Interior	Better protection against violence, especially violence against women, children and elderly people
Finance	Increasing the percentage of women on the supervisory boards of state-owned companies

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So, what is the **added value** of introducing outcome orientation? The FPMO cannot prove that the system has saved a huge amount of money. However, performance management is now established as an important basis for evidence-based decision making and continuous learning, with assessment of both intended and unintended outcomes. Moreover, decisions of the past are now assessed and evaluated in a systematic way to inform smarter decision-making in the future. At numerous points in the cycle, public servants, including experts for legal drafting and budget experts, have to think about outputs and outcomes, about goals and how to reach them and how to measure goal attainment in a systematic coherent way. They assess consequences for the dimensions of impact: social, economic and environmental. There is quality assurance and institutionalised support from the FPMO, the Ministry of Finance and line ministries responsible for these impact dimensions. Also, we now receive feedback on performance from Parliamentary Committees, the Parliamentary Budget Office, and the Court of Audit. Performance management has improved transparency and legitimacy: presenting significant contributions for solving societal problems; calculating cost-benefit ratios; delivering political promises; and documenting produced results and outcomes. It has increased accountability and raised public awareness with machine-readable open data, for better governance.

Of course, there were also **prejudices** when outcome orientation was initiated. Sceptics said bureaucratic costs would increase, due to increased administrative effort. The experience of implementation is yes, there have been extra costs, but the flipside is there have also been improvements in political steering, effectiveness, transparency, responsibility, participation, and coherence. Costs and benefits should be proportional. Furthermore, opportunities are missed when objectives are not attained.

There have been many **challenges** along the way, including collecting meaningful data and increasing accountability & awareness (see chart to right):

- **Designing user-friendly IT tools**: Many public servants are involved in conducting and evaluating RIA and performance management, so a single input and interoperability between different systems is desirable, along with central oversight for FPMO. The solutions were: a web-based tool for evaluating performance goals, indicators etc.; providing a multi-year database with up-to-date oversight for FPMO and ministries; and automated evaluation and reporting processes. The next steps are: extending this system to RIA; interoperability with IT systems from Ministry of Finance; and enabling internal short-term (less than 1 year) data collection and analysis.
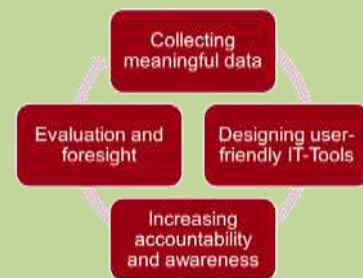
- **Evaluation and foresight**: The goal of performance management is to use collected data for strategic planning and close the performance management loop, including use of (ex-post) evaluations, foresight tools and modes of anticipatory governance vary between policy fields, and use of indicators and goals for steering and governance of organisations. Regarding future steps, the plan is to develop data dashboards for high-level use, and providing best-practice examples and support to increase evaluation 'know-how' throughout central government.

The FPMO continues to **learn from experience** and develop the system further:

- From 2013, for example, regulatory impact assessment (RIA) was compulsory for all new regulation (500 times per year). In 2015, we introduced a more gradual approach, complete RIAs apply only for about 150 regulations.

- Another lesson is that automatic sanctions for missed targets (such as budget cutbacks), as an un-reflected assignment of guilt are counter-productive. Instead, performance should be driven up by continuous and sustainable transparency, the practice of political control through the parliament, and profound examination of results, with the objective of institutionalising learning processes (utilising results for future plans) and establishment of failure management.

- A lesson learned is that it is better to think about the design of the IT system at an early stage. During 2015, the technical foundations of the system have been greatly improved and support line ministries

in their performance management capabilities. Also, the new system provides transparent factual information to the parliamentarians and the interested public. A state-of-the-art web-based database forms the basis for integrated reporting and for presenting data in a management cockpit. Visualisation of the data in spider- and app-style graphs and figures allows easy access and intuitive navigation. Modern IT tools facilitate communication with different user groups.

So, while you are facing various challenges during a change process, **patience, endurance and sometimes assertiveness are essential**. Implementation of our new outcome-oriented performance management takes time. At least about 130 000 civil servants are affected by this comprehensive innovation and change process. It must be implemented incrementally, but on the whole, the traditional Austrian control system in politics and public administration is finally changing.

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There are five **lessons** from the Austrian experience of potential interest to other Member States (see also theme 9 on public administration reform – making change happen):

- The backdrop will be familiar to many administrations across the EU (and outside, to aspiring members) in that performance management was introduced in the context of performance-based budgeting. The original rationale was a search for better **budgetary management**, to link policy to funding to results.

- Outcome orientation is gaining traction, not just because it is a policy driven from the top of Government, but because it is increasingly owned by parliament and the public. Austrians have codified performance management in their Constitution, which has turned a policy initiative into a legal imperative and gives it permanence. All legal bases, even constitutions, can be amended, **legitimacy of policy comes from the democratic mandate**. So long as people (and their elected representatives) find that the performance management framework delivers useful information and answers their questions about the actions of the executive, then it will continue to have popular support.

- This mandate and momentum does not mean that managing performance is 'plain sailing'. As the FPMO representatives have noted, there is still resistance to reform in some parts of the administration, ambitious plans to develop the system further, and much work to be done. They quoted the experience of their Australian counterparts, which after 20 years are still challenged to demonstrate the benefits where there is scepticism. It is an ongoing process of **cultural change**.

- **No new system is introduced fully-formed**. While one 'regret' of the Austrians is that they did not approach their IT requirements differently, the IT design should not be seen as a constraint. Performance management can start adequately with paper-based and manual processes, if necessary. The overall IT architecture should follow from procedural needs, while also liberating the system 'sponsors' to look creatively at solutions that take full advantage of processing and network power, and especially interoperability across organisations.

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➕ The Austrian approach contains centres on evidence-based policy (including the role of impact assessments), it places the ultimate emphasis on outcomes, not outputs, and most important of all, it embeds **permanent evolution** through the plan-do-check-act approach.

The Austrian approach is firmly established in the annual budgeting process, which provides a ready mechanism for converting the government's policy objectives into the programmes and plans of ministries and other budget users (see topic 3.3 on centre of government coordination and topic 8.1 on budgeting). To establish the overall priorities and resource needs of each budget beneficiary and translate these objectives to the operational level requires **business planning** with individual administrative units (divisions, departments, etc.) inside each ministry. This entails clarity about:

- ✓ The mandate of each administrative unit regarding its role and activities;
- ✓ The mandates of other internal units and other public organisations (ministries, agencies, etc.) with shared responsibilities for objectives and performance;
- ✓ Whether the sum of all mandates is sufficient to deliver the objective, or whether there are gaps in responsibility;
- ✓ The risks from events outside of the unit's control (what can go wrong, how likely this is, and what would be the consequences);
- ✓ The resources required to ensure or develop the administrative capacities and competences needed to fulfil the mandate, mitigate risks, achieve objectives and improve outcomes.

Inspiring example: Linking objectives to organisational and individual performance (Austria)

The implementation of performance management needs a process that is well structured and institutionalised. The ideal type begins at the departmental level, usually with a strategy meeting at the beginning of the year. The conclusions are then cascaded down the various hierarchical levels into organisational units. It is completed at the end of the year – or the beginning of the next - with the various evaluations and reports that are needed to create the following year's plan. An important part of the process is staff engagement. Once the foci of the department and its sections are fixed, the objectives and targets of the individual employees can be agreed in the appraisal interviews.

What must be borne in mind is that organisations have their management models already in place, so some sort of 'migration' to the new system must be designed. The new system should not be an additional burden, synergies must be found, maybe get rid of things that have been outdated. For the introduction of results-based management, it was certainly advantageous that many departments had already adopted individual management control tools, which they could continue to use after adapting to results-based governance. Rather than 'imposing' outcome orientation on existing management tools, the introduction of this new outlook should always go hand in hand with a task review and you should also have the courage to discard things that no longer have a purpose.

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4.1.2 Linking mission, values and vision through strategy

In a system of representative democracy, elected politicians make the strategic choices and define the goals they want to achieve in different policy areas. The leadership of public organisations assists political authorities in formulating public policies, by giving advice based on its

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>
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>
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expertise in the field. It is also responsible for the implementation and realisation of these policies. Modern public management makes a **clear distinction between the roles of political leadership and organisational leadership/management**, whilst emphasising the importance of good collaboration between both sets of actors to achieve the desired policy results.

The Toolbox distinguishes between the concepts of **policy and strategy** in theme 1. If the policy sets the *direction*, the strategy describes how the administration will marshal its resources and move towards the *desired destination*. Policy-making is deciding on a definite 'path' to be pursued, the strategy is the 'road map' for getting there. This planning process puts policy into practice, turning aims into actions.

While governments might set out their policy and strategy for healthcare, or law enforcement, or public administration reform, individual organisations (clinics, police forces, ministries) must also be clear about their goals within this framework. Depending on circumstances, this might mean taking account of several, relevant, **sector policies and strategies**. For example, the ministry of education will need to take account of, say, the education policy & lifelong learning strategy, and at the same time, the government's integrity policy and anti-corruption strategy. It will also have its own internal goals relating to the unique needs of its organisation.

While the legal basis[10] gives the organisation its **mandate** (reason), the policy and strategic framework help to determine its **mission** (purpose) and its **vision** (ambition), based on the objectives and intended outcomes. These are the basic ingredients to move forward and create a clear organisational strategy, so that everyone in the workforce can pull in the same direction and focus on what matters the most to produce results.

In practice, however, public bodies face **multiple, ongoing, often conflicting agendas** that arise in political and multi-stakeholder environments – which distinguishes the public from the private sector. Often, organisations avoid trying to clarify their strategy (perhaps because this is easiest in a political environment), deliberately fostering ambiguity about the direction of the organisation and the necessary steps to improve performance. To achieve the desired end results, organisations need to stay focused on the ultimate goals, and take account of enablers such as the knowledge and skills of employees, the image and reputation of the organisation, the information it holds, the relationships with key stakeholders, the technology infrastructure, as well as the management.

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[10] For example, a primary law, systematisation of ministries and/or budget law

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Leadership is ensuring that the organisation is driven by a clear mission (*where are we going?*), vision (*where do we want to be?*) and core values (*what steers our behaviour?*) for its long-term success, communicating them and ensuring their realisation.

Every public organisation needs to recognise the **values** that set the framework for all its activities, in line with its mission and vision (efficiency, user-oriented, easily accessible, etc.). If they are not *explicit*, then the reality is they are *implicit*, comprising and revealing themselves in the aggregate behaviours and decisions of individual officials (see principles and values of good governance). Even more than private companies which depend on the rules of the market economy, public sector organisations should actively uphold societal values such as rule of law, diversity and gender equality, integrity and social responsibility. Leadership creates the conditions for the organisation to embody and embed such values.

In the example of the Lithuanian ESF Agency, it is interesting to notice the driving role of leaders, setting the context, involving staff and communicate as a first step to make mission, vision, and certainly values, a "living thing" in the organisation.

Inspiring example: Leadership in the European Social Fund Agency (Lithuania)

At the beginning of 2008, the ESF Agency had a formal **mission**, however, it was not widely known, and the employees were not involved in the mission formulation. By that time, the **vision** of the Agency was not formulated at all. The **values** were described in the Code of Ethics prepared by the lawyer of the Agency, but they were not well known among all the employees. The link between the values of the Agency and its mission was also deficient. From that moment on, an action plan was prepared and implemented to formulate the Agency's vision, update its mission and communicate to the employees, and update the Agency's values.

Special seminars were organised for all employees to discuss what values were the most important to the Agency, its stakeholders and employees, and why values are so important in the life of any organisation. Information about values was included into Agency's calendars, website and intranet. A decision was taken every quarter to elect employees whose behaviour correspond to the Agency's values the best. A model of competences was prepared and thus the Agency's values integrated into the system of employee evaluation.

The Agency's leaders started involving employees from all levels into the decision making, by organising different working groups: a group of volunteers was organised to work out the employees' motivation plan; a group of volunteers was organised for the improvement of internal communication; a group of top managers worked out the new organisational structure and the same group together with an outside expert prepared the strategic plan of the Agency; and several groups worked to simplify core processes.

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Organisational strategies start from mission and vision development, define strategic objectives, and cascade them down into operational goals and actions that can be monitored and measured.[11] Implementing the mission and vision of a public organisation means making choices about the 'way forward', in the content of the policy framework, available resources, and beneficiaries' needs and expectations. Based on the mission, vision and values, organisational strategies start with robust analysis, defining strategic objectives, and cascading them down into measures and operational plans that can be executed, which may require the upgrading of processes and capacity (see theme 5).

The diagram (left) from the EU-funded Community of Practice on Results Based Management shows the cycle in full.[12] Monitoring and learning should be part of the planning, as well as being attentive to the need for modernisation and innovation, which supports organisation in improving their functioning. Critically assessing the implementation of the strategy and operations should lead to updating and adapting them, as necessary.
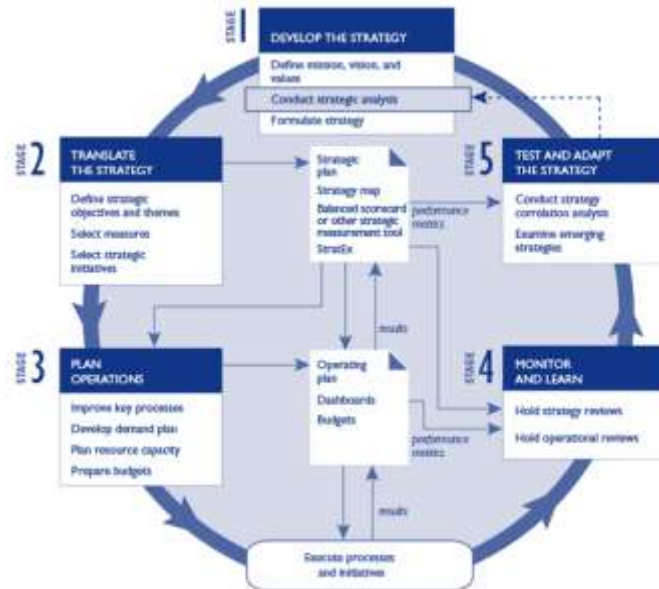
This cycle, and the integration (cascading-down) of plans at the various levels, is well illustrated in the case of the Office of the State Government of Upper Austria.

Inspiring example: Strategy development in the Office of the State Government of Upper Austria

The State of Upper Austria offers around 2,600 services, from health and youth care to traffic infrastructure etc. Since the early 1990s, it has been adjusting its services with emphasis on organisational changes, and from the mid-2000s, has introduced a new public management system called "Wirkungsorientierte Verwaltung (WOV)", ("outcome oriented administration"), which allows the State to measure the effectiveness of the actions. The system can be described as a control cycle starting from public requirements and leading to results and evaluation.

A strict hierarchy of planning and controlling instruments guides from long-term general concepts, of which the WOV-Governance Code is one, to strategic plans, milestones and detailed one-year goals and target agreements. The basis of the

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[11] Theme 1 provides a checklist for assessing the quality and internal consistency of individual strategies.
[12] COP RBM's *Sourcebook on Results based Management in the European Structural Funds*, p.76. The architecture in the diagram is based on R.S. Kaplan and D.P. Norton (2008), *Mastering the management system*, Harvard Business Review.

outcome-oriented control procedures is the definition of long-term socio-political goals for the population which are the starting point for planning and controlling within the Upper Austrian administration. Through a standardised process, long-term goals are broken down into mid-term milestones, followed by annual planning.

All employees are integrated in the process through annual target agreements. The concept includes various instruments like quality management, customer feedback, complaints management, knowledge management, standards for various procedures and lump-sum budgets. The implementation has reached a mature standard and has been continued also after a political change of the government.

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To keep the momentum and ensure the overall picture is not clouded with detail, some organisations are moving away from lengthy, onerous documents, and supplementing or even replacing them with highly visual plans, or 'value creation maps' (such as the example of Belfast City Council below), which depict the strategy with all its components on a single piece of paper. These immediately provide focus and direction. Even if strategy maps are not used explicitly, business plans should show how the organisation intends that today's inputs, processes and outputs will impact on tomorrow's outcomes. Using a strategy map in conjunction with a more conventional business plan can help to check the assumptions made in the plan, while the map itself is a readily understandable way of communicating the strategy.

Inspiring example: Value creation map for Belfast City Council (United Kingdom)

Belfast City Council is the largest local authority in Northern Ireland. Belfast City Council provides local political leadership and a range of services such as refuse collection and disposal, tourism and economic development and employs more than 2,800 people serving a city population of about 269,000. The strategic management exercise resulting in a value creation map dates back to 2005. Throughout a process of consultation and strategic reflection, the leaders of the organisation clarified and agreed on the corporate strategy, mapped this strategy into a corporate 'value creation map', designed appropriate performance indicators and cascaded the framework into all departments and service units. The value creation map provides a single image of an organisation's overall purpose, the key competencies it needs to have to deliver its purpose and the key resources it needs to support these competencies. The original map for Belfast City Council was designed in 2006 and was based on the input of elected Councillors and senior officers, as well as a review of existing strategy and planning related documents. Since then, the map (and according strategy) was regularly revised and updated.
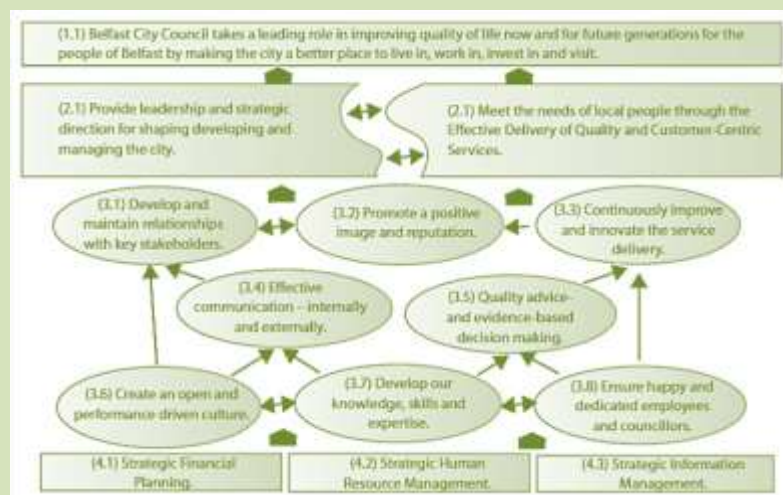
Source: B. Marr (2009), "Strategic performance management in government and public sector organisations", Advanced Performance Institute

Getting employees to buy into and follow a strategy means engaging them in the process. If everyone knows what they are aiming for, and why, they are much more likely to get there. Yet it is surprising how many organisations choose not to share this information with their workforce.

Clearly, top-level ownership is essential, if an effective performance management strategy is to be designed and implemented. Buy-in from middle managers and front-line staff is vital too, though – to make performance management an integral part of the organisation's daily routines. If middle managers and front-line staff are not provided with meaningful feedback, and instead feel treated like robots that must perform prescribed tasks or collect and report seemingly meaningless data, they are unlikely to ever fully subscribe to the performance management approach.

The case of Castilla y León in Spain is an interesting example of a regional government that has taken a pro-active stance to communication by reaching out to stakeholders both within and outside the administration, especially citizens and business, in the whole strategic cycle (planning, implementation and continuous reporting).

Inspiring example: Everyone's administration - the strategic plan for modernising Castilla y León's public administration (Spain)

The Government of Castilla y León has pledged its commitment to the modernisation and quality of regional services. This is the reason why it led the devising and execution of the Strategic Plan for modernising Castilla y León's public administration. The aim of this plan was to improve the governance, find the excellence in management and change the public administration's culture.

To achieve these goals, participation and cooperation channels were established between the organisations and their customer groups, reinforcing their democratic character and public service function, and promoting efficiency and transparency in results-based management within a culture of evaluation and continuous improvement. Six strategies were designed, one for each customer group identified: citizens, enterprises, government, civil servants, society and local administrations. In turn, these strategies were developed through 20 programmes that needed more than 60 working teams, which accomplished their objectives in a coordinated way.

This devising and execution process is a value in itself, as an important group of more than 400 people has reflected on the purpose of our public administration, its strengths and weaknesses, strategic areas and objectives to reach, and has established the project management methodology for its execution. This has meant a clear benefit for the public administration due to the reflection, contrast of opinions and team working and has allowed us to:

- Involve civil servants thanks to having common goals to achieve with joint effort;
- Maintain an intense communication because of being a plan that implies everyone;
- Be cross-cutting, transparent and coordinated in its actions.

This plan has allowed the public administration to move forward towards an Excellence Model that has made the relationship with citizens easier, increasing their level of satisfaction with public services and improving their quality of life and well-being.

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4.1.3 Using performance information

To make sure objectives are achieved, public sector organisations need to assess whether, to what extent, and how these aims are being met. This topic takes the generic principles of monitoring and evaluation set out in topic 1.3 and applies them to the specific

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context of organisations. Traditionally, public bodies have paid most attention to efficiency: using as few resources as possible to achieve expected outputs. In times of austerity, the priority for many organisations has been, more simply, economy: reducing inputs in line with budgetary constraints. To fulfil their mandates, public sector organisations need to also take care of the strategic aspects of their performance: their effectiveness, impact and the sustainability of outcomes. This demands results-based management in both the organisational culture and the use of techniques and instruments.

Performance management has been described as a "*management style that incorporates and uses performance information for decision-making*".[13] **Performance information** has also been said to fulfil eight possible roles:

Role	Description
Evaluate	How well is the organisation performing? Almost all indicators can and will be used for evaluation purposes. The question is whether the indicators allow for such an evaluation. Is performance information providing a fair representation of the activities under review?
Control	How can managers ensure that subordinates are doing the right thing? Or, how can supervisory bodies ensure that executive agencies are delivering what they are supposed to deliver? Performance information can be used to control behaviour. In this sense, it has a similar function as traditional regulation.
Budget	On which programmes, people, or projects should the organisation spend money? The idea is to invest in the most cost-effective activities. Two factors curb this strategy. First, to a large extent, budget decisions are an expression of future political priorities and past performance data are often irrelevant in this context. Secondly, it might make a lot of sense to invest in underperforming units when undercapitalisation is the cause of bad performance. When a police department is underperforming, more training and equipment might be needed, and thus more budget.
Motivate	How can organisations motivate line staff, middle managers, non-profit and for-profit contractors, stakeholders, and citizens to do the things necessary to improve performance? Meaningful performance goals are a strong motivator. They give an indication of what is important for the organisation or programme. The indicators may provide a sense of mission.
Promote	How can the manager convince political superiors, legislators, stakeholders, journalists, and citizens that the organisation is doing a good job? Performance information can be a strong instrument to demonstrate the relevance of the organisation, to build goodwill and trust, and even to support budget increments.
Celebrate	What accomplishments are worthy of the important organisational ritual of celebrating success? Celebration rituals tie people together, give them a sense of their individual and collective relevance, and motivate future efforts. The result should be a strong organisation with a sound organisational culture.

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[13] Van Dooren et al (2015), op. cit.

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Learn	Why is what working or not working? While evaluation asks the question 'what works', learning asks the question 'why things (don't) work'. Learning requires considerable interpretation of performance data. Data do almost never speak for themselves.	
Improve	What exactly should who do differently to improve performance? It is important to understand that improvement does not happen. Somebody must take purposeful action to transform the conclusions drawn from performance information to different practices. There are no recipes to get from performance information to performance improvement.	

Source: R. D. Behn (2003), "Why Measure Performance? Different Purposes Require Different Measures", Public Administration Review, 63, pp 586-606, cited in Van Dooren et al (2015), op. cit.

These eight scenarios can be reduced further to three **meta-roles,** summarised below.

	1. Giving account	**2. Steering & control**	**3. Learning**
Rationale	Communicating, explaining & justifying performance	Influencing and shaping activities	Improving policy, capacities and/or actions
Focus	External	Internal	Internal
Orientation	Past	Present	Future
Examples of tools	League tables, annual reports, citizens' charters, performance appraisals	Performance agreements, performance budgeting, performance-related pay	Benchmarking, customer journey mapping, knowledge management

Source: Van Dooren et al (2015) op. cit.

Van Dooren, Bouckaert and Halligan have elaborated these three potential roles for performance information further.

Use of performance information

With respect to *accountability*, the key question is how to communicate with the outside world about performance. In recent decades, accountability mechanisms have shifted from a focus on legality (spending resources lawfully) to a focus on results (demonstrating what is coming out of the organisation). It was assumed that accountability for results would put external pressure on public organisations. In this sense, the orientation is not so much learning or control, but change. Performance measurement in this case is mainly about explaining past performance. By requiring an organisation or programme to give account, pressure is exerted. The underlying mechanisms are twofold.

- First, pressure can be created by showing results to the *public*. In the case of a public monopoly, the potential criticism of citizens (and the media) is expected to wield enough pressure for change. Typical examples are citizen's charters (see topic 5.5) and upgraded annual reporting. In case of (quasi-) markets, for instance in education and healthcare, where citizens have some leeway to switch providers, including sourcing services from the private sector, market pressures are provoked by publicising performance, and in some cases, rankings.

- Second, pressure can be instituted by the political system, such as the example of performance contracts with agencies. These contracts give autonomy to agencies within a pre-set budgetary framework, provided that the agency commits itself to output or outcome targets.

Second, the *steering & control* function of performance information is about motivating and (if necessary) sanctioning organisations or public servants, and can include allocating resources. Typical applications are management scorecards that monitor the performance of the organisation, or various tools of performance-related financing. These systems mainly have a control orientation and are occupied with the present rather than future or past performance. The use of performance information for management tools, such as performance budgeting (see topic 8.1), performance mandates and performance appraisals (see topic 4.3), fall into this category.

Finally, performance information may be collected to find out what works and why (or if not, why not). The main function here is *learning*. The key question is how policy or management can be improved. Lessons from organisational performance might feed into the overall policy, both design and implementation (see theme 1, especially topic 1.2.3), and managers of public sector organisations use this information to re-focus their operations. Strategic planning and evaluation, business process re-engineering (see topic 5.2) and benchmarking are examples of management tools based on gathering information with primarily a learning orientation. Performance information can be used for process evaluation and outcome evaluation which envisages, respectively, service improvement and policy improvement.

Source: Based on quotes from W. Van Dooren, G. Bouckaert and J. Halligan (2010), "Performance Management in the Public Sector".

The Flemish Government's 'goal management' system is an example of placing performance measurement at the heart of both policy development and organisational management.

### Inspiring example: Goal management and performance measurement (Belgium)

In 2014, the Flemish administration launched an organisation-wide project on **'goal management'** that aims to implement an integrated goal cascade and to strengthen the plan-do-check-act (PDCA) cycle across the various levels of the organisation. With this project, the organisation wants to improve the efficiency of the policy process and the quality of the policies. Goal management refers to a set of linked processes and tools that the organisation and its departments and agencies use to develop the strategy, translate it into operational actions, and monitor and improve the effectiveness of both. The project consists of several sub-projects that are strongly connected: design of a management system, implementation of an IT system, and providing support and expertise for implementation of goal management.

To integrate the policy, management and financial cycle in a more professional way, there was an explicit need for an all-embracing **conceptual and operational design of a management system,** to better integrate the policy, management and financial cycle. A taxonomy of 'goal management' was developed (with definitions, a model that visualises the relations, and a set of principles), which provides a sound foundation for a standard and integrated approach within the whole administration.

In line with the taxonomy, **guidelines for the strategic planning process** were prepared and applied to the entire organisation. In the elaborated management system, special focus went on the integration of the so-called vertical policy-making process with the horizontal policy-making process. Steps were then taken to move to a more **performance-based budgeting** approach.

In 2014, a supporting **IT system for monitoring and reporting** was selected, based on the specific needs of the agencies of the Flemish administration. The tool was given the name 'TRAJECT' as it focuses on the intermediate monitoring of milestones towards realising (often long term) goals, but also to emphasise the continuity of the effort the administration must make towards a more integrated goal management. The main objective of TRAJECT is to support the *internal* PCDA cycle, therefore TRAJECT is only accessible for managers and civil servants of the Flemish Administration and not for the political level.

ROLLEN & VERANTWOORDELIJKHEDEN

TRAJECT is developed around several basic building blocks (plan – goal – project – process – programme – indicator) that can be created and assigned to the responsible person in the organisation. This owner will report the status of the objects, on a periodic basis. Furthermore, different objects can be hierarchically linked to construct goal cascades (or 'views'), each with a specific structure corresponding to a planning document (e.g. policy letter, managerial contract, etc.). Each object (goal, project, etc.) is created as a unique item in a list, and exists only once in the tool, but can be part of several plans/views/cascades. Thus, the status information of
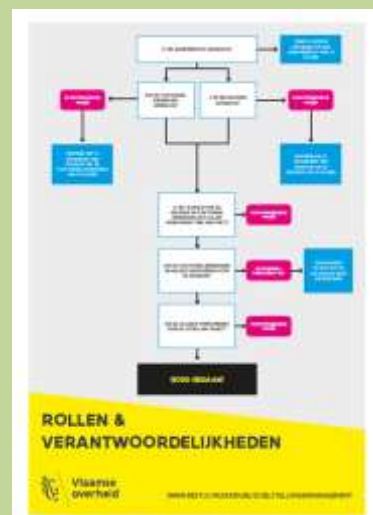
each item is updated in one place, but the information however can be re-used for other monitoring and reporting purposes. In addition, projects can be managed entirely within TRAJECT thus avoiding additional workflows and monitoring.

Extended **support and expertise** was offered to the agencies to implement the new goal management: roadmaps for implementation (see example on previous page), a set of questions and answers, lunch sessions for sharing best practices, courses on how to use TRAJECT, an extended manual and helpdesk.

With a very broad scope and a high risk of strong resistance in an administration with reducing resources, and with a closing window of opportunity (the start of a new government of Flanders in 2014 and setting a new goal cascade for the next 5 years starting from a new coalition agreement), a new **organisation-wide participative approach** was developed. Co-creative processes and methods, in-house expertise and knowledge were activated throughout the organisation, creating a growing support and compliance while reducing consultancy costs to almost zero. Roundtables (see illustration below), work sessions, learning networks, discussions groups, etc. were organised to support an ongoing conversation throughout the organisation to create a more **collaborative and result-driven culture.**

This interactive approach consists of seven steps:

1. A topic is selected and the challenge defined (e.g. developing a taxonomy)
2. A group of experts are invited to work on the topic as individual volunteers and not as representatives from their agencies.
3. A first draft is formulated in broad consensus.
4. The draft is discussed in a round table open for all the colleagues of the administration
5. A final draft is presented as an answer to the challenge (step 4 and 5 were repeated until consensus was reached).
6. The proposal is validated and adopted on the highest management level.
7. Start of the implementation under guidance of the group of volunteers brought together in step 2.

Since the approval of the project plan in December 2013, several realisations can be presented:

- A taxonomy as common framework for goal management;
- TRAJECT, a supportive IT tool for the entire organisation
  - for monitoring goals, projects and processes,
  - for managing projects from the set-up until the closure,
  - for reporting on policy and organisation plans for different target groups,
  - accessible for about 25,000 colleagues,
  - containing currently more than 2,300 active goals and 3,700 active projects;
- An accepted vision on performance-informed budgeting and the start of administration-wide implementation;
- Clear understanding of some remaining structural problems, such as the coordination and alignment of so-called vertical with horizontal policy;
- More awareness about the need for a proper goal management;
- Network of contact points for the decision-making process goal management; and
- Support for the entire project

The 'goal management' project contributes to:

- Tackling the compartmentalisation that has become inherent to the Flemish Administration and that complicates the coordination and integration of horizontal and wicked policy issues, and the realisation of system innovations;
- Reducing the internal administrative burdens through the maximum re-use of status information;
- Rationalising the existing IT applications for monitoring and reporting;
- Evolving to a more data-driven government, through a focus on indicators (output and outcome);

> ✦ Putting goal management on the agenda of all management levels in the administration; and
> ✦ Supporting a more collaborative and result-driven culture.
>
> *For further information: Peter Jan Carlier, Department of Public Governance and the Chancellery, peterjan.carlier@kb.vlaanderen.be; Anne Delarue, Information Flanders, anne.delarue@kb.vlaanderen.be; Katrien Mortelmans, Department of Welfare, Public Health and Family, katrien.mortelmans@wvg.vlaanderen.be.*
> *See also: https://overheid.vlaanderen.be/doelstellingenmanagement (in Dutch); https://overheid.vlaanderen.be/sites/default/files/Goal%20Management%20in%20the%20Flemish%20Public%20Administration.pdf (in English)*

Various tools and guidelines exist to guide public sector organisations to find inspiration in designing performance information systems. The UNDP user's guide provides a helpful overview.

Users' Guide to Measuring Public Administration Performance

This guide responds to a growing demand for more operational and nationally-owned measurement tools for public administration. It critically reviews the existing assessment tools and information sources which are readily accessible online. It provides practical guidance drawing on scenarios, and provides an exhaustive inventory of existing assessment tools and methodologies. The guide introduces 18 measurement tools:

1. Quantitative Service Delivery Surveys (QSDSs)
2. Citizen Report Cards
3. Common Assessment Framework (CAF)
4. Country Governance Assessment (CGA)
5. Capability Reviews
6. Public Expenditure Tracking Surveys (PETSs)
7. Self-Assessment Tool for Customer Service Excellence
8. Performance Measurement Framework (Public Expenditure and Financial Accountability - PEFA)
9. Public Officials' Survey
10. Country Assessment in Accountability and Transparency (CONTACT)
11. Evaluation Matrix of Civil Service Human Resource Management in the European Union
12. Control and Management System Baselines
13. Human Resources Self-Assessment Guide
14. Human Resource Management (HRM) Assessment Instrument
15. Analytical Framework for Institutional Assessment of Civil Service Systems
16. Engendering Budgets: A Practitioners' Guide Understanding and Implementing Gender-Responsive Budgets
17. National Integrity Systems (NIS)
18. Diagnostic Framework for Revenue Administration

Source: UNDP (2009), "Users' Guide to Measuring Public Administration Performance"

In an era of heightened expectations of public service delivery (see theme 5), widely accessible information and social media, the performance of public administrations and especially their results need to be demonstrated to a range of audiences. Public sector organisations need to report to their (political) authorities, users and other interested stakeholders. **Performance reporting** demands a tailor-made approach towards different target groups. What is the right format? Annual reporting, for instance, will be a good instrument for reporting to stakeholders and interest groups, but for specialists; it is unlikely that they have a direct impact on the public in general. Oral communications will be suitable for reporting to the middle and top management, together with scorecards. News flashes and publicity are instruments to reach the public through the mass media. Online

'dashboards' and 'scoreboards' are useful tools for both the administrations and the public as they have the potential to increase transparency, accountability and trust, if the information is well-presented and explained (see topic 8.1).

In the context of the three potential uses, various audiences have different interests in interpreting and applying performance information:[14]

User	Use
Managers	Public sector managers will want to use performance data mainly for learning purposes and, to a lesser extent, for steering and control. Senior managers tend to be more interested in strategic data for learning purposes (leading to strategic planning, benchmarking, risk analysis, business process reengineering), while middle managers and supervisors might also use data for steering / controlling operational performance.
Ministers	For executive politicians, accountability is most important (with the expectation it leads to learning and steering), especially in those countries which publish indicators and/or targets for government agencies, education and health bodies, etc. Accountability becomes steering and control when performance indicators are used to align the work of agencies with the policies of ministers, and especially when codified in performance contracts with the minister. Ministers should also use performance information as inputs to developing new or more focused policy programmes. If monitoring data is only generated sporadically instead of continuously, and evaluations are backward-looking rather than ongoing, then time pressure can inhibit a careful use of performance information in outlining policy choices.
Members of Parliament (MPs)	From a survey of 27 out of 30 of its member countries, the OECD found that 24 provide outcome information to parliament. However, MPs use outcome data for decision making in only five countries, while budget committees use the information to allocate resources in only two countries.[15] Important to parliaments internationally is how increased information is used. There is then a question about information overload confronting parliaments and how they can make effective use of their own reports, as well as those of public organisations.[16] Several reasons can be found why performance information is not used: reports lack credibility; time constraints; and/or performance reports follow the agency's or department's logic, and not the needs of MPs to scrutinise performance and explain it to the public.
Citizens	Government performance information can be a very important tool for communication with citizens. Without doubt, the public is keen to hold public sector organisations to account. Yet, when it comes to the actual use of performance reports, less enthusiasm is observed. A British attempt to make accessible (in supermarkets) a results-based annual report, for example, attracted scant interest.[17] The ownership of performance management initiatives usually lies within the administration. However, administrators repeatedly complain about the lack of interest of the public in performance information, until things go wrong. This leads to frustration because there is a supply of performance information, but no demand. An appealing approach to alleviate the problem is to make performance measurement more demand-oriented, which implies the stronger involvement of citizens in the definition of performance. Performance information can also address the citizen as public service customer.
Media	The media is a significant user of performance information in several forms including league tables, trends on service levels. Media do pick up bits of performance information, but it is very difficult to predict which pieces of performance information will be taken out of the performance report, and possibly out of context. Timely, unexpected, sudden, negative, unambiguous, personal, and conflict-prone events are more likely to be picked up in the media, to name a few criteria. If performance information is to figure in the media, it needs to be adapted to increase the news value. Performance information can for instance be

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[14] The following table draws on quotes from C. Pollitt (2006), *Performance Information for Democracy: The Missing Link?* In "Evaluation: The International Journal of Theory, Research and Practice", 12**,** 39-56.
[15] Van Dooren et al (2015), op. cit., p121
[16] J. Halligan, R. Miller and J. Power (2007), *Parliament in the 21st century: Institutional reform and emerging roles*.
[17] C. Pollitt (2006), op. cit.

> personalised by also showing a case or a witness. The release of performance information should fit the news cycle of the print and broadcast media. There should be a consistent storyline behind the numbers and focus should be on the unexpected results.

In principle, performance information is indispensable to: ministers for guidance, control and evaluation; MPs to authorise expenditure and to oversee implementation and performance; civil servants to take responsibility and be accountable; and citizens, to the extent that they have an interest in economic, efficient and effective service delivery and policies. However, this obvious win/win/win/win for ministers, MPs, civil servants, and citizens does not always materialise in practice. A range of studies have reported communication disconnects and 'missing links'.[18]

Unfortunately, sometimes administrations focus **too heavily on measuring performance, rather than improving it**. They can end up dedicating resources to counting at the expense of executing their mission, and become overwhelmed with performance data without a vision of how they will apply it. Moreover, most public administrations in practice tend to:

➕ Focus on **accountability**, which can easily become an exercise in assigning or avoiding blame for under-performance (rather than pursuing and celebrating better-than-expected performance), and encourages risk aversion and doing 'just enough';

➕ Try to **steer and control**, but often find the tools they are using are too blunt (performance agreements cannot accommodate all possible scenarios and contingencies in an uncertain world; performance data is often not available in real-time to influence decision-making; budgeting is subject to political and other non-performance factors, including the fiscal environment; performance pay is linked to annual appraisals, and backward-looking *de facto*); and

➕ Largely neglect the **learning** aspect of performance knowledge – which lies at the heart of improving performance. Performance management is distinct from quality management (see topic 4.2), which is an iterative cycle of continual self-improvement, but clearly related.

> When considering performance measurement, the first question should be: what is the purpose? Is it accountability (explaining and justifying), steering and control (directing activities) or learning (improving how things are done)? The answer will affect what information is collected and when, who is involved in gathering it and will benefit from the findings, and how it will be used.

As the diagram (right) from Van Dooren et al (op. cit.) illustrates: "*A crucial decision is whether performance information will be used in a 'hard' or a 'soft' way*". The first consideration is "*how tightly coupled are performance information and judgement. Hard use presupposes a tight coupling between performance information and judgement, while soft use leaves more*

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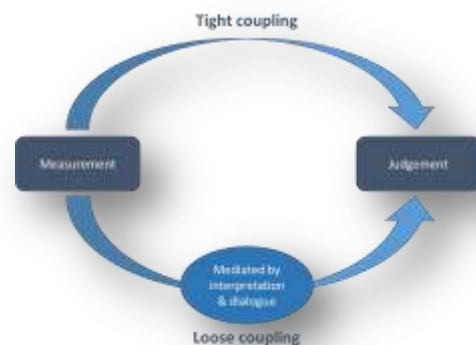
[18] W. Van Dooren and S. Van de Walle (eds.) (2008), *Performance information in the Public Sector: How it is used*, Palgrave Macmillan

room, as dialogue and interpretation mediate final decision making.[19] It is the difference between formula-based use and interpretative use". An example of hard use is "*a performance contract that stipulates sanctions for an agency that does not reach its performance targets, regardless of context*". By contrast, an example of soft use would be "*a benchmarking exercise that requires some performance information to feed into discussions on how to do things differently*", or the use of organisational or unit performance to inform individual appraisals and identification of objectives and training needs.

When setting objectives, measurability (the 'M' in the lexicon of SMART-ness) can be the most evasive. Performance information usually translates as quantification and the discredited business philosophy: '*if you can't measure it, you can't manage it*'. The purpose of **performance indicators** is to help check progress against plans and steer the direction of policy delivery. But there are also dilemmas in formulating and applying metrics (see topic 1.3), including the following:

- ✚ Organisations typically rely on cost as a proxy for **inputs**, but this does not help to identify the most productive blend of people, skills, equipment, technology and other resources, and their management.

- ✚ **Output** and **outcome** indicators face the challenges of appropriateness (whether they capture the objective's essence) and data availability (cost, timeliness, comparability, time series, etc.). More fundamentally, what if the output and/or outcome of the objective is essentially qualitative? Do you only measure what you can count? Do you try and capture all dimensions in one metric? In the context of good governance, how do you define performance (success) in legislating, restructuring, reorganisation, coordination, and other intangible processes of public administration?

In the public sector, there are fields of activity where the outputs, outcomes or both are not **quantifiable**. This has been codified as four types of public organisation, with examples below:

		Outcomes can be measured?	
		Yes	No
Outputs can be measured?	Yes	Post offices, tax collection, vehicle registration, waste management, wastewater collection & treatment	Mental health & counselling services, military (peacetime), youth prisons
	No	Military (wartime), doctor's clinics, forest rangers	Research, diplomacy, intelligence services

Source: J. Q. Wilson (1989), Bureaucracy: What Government Agencies Do and Why They Do It, cited in Van Dooren et al (2015), op. cit.

There is no perfect solution, but the balanced scorecard approach helps to reconcile some of the dilemmas around 'hard' metrics. There is a risk of information overload, however, which must be guarded against; namely, attempting to measure so many variables and becoming so overloaded by data that the sum is less than the individual elements. Given the limitations of the scorecard approach, it should be accompanied by an emphasis on explaining performance through evaluation (understanding underlying factors and assessing the qualitative dimension). Most importantly,

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[19] D. Moynihan (2008), *The dynamics of performance management: constructing information and reform*.

indicators should be taken as signals only. The clue is in the name. The value of 'indicators' of under-performance is to **understand, explain and remedy** what went wrong, as part of the learning rationale for using performance data. In some cases, it might be the indicator, not the action, which was wrongly chosen.

This is the same approach we use in our daily lives. For example, when you go to your doctor, he or she might measure blood pressure, cholesterol levels, heart rate and your body mass index as key indicators of your health. Like any **'health check'**, the analysis of organisational health does not rely solely on the metrics, it is also about interpreting the data, and putting them into context, taking account of qualitative and environmental factors (in the patient's case, habits, lifestyle, exercise regime, working and living conditions, etc). Also, the process does not stop when the test results come in. If the indicators confirm the signs that performance is worse than it should be (below the expected range), they should trigger further assessments to understand better the underlying causes and the best course of action. Performance measurement is a management tool. The 'symptoms' are usually already apparent to the organisation itself, but the indicators provide some evidence of actual performance, as the basis for diagnosis, which can lead to prognosis (projections if things continue as they are) and hence treatment if needed.

For the organisation, indicators should be clearly linked to the strategy, the things that matter the most. Once you have agreed your mission, vision and objectives, you can design indicators to gain relevant insights to help improve performance. They should provide answers to your most important questions – or provoke further lines of questioning. This is also how indicators are used in the context of **systems thinking** on service delivery (see topic 5.2), for example, to understand what is happening from the user's perspective, measure variance, assess value and failure demand, and remedy system deficiencies.

Performance information is applied in Poland's Social Insurance Institution (ZUS) using indicators of indicators of efficiency, quality and financial performance. These are presented in a balanced scorecard, but this hard data is also qualified by the application of additional analysis, to learn lessons and strengthen ZUS's future strategy.

Inspiring example: The balanced scorecard in the social security administration (Poland)

The Social Insurance Institution (ZUS) is one of the largest public bodies in Poland. Every month contributions for the social insurance of around 14.5 million individuals to the amount of close on 11 billion PLN are paid into the Social Insurance Fund. ZUS also receives contributions for the second capital pillar of retirement pension insurance as well as transferring these to open retirement funds (OFE). The Social Insurance Institution awards and pays out retirement and other pensions to 7.3 million people, as well as awarding and paying out close to 400,000 benefits and short-term payments of various types. Efficient performance of ZUS tasks requires qualified staff. ZUS employs 46.4 thousand people, of which 1.4 thousand are located in the Headquarters and 45 thousand in branches (as at 31 December 2015). The regional units of the Social Insurance Institution include branches, and – working under them – inspectorates and local offices. The national ZUS network consists of 323 units, including 43 branches, 210 inspectorates and 70 local offices.

To provide high standards of customer service, and thus customer satisfaction, ZUS has been implementing the model of management by objectives (MBO) since 2010, resulting in ZUS's transformation into a modern organisation focused on achieving objectives identified as priorities. In practice, the idea of this approach entails initiatives aimed at increasing customers' satisfaction on both strategic and operational levels.

On the **strategic level**, has defined and realised its long-term goals (ZUS strategies for the years 2010-2012, 2013-2015 and 2016-2020). ZUS actions – aimed at systematic improvement and implementation of innovative solutions in the process of customer service – have included:

- Digitalisation of delivered services and improvement of the quality of services provided;
- Improvement of the system of external communication and information policy;
- Optimisation of processes and reorganisation towards achievement of a front/back office model;
- Supervision of resources allocation and funds' management.

In the process of formulating ZUS Strategy (for 2010-2012, 2013-2015 and 2016-2020), the **Balanced Scorecard (BSC)** structure was adopted. The BSC was designed for the use of business, where the hierarchy of perspectives emphasises the importance of finance as a guarantor of success. The classical model of the BSC has been adjusted to ZUS's specifics by underlying the role of the customer rather than the financial perspective. For each of the BSC perspectives, ZUS's ultimate objective has been split into overall objectives, to which specific objectives and strategic initiatives were assigned in the cascading process.

The MBO system also covers **operational activities**. To ensure the smooth implementation of the strategy at the operational level, the comprehensive evaluation system of ZUS branches was introduced as a result-oriented mechanism. The evaluation is carried out on a quarterly basis and covers indicators grouped into three levels of importance from the customer service point of view, i.e.: efficiency, quality and financial performance:

- Efficiency indicators focus on timeliness of claims/applications handling and percentage of handled cases.
- Quality indicators include error's scale and claims/applications lead time.
- The financial performance sphere includes labour productivity indicators and unit cost indicators.

The quarterly branches evaluation system has proven a useful management tool allowing ZUS on the one hand to monitor the key operational processes in business units, and on the other hand to identify areas which needed to be looked into, to improve work efficiency and set high standards of customer service.

The MBO approach adapted in ZUS has resulted in enhancing ZUS's performance and operational effectiveness leading in turn to the improvement of customer contentment of services provided and ZUS's image as a partner in the community.

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In public administration (as in sport), targets are something to aim at, they are not going to be hit every time. It is wise to **beware 'the tyranny of targets'**. Whereas the value of indicators is that they provide a clear signal about progress along the path, targets can become the end in themselves in a way that distorts behaviour, creates perverse incentives, and produces contradictory results.

Distortionary behaviour?

The King's Fund is an independent charity in the UK that seeks to improve health and care in England, including through research and analysis. The King's Fund performed analysis of performance management and targets introduced by the British Government from 1997 and through the 2000s, which aimed to address the poor responsiveness to patient needs in the National Health Service (NHS), very long waiting times for treatment at hospitals, poor patient outcomes relative to other countries, variations in standards of care (the so-called 'postcode lottery' in which patients' access to care was partly dependent on where they lived), and slowness to innovate.

Inter alia, the King's Fund examined the effectiveness of the **maximum 4-hour waiting time target** in hospital accident and emergency (A&E) departments, also known as 'casualty' or 'emergency room' (ER). The original target was: "*by 2004, to reduce to four hours the maximum wait from arrival in A&E to admission, transfer or discharge*". In 2003, this target was adjusted so that 98 per cent of patients in A&E should be seen within four hours. Analysis published by the Information Centre in 2009 found that the number of patients leaving A&E reaches a peak as the four-hour deadline approaches: **66% of patients are admitted to in-patient wards from A&E in the last 10 minutes before the four-hour deadline**, while the figure for all patients who pass through A&E is 21%.

On targets, the King's Fund concluded overall that: "*There is clear evidence that the targets and performance management approach contributed to improvements in NHS performance. Some of the most* **tangible achievements** *included major reductions in waiting times, reductions in health care-acquired infections and – through the national service frameworks – improvements in areas of clinical priority like cancer and cardiac care. Although this approach had positive impacts, there were* **also some negative consequences**. *These included evidence of gaming, and in some cases, misreporting of data to avoid penalties and sanctions under the performance management regime. Concerns have also been raised that* **areas of care not covered by targets may not receive sufficient attention, and that performance management creates a culture of compliance and risk aversion** *within NHS organisations that inhibits innovation. At its worst, performance management has the effect of disempowering those in the NHS and creating an over-reliance on central guidance*".
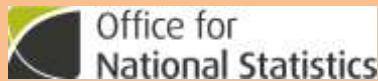
In 2013, the media reported that UK police had been exaggerating the fall in the crime rate by downgrading hundreds of thousands of offences to meet targets, quoting the Government's [Office for National Statistics (ONS)](). According to the UK's Daily Telegraph: "*Officials said that the pressure to keep cutting crime may be behind police figures which suggest it is falling twice as fast as other estimates show. They found that the police may have been dismissing serious crimes such as harassment as anti-social behaviour and failing to record them as offences. The problem may have been exacerbated because budget cuts have put more pressure on resources. The analysis by the ONS found that police have recorded 400 000 fewer crimes over the past five years than reported in the crime survey of more than 40 000 households in England and Wales. John Flatley, head of the crime statistics and analysis division at the ONS, said: "Police recorded crime appears to overstate the true rate at which crime has been falling". Mr Flatley said anecdotal evidence showed "informal pressure of having targets and expectations that police will continue to cut crime" could be behind the discrepancies. "There are marginal instances where someone's complaining about anti-social behaviour by neighbours and there's a grey area over where that tips into harassment and becomes a notifiable offence", he said.* **"With the pressure of targets, you can see why they might want to go one way rather than the other".**"

There are many more examples, all of which are illustrative of two phenomena, which are known as:

- **The Hawthorne Effect**: Like particles in quantum mechanics that change their behaviour under observation, public administrations and their officials also tend to adjust their performance to match expectations. This can have positive *and* negative consequences.

- **Goodhart's Law:** This can be paraphrased as 'when a measure becomes a target, it ceases to be a good measure'. The original formulation was: "*any observed statistical regularity will tend to collapse once pressure is placed upon it for control purposes*".

Some of the **dysfunctions** of performance measurement, which appear as unintended side-effects, are summarised below:

Tendency	Description
Tunnel vision	Selecting indicators that are easily quantifiable, rather than qualitative indicators that are harder to measure.

Tendency	Description
Myopia	The pursuit of short-term targets at the expense of long-term objectives.
Ratchet effect	The tendency of target-setters to fix the next period's targets as an incremental advance over the last period's, which incentivises managers to restrict their performance below their maximum capacity, to avoid being set more stretching targets.
Threshold effect	A uniform output indicator / target that applies to all units in a system offers no incentive to excellence, and may instead encourage the top performers to reduce their performance to the level of the target.
Cherry-picking	The subject of targets limit service delivery to certain clients to make it more likely that they will achieve the indicator / target (e.g. the most qualified, the least expensive, etc.).
Output distortion	The subject deliberately manipulates reported results, for example through false coding (assigning the output to the wrong category).

Source: Based on KPMG International (2008), "Holy Grail or Achievable Quest? International Perspectives on Public Sector Management)".

The *pursuit* of performance for accountability or control purposes can lead to **gaming** of performance data, as public servants are incentivised to manipulate either the measurement or the indicator itself. It can also lead to **unintended consequences**, for example due to over-simplified assumptions about rational behaviour (see topic 1.2.2 on behavioural insights).

Ultimately, the main driving force behind behaviour in public administration should be principles and values, but these cases indicate that sometimes **ethics** ("*doing the right thing when nobody is looking*") can be overwhelmed by the fear of missing targets by which the observed are being judged. As the OECD put it:

> "*This perverse incentive leads to manipulation of the data (artificially lowered targets in order to decrease the risk of underperformance, choice of output indicators that are easy to meet but have nothing to do with the outcomes politicians are interested in, sometimes outright fraud with the numbers) and gaming behaviour (putting emphasis on activities that improve the data). No campaign to promote civil service values or public ethos can compensate for that, the less so if managers and professionals feel frustrated in their own right on how their performance is assessed.*"

Among the dysfunctional effects of target-setting can be **levelling-down** among the better performers. Rather than strive to achieve the best results possible, the imposition of targets can de-motivate, especially if it creates a 'ratchet effect'.

While accountability is backward-looking and can turn into an exercise in risk-aversion and blame-avoidance (as poor results are more likely to attract management and media attention), learning is forward-looking with the sights set on improving performance. Ideally, past assessment should inform future progress, but defensiveness over previous decisions can cloud objective dialogue about ways forward. **Learning-oriented approaches** involve:

✓ Seeing the performance measurement system as flexible and dynamic;
✓ Designing indicators in networks, rather than hierarchies;
✓ Engaging with an array of relevant stakeholders and their perspectives to build ownership;
✓ Using qualitative information as well as quantitative; and
✓ Regularly meeting and reviewing progress to change tack towards better outcomes.

Topic 4.2: Managing quality into the system

4.2   Managing quality into the system

The quality of the public administration is important for economic competitiveness and societal well-being. In the context of increasing demands and often diminishing resources, public sector organisations need to become more effective and efficient.

Using quality management models

Stimulating a quality management culture

Long-established as a concept in various fields from biology to anthropology, **systems thinking** is gaining greater prominence in improving the performance and quality of public administration (see topic 1.1), including the context of transactional service delivery (see topic 5.2). The subject of a systems approach might transcend organisational boundaries, for instance in the documented examples of child protection in the Netherlands and UK, which inevitably brings social services into contact with police, schools and other professionals, such as psychologists. In other cases, the organisation *is* the system, structured in functional units, possibly separate front and back office operations, and managed through a 'command and control' hierarchy. The 'silos' that exist in the typical 21st century service organisation can interrupt the flow of information and its effective functioning, to the detriment of service users and stakeholders, which in the case of public administrations include politicians (ministers, mayors and other elected officials), clients (citizens and businesses), other administrations, civil society and the public as electors.

The essence of systems thinking is to consider all the relationships within the system and with the external environment, to understand what is happening, and to use this information to seek to improve it. In this sense, systems approaches share a common cause with **total quality management (TQM)**, which is about the permanent mobilisation of all the resources to improve - in a continuous way - all the aspects of an organisation, the quality of goods and services delivered, the satisfaction of its stakeholders and its integration into the environment. In this respect, quality management has become synonymous with organisational development. And quality management requires systems thinking.

4.2.1 Using quality management models

The 'quality era' started initially in the private sector. The earliest quality management systems (QMSs) were 'quality inspection' and 'statistical quality control'. Both systems had a purely technical function and were focused on

Using quality management models

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the final product. 'Quality' was mainly defined as the conformance to previously established specifications. Both were followed with the introduction of 'system-oriented quality assurance'. This QMS shifted the focus from the final product to the production process and it relied on the approach of 'fitness for use'. With the change of the external environment, quality evolved from a technical function to a strategic business goal. Comprehensive QM concepts like company-wide quality

control try to combine as concepts the old producer-oriented quality control with the newer customer-oriented quality assurance, so that the idea of customer orientation is also introduced into the production process.[20]

The latest QMS is total quality management (TQM). Company-wide quality control and TQM are often seen as essentially the same, being based on the approach of "fulfilling or exceeding customer's expectations based on customer psychology". Nevertheless, even though their approaches and emphases are similar, there are important differences. In particular, TQM percolated from manufacturing (production) to commercial services and eventually to public services. In the early eighties, the 'total quality' concept of the private sector was transferred to the public sector in North America and Western Europe, making customer satisfaction or even customer delight the point of reference for the degree of quality achieved.

> TQM is a comprehensive and structured approach to organisational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback. TQM is based on quality management from the customer's point of view. The focus is on continuous improvement, the recognition of everyone's role in the organisation and the emphasis on teamwork.

The principle of continuous improvement is operationalised in the **PDCA cycle** - plan, do, check, and act:

- In the **planning** phase, people define the problem to be addressed, collect relevant data, and ascertain the problem's root cause.

- In the **doing** phase, people develop and implement a solution, and decide upon a measurement to gauge its effectiveness.

- In the **checking** phase, people confirm the results through before-and-after data comparison.

- In the **acting** phase, people document their results, inform others about process changes, and make recommendations for the problem to be addressed in the next PDCA cycle.

There is a wide variety of techniques from which organisations can choose to assess and improve the quality of their service delivery (some of these are elaborated in detail in theme 5, e.g. process improvement and multi-channel delivery). Using these techniques, the organisation can be analysed/evaluated on several characteristics (e.g. leadership style, partnerships, strategy and planning), and action plans can then be generated to improve the organisational aspects on which the organisation did not score well, thereby resulting in better service delivery.

TQM requirements can be defined for a specific organisation or may be in adherence to established standards, such as the International Organisation for Standardisation's ISO 9000 series. TQM

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[20] G. Bouckaert (1995), *Remodelling Quality and Quantity in a Management Context* in A. Halachmi and G. Bouckaert (eds). "Public Productivity Through Quality and Strategic Management", IOS Press.

originated in the manufacturing sector and has since been adapted for use in almost every type of organisation imaginable. The European Foundation for Quality Management (EFQM) model became widespread in the private sector from the end of the 1980s, leading to the launch of the Common Assessment Framework (CAF), a TQM-adapted model for the public sector. ISO and CAF are now the most commonly used TQM instruments in the European public administration context. The key features and practicalities are highlighted below.

The ISO 9000 Series and third-party certification

The ISO 9000 series is an internationally recognised standard for quality assurance, under the International Organisation for Standardisation (ISO), which is a federation of national standards bodies responsible for developing and publishing international standards. The ISO 9000 family of international quality management standards and guidelines has earned a global reputation as a basis for establishing effective and efficient quality management systems in both private and public sectors. This means that it is capable of being applied across the globe – regardless of the culture of different countries or for that matter the culture of different organisations. It is generic and applies to all sectors.

ISO 9001:2015 specifies the basic requirements for a quality management system (QMS) that an organisation must fulfil to demonstrate its ability to consistently provide products and services that enhance customer satisfaction and meet applicable statutory and regulatory requirements. It is the only standard in the ISO 9000 family in which it is possible to gain certification. It is accompanied *inter alia* by ISO 9004:2009, which focuses on how to make a quality management system more efficient and effective, and ISO 18091, which is guidelines for implementing ISO 9000 in local government.[21]

ISO 9001:2015 serves as a framework of how an organisation should work with regards to quality and more specifically, what the organisation is required to do. ISO 9001:2015 is founded on seven quality management principles: customer focus; leadership; engagement of people; process approach; improvement; evidence-based decision making; and relationship management. The process approach is based on the PDCA cycle (*the numbers in the diagram refer to the applicable clauses in the ISO 9001:2015 standard*).

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[21] Other standards in the ISO 9000 family include ISO 9000:2015, which covers the basic concepts and language, and ISO 19011:2011, which sets out guidance on internal and external audits of quality management systems.

The ISO issues non-prescriptive guidance to successfully implement ISO 9001 based on seven steps:

Recommended steps for successful ISO 9001 implementation
Step 1: Engage top management
♣ Agree on why to implement a QMS;
♣ Determine the context of the organisation, strategic objectives and business processes;
♣ Determine customer and interested parties' needs and expectations;
♣ Understand the quality management principles described in ISO 9000;
♣ Review the implication of risk-based thinking;
♣ Define the objectives of the organisation;
♣ Describe the scope of the QMS;
♣ Define the policy; and
♣ Determine quality objectives
Step 2: Identify key processes
♣ Identify the processes needed to deliver products and services;
♣ Understand ISO 9001 requirements; and
♣ Determine the risks and opportunities applicable to the processes.
Step 3: Plan the QMS
♣ Identify the gaps in the existing system compared to QMS requirements;
♣ Identify the process controls needed;
♣ Define the working environment needed; and
♣ Define the skills and facilities needed.
Step 4: Document the QMS
♣ Document the processes, activities and controls needed;
♣ Prepare the documented information (procedures and records) required by the standard and in accordance with the organisation's needs; and
♣ Ensure the QMS conforms to ISO 9001 requirements.
Step 5: Implement the QMS
♣ Control monitoring and measuring equipment;
♣ Train employees; and
♣ Verify the effective operation of processes.
Step 6: Manage the QMS
♣ Monitor and measure performance;
♣ Audit process effectiveness;
♣ Focus on customer satisfaction;
♣ Manage system and operational change; and
♣ Perform management reviews.
Step 7: Improve the QMS
♣ Seek third-party certification/registration;
♣ Strive for improvement with reference to ISO 9004; and
♣ Consider implementing an excellence model in the organisation.

To achieve certification, ISO 9001 requires the QMS to be documented (e.g. in a manual) to demonstrate how the organisation meets the standard, but does not prescribe any specific form for the documentation. Over 1 million organisations are certified to ISO 9001 in over 170 countries.[22]

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[22] In part to cater more for service organisations and a greater customer focus, ISO 9001:2015 has recently replaced ISO 9001:2008, which is the basis for the quoted certifications. Any certified organisation has a transition period to upgrade its QMS until 30 September 2018.

> ### Inspiring example: ISO in the Food Safety Authority (Ireland)
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> The development of the QMS in the Irish Food Safety Authority (FSAI) started in 2001, with the aim of helping FSAI achieve the goals in its mission statement and to assist staff in carrying out their functions. Over the years, a QMS has been implemented based upon the ISO:9001 guidelines. The QMS was built with the close involvement of staff and could count on a strong leadership commitment. All related information, documents, reports, process descriptions, etc. have been available for all staff on the FSAI intranet. The overall structure of the QMS sets of documents can be summarised as follows.
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>
>
> In weekly updates, the Management Committee has safeguarded the overall QMS, supported by a steering committee including staff from all parts of the organisation and all levels. The Internal Audit Team has been put in charge of ongoing audits, according to an agreed schedule.
>
> *For further information: John Coady, Chief Quality Manager FSAI, JCoady@fsai.ie*
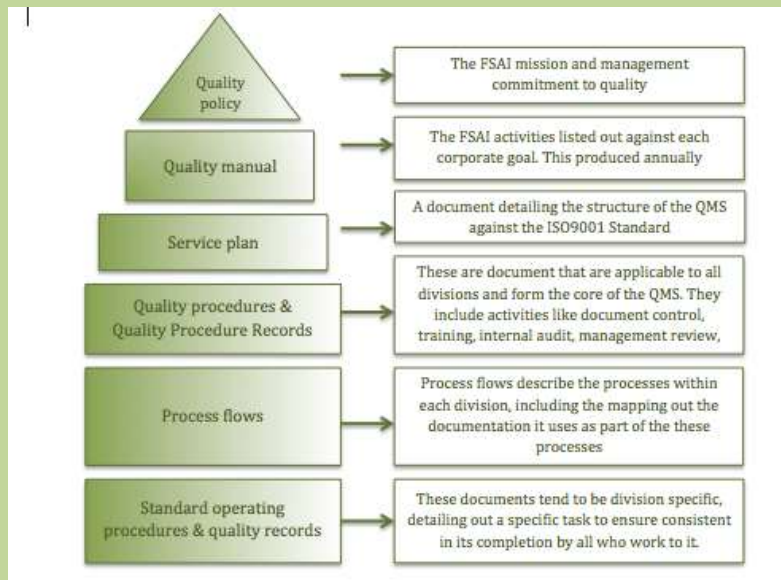
Excellence models

Most quality excellence models have first been developed for the private sector and have been transferred to the public sector, resulting from a paradigm shift taking place in the public administration in Western countries. In Europe, they clearly cluster around two core models - the 1999 version of the European Excellence Model (previously known as the Business Excellence Model) and the 1998 version of the Speyer Quality Award for German-speaking countries. A detailed comparison identifies the following organisational and managerial key criteria, which are also found in most Western European national quality awards that involve public service organisations:

- Leadership;
- Policy and strategy;
- People;
- Resources;
- Processes;
- Various categories of "objective" and "subjective" results

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Naturally, the weightings given to these different components and the sub-criteria used within them differ between the award schemes.

Quality excellence models may be used for self-assessment or as the basis of external assessment. The Excellence Model has become a widely-used self-assessment instrument in various Western European countries. Also, the Common Assessment Framework (CAF) which was specifically designed for public administration starts to become a more and more common self-assessment instrument for public agencies. In contrast to the European Excellence Model, it is less demanding and therefore suitable for organisations starting with the implementation of TQM, but also less systematic.

Almost 4 000 CAF users in 53 countries & EU institutions (September 2016)		
Italy - 913	Greece – 68	Former Yugoslav Republic of Macedonia - 13
Poland - 412	Slovakia – 60	Bulgaria, Iceland - 12
Germany - 357	Spain – 55	Turkey – 11
Belgium - 342	Romania – 49	Latvia, United Kingdom - 8
Hungary - 316	Lithuania – 30	Croatia, Ireland, the Netherlands - 7
Denmark - 248	Switzerland – 29	Sweden – 5
Portugal - 195	France – 27	Russia, Cape Verde – 4
Finland - 137	Bosnia and Herzegovina - 20	Ecuador – 3
Austria - 99	Estonia – 18	China, Egypt, Georgia, Indonesia,
Norway - 92	Malta – 15	Montenegro, Namibia, Serbia, Tunisia - 2
Dominican Republic - 87	Luxembourg - 14	Brazil, Ivory Coast, Kosovo[23],
Slovenia - 76	EU Institutions & EC - 13	Morocco, Peru, South Africa, Ukraine - 1
Czech Republic - 73		

Source: European CAF Resource Centre (EIPA), www.eipa.eu/CAF

The CAF was created in 2001 within the European Public Administration Network (EUPAN). The CAF dynamic on a European level is supported by the European CAF Resource Centre, based at the European Institute of Public Administration (EIPA). The CAF is a total quality management tool developed by the public sector for the public sector, inspired by the Excellence Model (EFQM). It is based on the premise that excellent results in organisational performance, citizens/customers, people and society are achieved through leadership driving strategy and planning, people, partnerships, resources and processes. It looks at the organisation from different angles at the same time: the holistic approach to organisation performance analysis.

The CAF is available in the public domain, is offered as an easy-to-use tool to assist public sector organisations across Europe in using quality management techniques to improve performance. The CAF has been designed for use in all parts of the public sector, and is applicable to public organisations at the national/federal, regional and local levels.

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[23] This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ opinion on the Kosovo declaration of independence.
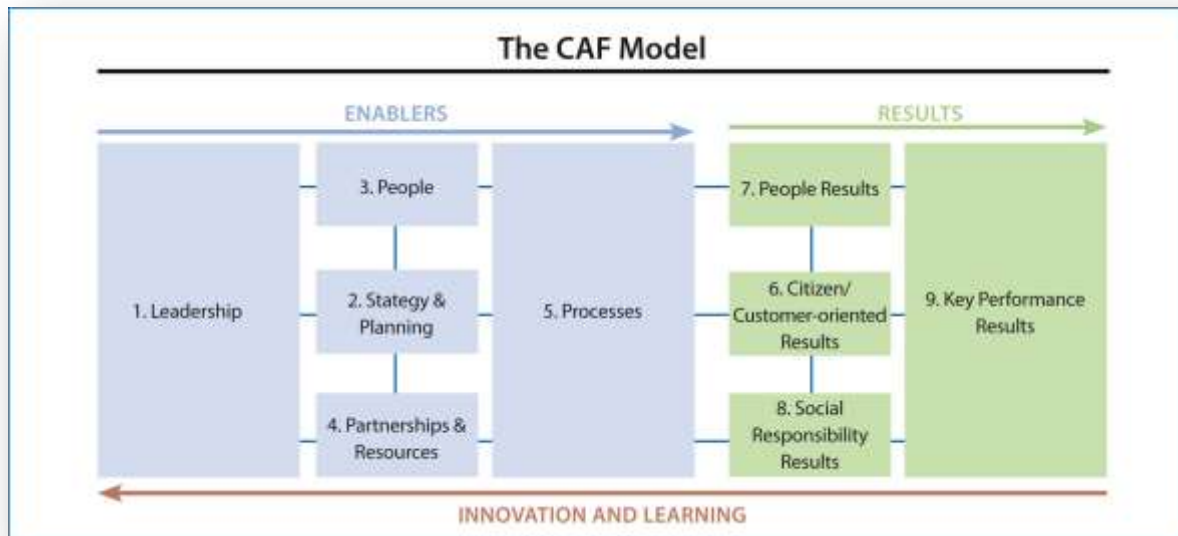
In the past 15+ years, the CAF itself (and its use) also became more mature. Three phases can be distinguished in this maturity process:

- The first phase focused on the self-assessment, where the emphasis was put on the introduction of TQM principles and values in the public sector by using the CAF as a self-assessment tool. Public sector organisations were not used to look at themselves, certainly not by involving their own people. A lot had to be learned and most of the energy was put in spreading a sound methodology of self-assessment.[24]

- A second phase paid more attention to improvements after the self-assessment that were the result of the discovery of many areas of improvement during the self-assessment.

- A third phase drew attention to the mature culture of excellence in an organisation. The awareness grew in the third phase (revision CAF 2013) that it was necessary to develop further the concept of excellence that had been at the basis of CAF, but was not explicitly enough formulated for the public sector.

If further developed, these principles could become the leading principles for building up the organisation towards the level of excellence, based on a sound self-assessment and an effective improvement plan. This work was done in the context of the discussions on the new Procedure for External Feedback.[25]

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[24] P. Staes and N. Thijs (2005), *Quality Management on the European Agenda*, Eipascope, 2005/1, pp.33-41.
[25] N. Thijs and P. Staes (2010), *From self-assessment to external feedback*, Eipascope 2001/1, p.9-14

How to use the CAF Model

Organisations are free to adapt the implementation of the model to their specific needs and contextual circumstances; however, the structure of the model, with the 9 criteria and the 28 sub-criteria, as well as the use of one of the assessment panels is strongly recommended as it is to implement the process following the given guidelines. Using the CAF Model is a learning process for each organisation. However, the lessons learned over several years of implementation can profit every new user. A 10-step implementation plan was therefore developed to help organisations use it in the most efficient and effective way.

PHASE 1: THE START OF THE CAF JOURNEY

Step 1
Decide how to organise and plan the self-assessment

Step 2
Communicate the self-assessment project

PHASE 2: SELF-ASSESSMENT PROCESS

Step 3
Compose one or more self-assessment groups

Step 4
Organise training

Step 5
Undertake the self-assessment

Step 6
Draw up a report describing the results of self-assessment

PHASE 3: IMPROVEMENT PLAN/PRIORITISATION

Step 7 Draft an improvement plan, based on the accepted self-assessment report

Step 8
Communicate the improvement plan

Step 9
Implement the improvement plan

Step 10
Plan next self-assessment

Source: European CAF Resource Centre, EIPA, www.eipa.eu/CAF

More and more public organisations are working with TQM instruments. By doing this, they improve the functioning of their organisations step-by-step and can demonstrate that they gradually improved their results over the years, in terms of efficiency and quality.

Inspiring examples: Applying CAF

The Austrian Ministry of Finance has been using CAF since 2006 as one quality management instrument alongside others: internal audits, benchmarking, quality and service standards, complaints management. The ministry is composed of 40 tax offices (with 80 locations), nine customs offices (with 103 locations) and one large trader audit unit (with 8 locations) spread over the whole country (9 provinces) with approximately 11,500 employees. The very good and practicable results of four CAF pilot exercises brought the ministry to the strategic decision to implement the CAF throughout the whole administration.

In the ministry, the performance targets of the different units and offices is subject to management-by-objectives. Every year, the implementation of CAF is a target for 10 tax or customs offices. By using CAF, managers/leaders and employees can discuss their daily work in connection with the vision/strategy and with the values. The changed cultural/working approach of the Austrian Finance Administration (caused by the biggest reorganisation process that ever happened in the administration – from 2002 till 2007) is supported by the different criteria of the CAF model. Continuous improvement is self-evident in the organisation; therefore, due to CAF experiences, the ministry has implemented new tools in the field of knowledge management, process management, etc. The ideas for these new measurements came from stakeholders – mostly from the

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staff, customers and citizens. With CAF, the ministry also intensified and enlarged the relationships with external partners (e.g. Tax Consultants, representatives of local government bodies, trade unions). Every year a special one-day CAF activity for top management is organised. During this event, the actual CAF results are discussed and if necessary, strategic decisions will be made. For improving (e.g. reviewing strategies and planning), the CAF results are evaluated annually together with the heads of the units who have implemented the CAF.

The "**Landratsamt Ebersberg (Germany)**" is both a lower public authority and a local autonomous body. As a public authority, it performs supervisory tasks, such as planning permission procedures and interventions under nature protection law as well as issuing residence permits, vehicle licences and driving licences. As a local authority, the administrative district of Ebersberg is mainly concerned with social issues such as social and youth welfare, educational matters, in which field it is responsible for expenditure on materials, as well as local public transport. The following areas of improvement were identified and dealt with by CAF:

🔸 *Improvement in leadership:* The self-assessment showed improvement in the process of agreeing objectives and in the instructions given to staff. With the introduction of mandatory coaching at management level, managers were assisted on a more individual basis.

🔸 *Improvement in the continuous optimisation of citizen orientation:* CAF gave an additional boost to the service offensive. Since then, service guarantees have been introduced in several offices within the Landratsamt, e.g. anyone who has to wait longer than 10 minutes for their vehicle licence receives a free car wash. Another citizen survey was conducted to maintain and implement further optimisation initiatives on a continuous basis.

🔸 *Comparison with other administrations (benchmarking).*

CAF highlighted clear weaknesses in the inter-authority performance table, most of which have now been tackled, e.g. through a benchmarking group which has been in place in the foreigners' office for three years, participation in a nationwide benchmarking group on high schools and a group of Bavarian youth welfare offices.

The *local social welfare service (OCMW) of the municipality of Grobbendonk (Belgium)*, a social welfare service organised by the local authorities with 90 full-time equivalent employees, was installed by law in 1976 in every municipality in Belgium. The OCMW is an independent local authority with a well-developed social service system: the core business of the organisation is to deliver proper social services to all citizens. Besides this legal task, the OCMW puts the emphasis on two pillars: home care and residential care for the elderly. In 2004, the OCMW applied the CAF for the first time. Several points of improvement, e.g. role model of the leadership and developing and aligning the leaders' attitudes with the mission statement were mentioned by the self-assessment group and were listed among the top ten priorities. After this first CAF assessment, a reorganisation took place on three management levels: direction (top management), middle management and operational management.

🔸 At the direction level, a management team was installed in 2005 to orientate the management in a more horizontal way near to the elected board (the political level) and closer to the personnel. The management team – since 2009 obligated by a decree – is responsible for advising the elected board and prepares the organisation's policy and budget.

🔸 A second team that was installed after the first CAF implementation was a permanent quality group. This team is smaller than the management team and has a more operational approach. They make sure that all activities in the organisation match with the mission statement and vision of the organisation. This quality group links all the objectives and monitors the follow up in a new and easy to use instrument with the names of the responsible persons, the deadlines (start and end) and possible links with the processes in the organisation e.g. guidelines, forms, etc.

🔸 At the operational management level, a permanent 'Train the Trainer' programme was started which brought together on a regular basis all the persons dealing with personnel matters in the organisation.

The main objective is to align the overall vision on leadership and to increase the expertise as well as the effectiveness.

Afterwards, the employee satisfaction was measured on these different changes in the organisation and good results were obtained.

With strong political support, the Common Assessment Framework was applied in the **educational sector in Nord-Trøndelag County (Norway)** since 2005. After having delivered since then the Annual Quality Reports, the County Council now seems to be handling the quality results in quite an adequate way. The CAF assessment results from the sector, both average and individual for the different schools, are now used as the main evidence for setting targets and objectives. These targets and objectives are set both for long and short term, and are meant as solutions for the areas of improvement for the educational sector as a whole, but also for the individual organisations.

The annual measurement of quality in the entire sector, the handling and target-setting of the areas of improvement, and following up the results, has led to measurable development in this period. Considerable progress in several areas of improvement from one year to another can be detected. The annual Quality Report presents the average results from the CAF assessment, the CAF assessment results from each organisation/school and important background data from the areas of *citizen results, people results* and *key results*. These data contain results from sources such as student-, teacher- and people surveys, and target achievement in areas such as student grades, absence and drop-out rates.

In this way, the work with following up evidence or assessment results is handled at three levels. First of all, this will be the most important action during the year in each school. Through the 17 tools of the local quality development system, the schools analyse and carefully prioritise the most important areas of improvement, setting up a plan of corrections and planning the different prioritised actions. These steps are surveyed by the sector level, the Chief Education Officer, and are followed up in the dialogue of steering and during site visits to schools. Then, the most important challenges of each school are used in the further detailed results-oriented steering of the school. This will be the working targets for the school director and in the quality chart of the school. The quality chart is derived from the Balanced Scorecard, and based upon the principles of Excellence. The third level is the annual discussion in the County Council on the results from the Quality Report and the following target setting.

The connection between quality management, quality development, CAF and the work with setting targets and strategic objectives at all levels have become closer the last four years, and at last, can be seen as a whole. Making a huge effort of following up assessments and results from the schools leads to constancy of purpose and a sustainable quality throughout the entire educational sector.

Source: www.eipa.eu/CAF

Although the various TQM instruments and tools have grown towards each other content-wise in the past decade, some clear particular characteristics exist. The following table provides a brief comparative overview of different instruments. What is even more important is the cultural shift in public sector organisations that TQM is striving for. This cultural shift goes beyond the 'bureaucratic' use of any instrument.

Comparison between ISO, EFQM Excellence Model and Common Assessment Framework (CAF)

Method	Approach	Advantages	Potential risks	Improvement / innovation potential
ISO	+ Identification of key processes + Description & documentation of key processes + External audit against the standards and certification + Follow-up internal and external audits	+ Process management + Transparency and responsible persons linked to processes + Knowledge management + International standard + Possibility for labelling and external validation	+ Strict and rigid system + High level of bureaucracy + Exercise on paper, documenting the existing situation + Only aim is the label + Expensive (certification) + Ownership only with quality team	+ Strong focus on compliance and control, less on creativity and innovation + Improvement possibilities if errors, malfunctions are noticed + In the reflection and description of processes there is room for creativity and innovation, certainly when LEAN thinking is integrated.
EFQM	+ Starting point is assessment with the aim of setting up concrete improvement actions afterwards + Possibility to participate in recognition schema and award programme	+ Holistic approach (organisational enablers and results) + Continuous improvement, dynamic + European awards and prizes	+ Focus on more 'experienced' organisations + Expensive (model / documentation and validation) + Award becomes the end, with no improvement actions afterwards	+ Starting point is assessment with the aim of setting up concrete improvement actions afterwards + Innovative actions need to come from inside (positive, but challenging)
CAF	+ Starting point is assessment with the aim of setting up concrete improvement actions afterwards + Possibility to receive external feedback	+ Public sector translation + Holistic approach (organisational enablers and results) + Continuous improvement, dynamic + Strong involvement of staff + Low level, easy to use	+ Self-assessment (recently with possibility of external feedback) becomes the end, with no improvement actions afterwards	+ Idem as EFQM

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4.2.2 Stimulating a quality management culture

In the private sector, some industrial customers in some sectors make it a condition that their suppliers have QMS in place, but it remains relatively rare for public sector organisations to have adherence to quality

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management principles explicitly within their mandate from governments. There is every reason for administrations to add it to their mission, however, as it has the potential not just to raise the standards of service quality and delivery, but also improve motivation and morale, and increase innovation. In the absence of external stimulus, TQM needs to be encouraged and enabled in public administration.

The first step is **raising awareness** of its importance and added value among different target groups. The use of TQM can be triggered by introducing and integrating it into the policy framework, as part of strategic and operational planning documents. Central government can also create initiatives to stimulate quality management in regional and local government.

Inspiring example: Quality management in strategic policy documents (Poland)

The subsequent strategic documents developed by the Polish authorities in the recent 10 years have always underlined the importance of quality in the public service delivery. The improvement of the quality of the services and improvement of their efficiency is still a burning issue and this find its reflection explicitly in strategic, medium-long term goals and priorities like:

- The Long-term National Development Strategy 2030 (adopted in 2011);
- The Medium-Term National Development Strategy 2020 (adopted in 2012);
- The Efficient State 2020 Strategy (adopted in 2013).

These strategies supported by operational programmes and action plans provide mandate for implementing projects which take advantage of the TQM approach.

The Operational Programme Human Capital, supporting the execution of the National Cohesion Strategy 2007-2013, was prepared by the Ministry of Regional Development in cooperation with the Prime Ministers' Chancellery, Ministry of Interior and Administration, and the Ministry of Labour and Social Policy and was adopted on 18 September 2007.

These bodies carry out QM projects in the field of (1) management systems modernisation of in the governmental and local administration (such as diagnosis of the current managerial & strategic situation, strategy development, implementation of selected QM tools, training and consultancy activities) and (2) human resources capabilities. The last projects were completed by the end of 2015.

Since 2007, the Civil Service Department of Chancellery of the Prime Minister has implemented 16 projects that contributed to better management in the governmental administration. These projects have resulted among others in implementation of ISO and CAF standards in over 120 organisations as well as hundreds of civil servants trained on different aspects of TQM. Some projects focused on particular areas of TQM like customer satisfaction management and on supporting implementation of tailor-made solutions or individual ideas like introduction of EMAS in the Ministry of Environment, as well as its certification in 16 Regional Directorates for Environmental Protection.

Local government receives support from the Ministry of the Interior and Administration. Since 2009, a comprehensive set of projects has been conducted or financed by the ministry devoted to dissemination of

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QM tools - mostly the Common Assessment Framework. Due to the Ministry's activities, CAF has been implemented in over 443 local governments and ISO has been implemented in 327 local governments. By the end of 2015, activities concerning QM tools had been performed by a third of all Polish local governments (around 1000 offices). In 2014-2015 a special effort was made to adapt, test and promote the CAF External Feedback Procedure among local government. Since January 2016, the label of 'Effective CAF User' has been awarded to 77 local offices (mostly on a commune level). In a period of seven years, CAF went from almost non-existent to become a popular and widely-recognised quality management system among local government offices. A factor playing a crucial role was the support from the EU funds (ESF) earmarked in Poland for good governance projects in 2007-2013.

For further information: Governmental administration: www.dsc.kprm.gov.pl; local government: Marek.Sliwinski@mswia.gov.pl,,

Besides triggering awareness, various EU Member States have invested in **supporting** public sector organisations in using TQM instruments. This has been done by, for example: publications, manuals and guidelines on quality management; creating capacities by training the trainers and technical assistance; setting up a supporting and coordination structure; and networking with the private sector and academic world.

Inspiring example: CAF strategy 2012-2015 in the sector of education and training (Italy)

The project "CAF for MIUR" was planned in the context of the 2007-2013 EU Programming and the National Operational Programme "Competencies for the Development", related to the initiative to improve administrative capacity building in education bodies. It was sponsored by the European Structural Funds, managed by the Ministry of Education, University and Research (MIUR) and realised by the Department of Public Administration (DPA), in collaboration with FormezPA acting as national CAF resource centre.

The main goals were:

- To introduce self-assessment and continuous learning processes based on the CAF (the adapted model for the education sector); and
- To create the conditions to spread more and more the knowledge for using the CAF via school networking and the implementation of a CAF Hub to activate a multi-actor supporting system.

The project was targeted on the education and training bodies of four Italian regions - Campania, Calabria, Puglia and Sicilia. This area counts over 3,900 schools, with different concentration across the Regions (Campania and Sicilia host about 2,500 schools) and a dominant focus on primary education (over 70% are primary schools).

All participant schools had to realise in a defined time schedule: (a) a CAF self-assessment resulting in a self-assessment report; and (b) develop and implement the related improvement plan with the support of the project team. Main goals to be reached were a high impact in terms of the number of schools to be actively involved and the delivery of the expected outputs by a significant percentage of the supported ones (over 70% as a minimum).

The keyword to define the supporting strategy has been "people empowerment", taking account of the roles and knowledge on quality issues already spread in the education sector even in the southern regions of Italy. So, initially information and data on the people's pre-existing knowledge, the maturity levels of the organisation and the ICT facilities were gathered. The first year started with a mixed approach – including online support for more advanced schools and onsite technical assistance for the less advanced – and then evolving towards a stronger at a distance supporting strategy. Every year, the project reviewed its strategy and upgraded the tools, based on the obtained results, comprising the progress in the demand of participation, the compliance with the expected outputs and the customer satisfaction results. Many different means of support have been put in place and implemented in the first two years of activity, involving mainly but not only the people directly in charge of the self-assessment process:

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- **Regional seminars:** to launch annually the project initiatives and present the results. *21 seminars were organised with about 1900 schools and more than 3300 participants as an audience.*

- **Webinars**: interactive seminars conducted via web, consisting of real-time live presentations dealing with the CAF model, the self-assessment process and improvement planning. *13 webinars were realised and 2044 persons participated.*

- **Achievement self-tests:** related to webinar main contents - a quick way to detect and recover knowledge gaps. *10 tests were available concerning the model itself and the CAF implementation process.*

- **Virtual classes**: interactive classes, based on simulations and case studies, aimed at filling the knowledge gaps observed by the analysis of the achievement tests fulfilled by schools after the webinars. The main focus is on the collection and analysis of data, the self-assessment report and the improvement plans' content. The users can participate through chatting, video-chatting, file-sharing or asking questions with a microphone. *6 virtual class cycles were realised and 1500 persons participated.*

- **CAF video clips**: amusing way to learn about CAF, based on well-known TV formats (like camera cafè or the big brother thinking room, etc.) set in the school context. The main themes of the clips are leadership, strategy, empowerment, the self-assessment report and the improvement plan content. *By late 2014, 7 video clips have been created.*

- **CAF territorial meetings**: they are conceived as an interactive experience that motivates and engages the participants. The meetings realised at regional level focus on the CAF model, the self-assessment process and the improvement planning. Role playing, motivational games (like the body percussion) and practical team activities are the main tool used. *84 meetings organised with 1400 participants.*

- **Tool kit**: a kit collecting all the materials and tools to support the use of CAF model available in digital format.

During 2014, a new initiative was launched. *F@CILE CAF* (meaning e@syCAF) offers schools the possibility to implement the use of CAF by themselves in an autonomous way, using all the above means of support accessible from an *ad hoc* online platform for CAF implementation.

Well-trained "CAF facilitators", coming from the schools that have previously implemented CAF in the same territories, informed, helped and motivated them, mainly at a distance through the platform itself (via webinar and virtual desk). The goal of *F@CILE CAF* was to take advantage of the competencies developed by the previous CAF expert users and to use this know-how together with all the tools realised by the project, adapting them to a new supporting scheme, to stimulate territorial partnerships.

To activate a multi-actor supporting system to be based on the territorial actors, sustained in future at a distance by the National CAF resource Centre, the project in fact invested a lot in specific training activities involving:

- The Regional School Offices, to create CAF team inside them;
- The CAF expert users, people coming from the schools who successfully self-assessed in 2012 and 2013 in the frame of the project trained to act as "facilitators".

The latter were the heart of the so called "Competency CAF HUBS" created to ensure continuity of support actions in the regions after the end of the project to help spread the model through a self-supporting network. By late 2014, in the framework of the overall project, 541 schools had been actively involved, 382 self-assessment reports drafted and 323 improvement plans defined, leading to 107 schools being in the CAF implementation process going to deliver the self-assessment report using the "F@CILE CAF" platform, with different degree of support being delivered by the CAF Facilitators and/or the CAF Resource Centre help desk. The project was scheduled for completion by the end of June 2015 and, by its closure, the network of the CAF

expert schools formally set up and, after a final evaluation, the platform with all related tools finalised to become accessible for many other public organisations assisted at a distance by the national CAF resource centre of Italy.

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The exchange of knowledge gained in **benchmarking** public services can help speed up the learning process, but is not a simple matter. Comparing the performance of public organisations can be very complicated, because their objectives, being social, are often difficult to measure. Account must also be taken of both the political and administrative cultures of operations in public organisations.

Inspiring examples: Benchmarking local government performance

Within the United Kingdom, 32 Scottish local authorities are participating together in the **Local Government Benchmarking Framework**. This Framework brings together performance indicators covering information about a wide range of key services including education, housing, social work, and leisure, as well as service costs and customer satisfaction results. Using the same indicators across all local authorities allows to compare performance, identifying best practice, learn from each other, and improve. Local governments, as other interested stakeholders (citizens, politicians, NGOs, media, etc.) can see how one local government compares to the best and worst performance, as well as the Scottish average, for each indicator. It is important to consider the many differences between local authorities that contribute to variations in performance, including population, geography, social and economic factors, and the needs and priorities of local communities. All of these need to be taken into account when comparing performance with other councils.

The Dutch initiative "**waarstaatjegemeente**" (the state of play of your local government) has the same aim and functionality. The performance of local government is monitored according to different policy clusters; e.g. safety, health, well-being, local economy, direct service delivery, relation government/citizen, etc. Monitoring these indicators has an accountability focus, but also a learning and improvement perspective. Local governments can position themselves against better performing ones. Via learning cycles, municipalities can get a better insight in the reasons why and how others are better performing.

Sources: http://www.improvementservice.org.uk/benchmarking and http://www.waarstaatjegemeente.nl

Ways can also be foreseen to encourage the pursuit of quality management by **recognising and rewarding** the results achieved. This can be done through certificates, labels, awards, selecting good and best practices, and presentations at conferences. In many cases, quality awards are based on quality excellence models. Quality awards are introduced as surrogates of market competition in the public sector where a market does not exist. The competition among the participants of an awards programme is intended to motivate public agencies to increase organisational quality. In case they win the award, they are likely to act as a model for other organisations; in case they do not win the award, they hopefully learn how to become better in the future. Public sector quality awards also have the function to help public authorities to improve their organisational quality by learning from each other. Quality awards identify excellent public agencies and their success factors are made visible to other organisations. This means that there is also a cooperative element in quality competition awards which is perhaps the most important function of quality awards if they are to be an instrument in fostering innovations and quality in the public sector.

Inspiring example: Estonian Public Sector Quality Award

There have been several quality award schemes carried out in Estonia since 2000. As a joint initiative of the Ministry of Economic Affairs, Enterprise Estonia and the Estonian Association for Quality (EAQ), annual quality award competitions (later called the Estonian Excellence Award) were carried out from 2000 to 2010. In 2006, the scheme was fully aligned with the EFQM Excellence model and the EFQM 2005+ process, to give more international weight to the recognition and allow comparability with other recognition schemes in Europe. Both private and public sector organisations could participate in this award. The highest interest in quality management has been in the education sector. Since 2002, there have been separate quality award competitions carried out in different levels of educational bodies – starting with kindergartens and ending with universities, including vocational schools.

At the end of 2010, the Ministry of Finance started the Estonian Public Sector Quality Award, based on the CAF model. A pilot of this award had been conducted in 2003 already, but it took until 2010 to re-launch the initiative. The idea was to focus on learning and the exchange of best practices among public sector organisations - on central government and local government levels and in very different types of agencies. There has been a high level of interest from agencies in the Award; 15 public sector organisations participated in the whole process. During the process, agencies conduct a self-evaluation, followed by the external feedback from the assessors. The agencies and assessors receive thorough training to maintain the high quality of the process. The process ended with the award ceremony, where the best performers in different categories (according to the size of the agencies) were awarded.

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Topic 4.2: Managing quality into the system

4.3   Managing, motivating and developing staff

Public administrations have always been fundamentally about people – for the people, by the people. Like any service organisation, the most precious asset and productive resource of any public administration is its 'human capital': public servants, their collective

- Developing HRM strategies & planning for the future
- Competency-based HRM
- Attracting & selecting the right staff
- Getting the best out of people
- Promoting equality, diversity and active ageing

know-how, their individual ingenuity, and their diversity of backgrounds, education and experience. It serves every administration's interest – as well as the public interest – that staff are:

- ✓ **Competent**: Equipped with the skills, knowledge, abilities and attributes to perform their individual roles;

- ✓ **Motivated**: Encouraged, enabled and empowered to fulfil their roles, and contribute to the organisational mission and vision;

- ✓ **Ethical**: Exhibiting personal characteristics that are fully aligned with the organisation's values;

- ✓ **Responsive**: Willing to react to customers' needs, able to interact collaboratively within the public service and with stakeholders (especially citizens and businesses) to everyone's mutual benefit; and

- ✓ **Flexible**: Capable of reacting to changing circumstances and unexpected events, and to operate across the administration if required.

A basic condition for a human resources (HR) policy in the public sector is the development, implementation and safeguarding of a **civil service act or code** (depending on the legal system) that lays down the basic rights and values of an independent, well-functioning public administration. Nearly all EU countries have adopted civil service legislation, but practices differ regarding the implementation (not only on paper) and safeguarding of these rights.[26]

Each Member State is distinguished by its own unique civil service system in accordance with its **legal, administrative and cultural traditions**[27]. Civil service systems are usually classified in two extreme types:

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[26]   J. Meyer-Sahling (2009), *Sustainability of Civil Service Reforms in Central and Eastern Europe five years after EU Accession*, in Sigma papers, No 44, OECD.
[27]   OECD (2008), *The State of the Public Service*, OECD Publishing.

🞦 **Career-based**: where employment can be obtained after an examination for a general service, the employees start at a low level and are expected to stay in public service during their entire working life, advancing in their careers based on seniority and merit;

🞦 **Position-based**: where candidates apply directly to a specific post, open for competition between both internal and external applicants, employees have less security and must compete with others to make a career advance.

While most countries have moved towards a mix of the two models, the distinction is still considered useful and relevant.

During recent decades, the public services of the EU Member States have gone through considerable reforms in the field of **human resources management (HRM)**, with the aim of improving performance. Mostly inspired by the private sector, they have sought to emulate enterprise, by viewing public service users as 'customers', injecting competition into service delivery, and transplanting techniques, such as performance appraisal, pay and targets. This has re-shaped national systems and radically changed the nature of public administrations as employers, compared with the first half of the 20th century. Despite the existence of common trends and challenges, however, public administrations across the EU differ regarding the scope, ambition and agenda of these reforms.

Traditionally, public employment across Europe was a major employer, stable and certain, with entry-level recruitment after school or university followed by steady progression to retirement, and pay and promotion typically based on seniority (time in post). In the last few decades, **this orthodoxy has become increasingly outdated**. The caricature of government as monolithic and hence a 'unified employer', which might have held true until the 1970s, is certainly not the scenario of the 21st century. Many performance management measures (see topic 4.1) have seen organisations fragmented into multiple units, splitting policy-making from delivery, and outsourcing services, blurring the boundaries between public and private. With the use of agencies, and the advent of contracting-out and privatisation, many jobs have moved into the 'semi-state' sector[28], altering the terms and conditions of employment over time towards greater flexibility and less predictability.

More recently, the fallout from the global financial, economic and fiscal crisis led to a contraction in public administrations. The **employment effects** have been well documented[29], with the EU's public administration recording 800,000 net job losses over 2008-2015, equivalent to around 5% of the

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[28] Human resource management in the public sector goes beyond staffing of the core public administration, which excludes 'front-line' jobs such as teachers, social workers, doctors, police, etc. Public administrations are responsible for recruiting, remunerating, motivating, training, developing and promoting people throughout the public services. When discussing the 'public sector', however, EU institutions like Eurostat and Eurofound face dilemmas in defining precisely its boundaries, especially for cross-country comparisons. The traditions of individual Member States, allied to the rise of outsourcing and privatisation since the 1980s, have created substantial 'semi-state' sectors which are nominally involve private enterprise but serve public interests.

[29] See, for example, Eurofound (2015), *ERM Annual Report 2014: Restructuring in the Public Sector*, Publications Office of the European Union, Luxembourg.

headcount[30], through redundancy, (early) retirement and resignation. Many also instigated hiring freezes.[31] Other HRM instruments have also been deployed to bring down the pay and benefit bill**.**[32] There have also been trends towards fixed-term contracts, reducing the number of civil servants or those employed based on a unilateral agreement, and moving to employees with employment contracts instead. The extent to which administrations can introduce such changes depends partly on their civil service law, contractual arrangements and the role of trade unions and other stakeholders. Countries with strong elements of the career-based system often prohibit staff lay-offs, salary reductions and even pay freezes, which then shifted the burden onto other instruments (e.g. hiring).[33]

These cuts were largely made in haste to cope with squeezed public budgets, **without prior impact assessments** to predict the effect on efficiency and effectiveness. According to the COCOPS study on fiscal consolidation in Europe[34], "*these cutback measures can have a longer-term effect on the functioning and reform of administration and will continue to be a challenging issue for several years to come.*" This concern regarding capacity for service delivery, as experience and expertise are lost and not replaced adequately, has been echoed by OECD[35], as well as the detrimental effects on employee engagement, morale and trust in management, job intensity and stress among those who remain.

The fiscal impact has been felt in the **investment in training** too. In line with the COCOPs findings, the OECD's survey on HRM cost-cutting from 2008 to 2013 revealed that most members had implemented measures to scale down their central public administrations, while 13 of the 18 EU countries in the study had reduced their training budgets, and 10 had cut the number of training days. Just France, Germany and Sweden had seen no effect on their training policies. [36]

In the meantime, the pressures on public service delivery have continued unabated, and in many cases risen through the economic crisis and subsequent recovery. Citizens and enterprises increasingly expect **high service standards** for their transactions and interactions, to stand comparison with commercial providers - convenient, customised, and costing little or nothing online. Most administrations have engaged in programmes to **simplify and automate** their processes, and make services accessible through physical one-stop shops, online portals or whatever channel suits

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[30] Eurofound's European Restructuring Monitor recorded a sharp increase in the share of announced job loss in public administration in 2010-2011, accounting for more than a quarter of all employment cuts due to large-scale restructuring.
[31] The sharpest decline was seen in Latvia (-29%), but declines of more than 10% were also recorded in France and the UK. However, the same pattern was not seen throughout the whole EU; Hungary and Slovakia recorded growth in public administration employment of over 20%.
[32] See R. Raudla, R. Savi and T. Randma-Liiv (2013), *Literature Review on Cutback Management*, COCOPS Work Package 7 Deliverable 1, *inter alia*
[33] The COCOPS study of consolidation measures in 12 Member States over 2008-2012 showed that all had instigated staff cuts, all but one had frozen recruitment, and all but two had frozen pay. Most had cut pay as well. The duration of the pay and recruitment freezes has been fixed in some cases (e.g. two years), but not pre-determined has been used more flexibly.
[34] W. Kickert, T. Randma-Liiv and R. Savi (2013), *Fiscal Consolidation in Europe: A Comparative Analysis*, COCOPS Trend Report.
[35] See OECD (2013), *The government workforce of the future: innovation in strategic workforce planning in OECD countries*, OECD Working Papers on Public Governance No.21; and OECD (2016), *Engaging Public Employees for a High-Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris.
[36] See OECD (2016), op. cit.

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the user's circumstances.[37] This in turn has implications for the number, location and competences of their public employees.

> *"Public administrations in Europe have, over the past two or three decades, already been profoundly affected by technological change, and there is every reason they will continue to be so.… Technological change has had significant effects on, inter alia, the locations of administrative activity, their costs, the nature of administrative tasks, the skill sets needed by officials, rules and regulations, and the types of interactions citizens have with their public authorities"*. Christopher Pollitt, Future Trends in European Public Administration and Management: An Outside-In Perspective, COCOPS Report Work Package 8, 2014.

Commentators are increasingly highlighting **'the rise of the robots'** as the emerging phenomenon[38] that will shake up service-based jobs in the private and public sectors:

- Since the industrial revolution, machinery has been replacing labour in *agriculture*, enabling people to stop working in the countryside land and move to the city, and to generate huge productivity gains that have allowed us to feed a massively increased population with a finite land mass.

- Innovation in processes and technology has also shrunk *manufacturing* employment in most EU countries during the 20th century and beyond, as it allowed production to be automated and fewer workers needed to generate the same output or more (as well as moving the remaining jobs to lower labour cost locations globally).

- With their ever-expanding processing power and the networking capabilities of the Internet, ICT has increasingly replaced *routine service tasks*, and certain jobs have become obsolete or shifted across national boundaries to lower cost locations. This substitution effect has been seen since the 1980s, when for example the traditional role of touch-typists in public administrations was overtaken by word processing software that permitted every official to become their own secretary, writing and editing their documents. In more recent years, the enabling role of eGovernment has meant citizens and businesses can complete their tax returns online, apply for licenses and permits in seconds and download them, etc.

Looking to the future, it is expected that the advance of big data processing and artificial intelligence will make jobs involving analytical and decision-making tasks increasingly redundant, even when they are knowledge-based. There is now a small industry of analysts seeking to anticipate the impact of IT on service employment, and speculating about the social consequences. The expectation is that, with time, any activity that *can be* automated *will be*. Artificial intelligence has now advanced to the point that a combination of processing power, predictive algorithms, cloud computing, and massive datasets enable computers to 'machine-learn', and to replace tasks which involve repetitive processes and patterns, and are therefore predictable. Genetic programming allows computers to replicate creativity too.

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[37] See theme 5 on service delivery and theme 6 on business environment
[38] See M. Ford (2015), *Rise of the Robots: Technology and the Threat of a Jobless Future*, Oneworld Publications; also, J. Kaplan (2015), *Humans Need Not Apply: A Guide to Wealth and Work in the Age of Artificial Intelligence*, Yale University Press.

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This combination of a smaller, more highly skilled but ageing workforce, and a digital society where citizens and enterprises increasingly expect online public services at their convenience, creates a **complex HRM environment**, especially when set against the full panoply of policy dilemmas faced by governments.

> *"While expectations of government are increasing, the resources available to meet these expectations are diminishing. Civil servants of the future will have to be at ease with more complexity and flexibility. They will have to be comfortable with change, often rapid change.[39] At the same time, they will take more autonomous decisions, be more responsible, accountable, performance-oriented, and subject to new competency and skill requirements. Despite the popularity of criticising the over-emphasis on laws and rules in contemporary civil services and the reaction: reducing bureaucracy, rules and administrative burdens, the primacy of law is likely to remain in the future. However, it will be complemented by other tools for resolving conflicts, new integrity-based approaches, new regulatory techniques, new informal instruments, an enhanced access to IT information, and a delicate balance between more citizen rights and a general stronger concern for governmental risks. The civil service will be better qualified and more diverse than ever before. At the same time, civil servants will face more value conflicts and dilemmas although they are also more aware of the existence of ethical rules, conflicts of interest issues and conflicts resolution techniques"*. Professor Christoph Demmke and Timo Moilanen, Civil services in the EU of 27 – Reform Outcomes and the Future of the Civil Service, 2010.

What does this mean for HRM in public administration? These trends are not new, but rather the accentuation and acceleration of old ones. Nevertheless, Member States will need to adjust to a 'new normal', and deal with **four high-level challenges**:

- How to *anticipate these changes* and adjust to them in advance, rather than simply react to circumstances as they arise and risk being overtaken by them;

- How to *develop the tools and approaches for a new & different human resources management* - more adequate selection, more focus on skills in general and especially those of managers, more opportunities for skills adaptation - and how to reconcile the concept of a civil service career and the need for versatile experience;

- How to *compete with the private sector in recruiting and retaining staff*, given businesses typically have greater flexibility over pay and conditions and enjoy a simpler operating environment;

- How to *motivate staff* in a demanding but often highly structured environment, both values- and rules-based, and raise people's performance without risking integrity.

Public administrations can borrow HRM techniques from business, but the complexity of their operating environment and a more restrictive and rigid legal framework[40] highlights the need to

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[39] See also theme 9 on public administration reform - making positive change happen
[40] Y. Emery et al, *Towards Innovative Public Services: A framework for the development of the innovation capability of European public administrations, January 2016*, page 15, see also annexes

seek new and tailored solutions. As a service industry, however, one lesson that can be learned is recognising that the service user's contentment relies on a skilled, motivated and capable workforce.

"Learn to look after your staff first and the rest will follow. If you treat your staff well, they will be happy. Happy staff are proud staff, and proud staff deliver excellent customer service ….", Sir Richard Branson, founder and chairman, Virgin Group.

4.3.1 Developing HRM strategies and planning for the future

Public administrations across the EU face constant questions on how best to manage their workforce, such as: How should recruitment and selection be organised to attract people who are suited to public service? How popular is the public sector as an employer? How do we attract and develop people for specialist, highly-skilled profiles, especially when they have other options and it is often hard to compete on pay alone? How do we retain and motivate our talented staff?

Developing HRM strategies & planning for the future

Managing competencies

Attracting & selecting the right staff

Getting the best out of people

Promoting equality, diversity and active ageing

Traditionally, 'personnel management' was a stand-alone activity, legalistic and input-oriented. In recent times, public administrations have moved to a **more strategic approach**, acknowledging the link between their HR policies and organisational performance. To achieve their objectives in an often uncertain and complex environment, public administrations rely heavily on the competence, motivation, ethics, flexibility and responsiveness of their workforces. The mission can be put at risk *inter alia* by: failure to anticipate recruitment needs; under-investment in training; inadequate or unfair recognition systems; active or passive discrimination; high staff turnover; lack of institutional memory; and the inability to engage with staff to make best use of their talents.

The search for savings during the recent fiscal crisis has sparked an upsurge an interest in **workforce planning**.

When reducing their workforce costs, most Member States took an 'across-the-board', blanket approach[41], to spread the pain evenly and make the process easier to explain to the affected personnel, negotiate with their representatives, and communicate to the wider public. Examples include: applying a percentage reduction in headcount or pay for all staff; natural attrition to reduce personnel (not replacing leavers, namely people who find jobs elsewhere or those electing to take

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[41] See COCOPs fiscal consolidation study - W. Kickert, T. Randma-Liiv and R. Savi (2013), op. cit.

early retirement); and instigating replacement ratios (only 1 person is recruited for every X people that leave the administration)[42]. The downside of an indiscriminate policy, however, is that the consequences are harder to control. In some cases, governments opted to ring-fence certain organisations or professions (e.g. police, health workers, teachers, etc.) and promised to protect them from staff cuts, to reassure voters that key front-line services would be preserved at their previous levels. Lower profile services for citizens and enterprises, carried out by central and local administrations (registering, licensing, applying, paying, borrowing, making enquiries, etc.) were not usually afforded this status. Hence, the practical impact of cutbacks has been mainly felt in the 'back office', rather than frontline functions[43].

This was not the case in all countries. Some governments adopted a more **'surgical' and targeted approach for determining staffing needs** under austerity, conducting zero-based reviews where all the public sector's duties and employment are reviewed, and analysing where targeted efficiencies could be found and savings could be made.

> *"When austerity is the priority and savings are needed, across-the-board percentage cuts in staff are generally not the recommended option. Targeted staff reductions within an overall strategic plan are seen as preferable, although many EU countries apparently lack the capacity and political will to carry out such strategic planning[44]. Recruitment freezes may easily become similarly damaging – new skills may be needed, and it may be both easier and cheaper to acquire these through recruiting new blood than through trying to retrain existing staff. In other words, the sort of short-term money-saving measures to which governments are tempted by the fiscal crisis may easily run against the needs for longer term HRM planning."* Professor Christopher Pollitt.

Workforce planning is relevant in all times, but the twin challenges of automation and an ageing workforce (see topic 4.3.5) make it especially appropriate today. During the Irish Presidency in 2013, EUPAN conducted a survey which found a greater focus among Member States on workforce planning against the backdrop of a smaller, older civil / public service. Of 21 responses, 14 EUPAN members were found to performing workforce planning in an organised way. While some Member States have longstanding experience, such as France which has been conducting workforce planning since 2006, others have begun relatively recently, such as Bulgaria which introduced a new process in February 2013.

> Workforce planning is a structured and systematic process that brings together strategic planning and human resources management, to enable organisations to better achieve their goals and priorities, by having the right people with the right skills and competencies in the right place at the right time. It covers the size, composition, deployment, skills and knowledge of the workforce, and includes all managed movement into, around and out of the organisation - including recruitment, promotion, mobility, secondment, redeployment, attrition and retention

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[42] The replacement rates in France, Greece, Italy, Portugal, Romania and Spain ranged from 1:2 to 1:10
[43] In the COCOPS 2013 survey, for example, more than half of respondents from five Member States (Estonia, France, Hungary, the Netherlands and UK) claimed that during the cutbacks the 'back office' functions were downsized to a great extent, while in other European countries this trend was not so obvious. By contrast, most respondents in four Member States said there had been no reduction in frontline presence during the fiscal crisis (Estonia, Germany, Italy and Spain).
[44] OECD (2013), op. cit., pp14-20

Workforce planning models typically break down the process into a series of steps, which can be performed by individual organisations separately or across the entire administration simultaneously:

- ✓ **Setting out the scope**: Before beginning, it should be clear – and communicated to all staff – why workforce planning is being performed, what are the main parameters (strategic direction and priorities, business needs, planning horizon) and how it should be executed (methodology, sources, timeline).

- ✓ **Modelling supply**: This step involves assembling complete and up-to-date information on the current workforce, regarding such variables as age, gender, diversity, grades, employment status (full-time / part-time, permanent/temporary), location, working patterns, turnover rates, projected retirement dates, required qualifications, organisation, and ideally competencies, educational qualifications and skillsets. This provides the baseline for planning future workforce needs.

- ✓ **Projecting workforce demand**: This step seeks to determine the optimum future workforce (numbers and mix) by the planning horizon (e.g. 3 years' time), based on strategic goals, statutory requirements, ongoing and planned reform programmes (e.g. re-organisation, (de)centralisation, administrative simplification, transition to e-Services, use of shared service centres, etc.), projected workload, the changing preferences of citizens and businesses, and contingencies based on a range of scenarios.

- ✓ **Performing gap analysis**: By comparing the current workforce with the required / desired future demand, the administration / organisation can identify the main differentials, whether shortfalls or surpluses. This means not just headcount, but especially competency, experience and skills requirements.

- ✓ **Preparing the strategic response**: If the workforce analysis shows a staff surplus beyond the margins of contingency planning, the HR function will need to prepare a strategy for reducing employment, based on non-replacement of leavers, voluntary and/or compulsory redundancy. If the analysis reveals staff or skills shortages (for example, digital skills), then the HR function will need to develop strategies to make up the shortfall. Whatever the projections of future headcount, the skills mix might look very different in the medium-long term. Elements of the strategy might include graduate recruitment, selective and skills-specific recruitment, succession planning, redeployment, enhanced mobility, knowledge management, etc., as well as ongoing investment in talent management & development.

- ✓ **Executing the strategy**: Putting the workforce strategy into action will mainly fall to managers at different levels of the organisation(s), and in particular support from the HR function. Elements of the strategy will doubtless require dedicated resources, some of which will need to be financed (such as recruitment drives, traditional course), while the costs of others (such as mentoring and mobility) may be hidden.

- ✓ **Reviewing implementation and re-focusing**: Given the inherent uncertainty in formulating plans, regular reviews to check that the plan is being enacted and to evaluate whether it is

achieving the expected results. If the administration's goals, priorities or situation has altered, the workforce plan itself may need to be re-appraised or an alternative scenario pursued.

In the case of Ireland, for example, strategic workforce planning has been implemented over the last number of years in respect of the Irish Civil Service. Workforce planning is specifically mentioned in Action 18 of the Civil Service Renewal Plan and work has been ongoing to help support Departments to develop their skills in the area. A framework (see diagram, below) has been developed by the Department of Public Expenditure and Reform (DPER), which outlines the process involved in strategic workforce planning, along with guidelines and a training programme.

Workforce planning in Ireland is primarily a tool for departments (ministries) to link their strategic requirements and their resource allocation. It provides departments with a context to consider the implications of the changing skills and work environment requirements. Across the public administration, workforce plans help to inform policy-makers of various HR-related issues emerging across the system in areas such as knowledge management, succession planning etc.

Inspiring example: Workforce planning in the Property Registration Authority (Ireland)

The Irish Property Registration Authority (PRA) has been undertaking workforce planning (WFP) since 2010. Due to the recession, its main challenge has been the maintenance, and more latterly, the sustaining of a critical mass of experienced pivotal staff in the appropriate grades and locations for the anticipated cyclical upswing in the property market. The workforce was 704 at the height of the Irish property boom, but by mid-2016 it had reached a low of 466.

The PRA is a multidisciplinary organisation with professional, legal, technical mapping and administrative staff. Its mission is to safeguard property rights through the registration of all property transactions including sales, mortgages etc. As spatial data assumes greater significance over time, the staffing profile has been gradually adjusting. A merger is progressing with two other Irish State bodies broadly involved with property, the Valuation Office and Ordnance Survey Ireland.

The recession and property market collapse from 2007-2013 resulted in the plummeting of applications lodged for registration. This facilitated the clearance of arrears accumulated during the property boom and a new emphasis on quality assurance. New projects were also undertaken, including inter-agency collaborative projects with its parent Government Department of Justice and Equality. Since the recovery commenced in 2014, there has been a gradual increase in intake. However, there remain depleted staffing resources and unbalanced staffing ratios due to cumulative unfilled vacant positions during the government moratorium on recruitment to the civil service.

WFP has facilitated a shift in thinking that has permeated throughout the organisation, from the notion of filling *vacant posts* and all *consequential vacancies arising* to filling actual knowledge and skills gaps. Workforce segmentation has been used to prioritise business cases and develop the idea of mission critical

positions under four headings: critical, core, flexible and specialist. This has assisted in the emergence of a culture which can accept and promote talent management and the idea of a succession pipeline. The new discourse has had a profound impact, in that there is now no reference to past structures, and actual knowledge and skills gaps are identified and filled. It has become an evidence-based approach with greater objectivity, which clearly identifies the key workforce challenges and actual workforce requirements.

In the Action Plan as part of the 3rd iteration, 12 options that did not affect the existing pay bill were presented, together with five which did have repercussions for staffing costs. The former related to *inter alia* performance management, absence management, succession planning, external delivery of services, restructuring of work, process improvement, career break management, and various learning and development initiatives.

To date, three iterations of WFP have been undertaken in the PRA. The process has developed over time from initially being a mere data-gathering exercise undertaken solely by HR, to a more inclusive and collaborative team-based approach. The success of the first two iterations led to greater ownership and trust in WFP by the Management Board, all managers and union representatives. The team approach taken for the 3rd iteration included the following participation:

Action/responsibility	Undertaken by:
Overall coordination, collation of submissions, drafting and preparation of subsequent business cases	HR Manager and HR Unit staff
Analysis of intake and staffing ratios	Corporate Affairs Manager, Financial Controller
Assessment of pay bill and monitoring of pay bill	Financial Controller
Data gathering, completion of templates, monitoring staff numbers	HR Unit
Agreement on final draft	Full meeting of Management Board

To ensure transparency and buy-in, it is now established practice to request submissions from managers and local union branches. Presentations have also been given on WFP to the entire workforce. The Workforce Plan is also published on *OPRA*, the staff intranet, and used as a reference base in all management discussions and staff forums.

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Like the policy process itself (see topic 1.1), workforce planning is **not necessarily a neat and sequential, end-to-end process**. As Ireland's Institute of Public Administration (IPA) has noted, "*Stages may not proceed at an even pace and organisations should not be constrained by blockages or barriers in one phase, for example data collection, from considering others. It is also possible to focus on key activities and key employee groups rather than the entire workforce*". Workforce planning can also be viewed as an exercise in permanent evolution, where the whole organisation is working to an overarching plan, but is nudged in different directions as circumstances change.

Critical factors in workforce planning

Factor	Description
Ownership	Workforce planning is a management tool. As with other change management initiatives[45], workforce planning requires leadership and commitment from the top. The HR function will play a central support role in preparing and implement the workforce strategy, but workforce planning is not the sole concern of HR departments, it must be owned by the whole administration.
Planning	Workforce planning is a strategic management tool, so should ideally be based on a 3-5 year'

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[45] See theme 9 on public administration reform - making positive change happen

Factor	Description
horizon	timeframe. Shorter periods (e.g. annual work programmes) are likely to take insufficient account of underlying trends and developments (such as ageing and automation), and too focused on immediate pressures; longer periods (e.g. 10 year plans) are likely to be too speculative regarding forecasting the future.
Risk management	To be fully effective, it should acknowledge uncertainties in the planning environment, and create contingencies for future workforce risks, including evolving priorities, emerging technologies and sudden shocks.
Responsibility	A EUPAN survey in 2013 under the Irish Presidency found that almost two-thirds of the responding 27 EU Member States had a central ministry responsible for HR policy, with line ministries responsible for implementation.[46] The alternative is that individual line ministries take responsibility for their own workforce planning, The advantage of the centralised responsibility is the opportunity to establish a coherent strategic framework for consistency of approach across the whole administration, and to consider future workforce developments that cross administrative boundaries (such as the effect of eService development and delivery, the importance of interoperability, and the application of the 'once-only' principle, etc.).
Budgeting	Workforce planning is often integrated into the budgeting process, which raises the question of which takes precedence. In recent years, the (shrinking) size of the budgetary pot has been the starting point for the planning process. Nevertheless, there is a strong case for the workforce analysis to be performed 'cold' first, and resource constraints applied later, to determine real requirements before restricting them with what is realistic within the public expenditure envelope.
Data quality	Any workforce plan relies heavily on the quality and usability of the workforce information, which is hard to engineer quickly from scratch. Workplace planning is easier when HR data sets are already formed, and enriched over time so that patterns and trends become apparent. ICT can play an important role in both presentation and analysis. The more refined the intelligence, the more value can be added in the planning process. EUPAN's 2013 survey asked Member States about segmenting the workforce data and found some interesting examples. In Austria, for example, the Federal Public Administration is segmented according to occupational groups, levels of qualification, salary brackets and management levels (e.g. senior civil service). Each Federal Ministry identifies critical workforce segments by conducting analyses and forecasts relevant to their area. For example, the Ministry of Education, Arts and Culture forecasts the number of pupils in each school type and the number of expected teacher retirements to identify potential resourcing pressures.
Morale & motivation	Whatever happens with headcount, but especially in the case of job losses, the workforce strategy will need to mitigate the risks of workforce disruption that could negatively affect achievement of policy objectives. This means that: communication to staff about the purpose and process is essential from the outset; the method is transparent, objective and fair, to minimise loss of morale, and that staff themselves are engaged in the process, in pursuit of a consensus regarding the outcome.

In executing their plans, public administrations are increasingly recognising the importance of talent management - finding (and keeping) the right people with the right attitudes, aptitudes and abilities, especially when confronted with competition from private employers. There are four main components to acquiring and nurturing talented officials:

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[46] Belgium, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania and the Netherlands. Source: Presentation to HRWG / IPSG EUPAN meeting, 4 April 2013

These components provide the foundations for meeting two challenges - attracting the right talent for the administration's needs, and getting the best out of people once recruited, including a more diverse workforce - particularly in the context of competing with the private sector, and good governance being increasingly driven by the digital agenda. Within this context, public administrations are increasingly turning to **competency frameworks** to crystallise the right blend and balance of skills needs - professional, technical, attitudinal and behavioural - for achieving organisational goals.

4.3.2 Competency-based HRM

Over time, human resources management in Europe and elsewhere has shifted from a *legalistic, status-based approach,* which centres around qualifications and time served, towards a *competency-based approach*, which considers staff's skills, know-how and attitudes in the round for the maximum use of human potential. As

well as technical skills and knowledge, so-called 'soft skills' - such as results orientation, self-motivation, communication, ability to work with others, assertiveness, negotiation, adaptability, resilience, etc. - are increasingly seen as essential.

In the words of the OECD[47], **competencies** *"are most of the time defined as the combination of knowledge, skills and behaviours that result in good performance needed to perform well in a given job; they are usually identified and validated through observation and analysis"*. Every job profile has its distinct specification, covering the roles and responsibilities, functions and tasks that must be performed, and hence the job-specific expertise and experience that the candidate must demonstrate. But professional and technical knowledge is never enough on its own. Public officials also need to show the attributes that are hard to assess from certificates and diplomas.

Originating in the private sector, **competency management** was first introduced to public administration in the United State and United Kingdom, and later by Belgium, Estonia, Finland the

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[47] OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, p. 124.

Netherlands and Sweden.[48] There is now hardly any European country that has not started to manage its staff with a more competency-based approach.

> "*Competency management, sometimes called competency-based management, involves identifying the competencies that distinguish high performers from average performers in all areas of organisational activity, constructing a framework and using it as the foundation for recruitment, selection, training and development, rewards and other aspects of employee management*". Income Data Services (IDS), Developing Competency Frameworks Study, 1997

The IDS definition highlights why competency-based HRM has captured the imagination of many public bodies, as it goes beyond the specifics of individual's ability to perform well and hints at benefits for the whole organisation.

> ### *Why manage the competencies of public service staff?*
>
> 1. It transforms recruitment and selection procedures: competitive examinations become less important than the instruments used to assess competencies.
>
> 2. It is a lever of change. Competency management is considered a means to convert a traditional bureaucracy into a modern and flexible organisation with a common understanding of the behaviour required to achieve the organisation's objectives.
>
> 3. It considers human competencies as being the main asset of an organisation.
>
> *Source: Institut de gestion publique (2008), "Public Management Outlook, Managing Competencies", p.12.*

Competency management can contribute to enhancing **organisational performance** by aligning people's competencies with the organisation's mission and vision (vertically) and, at the same time, providing the platform to integrate aspects of HRM (horizontally), as presented in the diagram below. In this model, strategic tools such as a mission statement and organisational objectives should be in place (see topic 4.1), before organisational competencies can be identified.

Vertical and horizontal integration

Source: L. Van Beirendonck (2009) Iedereen competent – Het handbook voor competentiemanagement [49]

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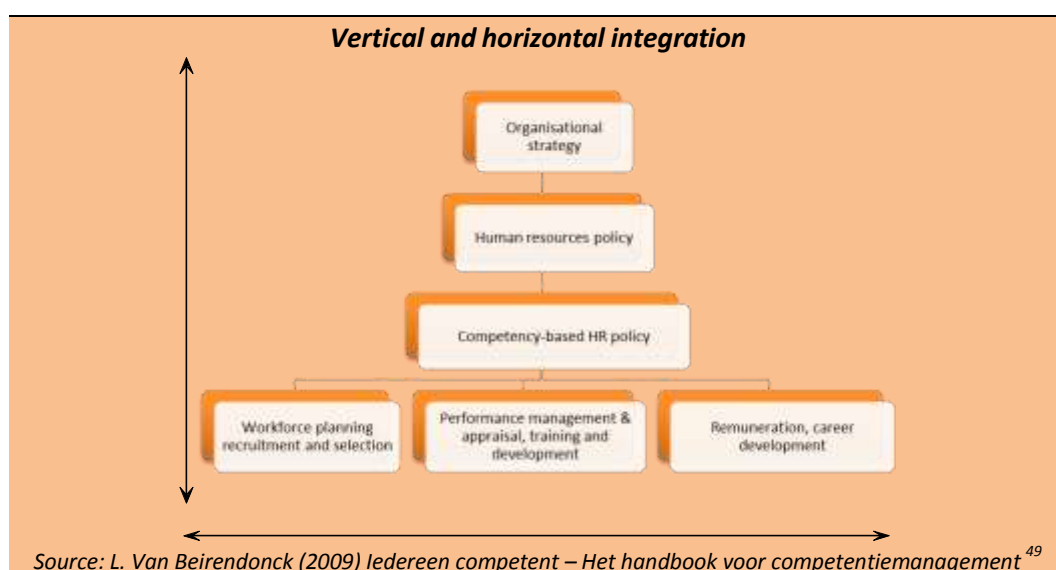
[48] S. Op de Beeck and A. Hondeghem (2010), *Competency management in the public sector: Three dimensions of integration*, Paper for the IRSPM Conference 2010; OECD (2011), op. cit.

At an individual level, this approach aims towards a more professional and result-oriented management of staff's performance and development. By establishing competency frameworks, the organisation can also create a **shared understanding** among staff about which competencies matter to achieve organisational mission and goals, as well as about the meaning of the different competencies, and to use these competencies for defining job roles and descriptions. Competency-based job profiles promote a common vocabulary, foster transparency and enhance the visibility of career opportunities.

Often, a distinction is made between generic competencies, which all staff members (or those in a specific grade) are expected to demonstrate, and technical, job-related competencies. There is no right or wrong way to devise **competency frameworks**, and myriad examples exist across the EU. The example overleaf of the competency framework for the customs profession, which is EU wide, illustrates the role of core values alongside defining types of competency (professional, operational and managerial). Other examples can be found throughout topic 4.3. Preliminary findings from OECD's 2016 Strategic HRM survey of the most frequently-cited competencies in its member countries' competency profiles provides some general guidance.

Most frequently cited competencies in OECD countries	
✓ Achieving results	✓ Professionalism
✓ Values and ethics	✓ Self-development/learning
✓ Leadership	✓ Innovation
✓ Strategic thinking	✓ Initiative
✓ Communication	✓ Efficiency
✓ Team work	✓ Customer-client orientation
✓ Problem-solving	
✓ Interpersonal relationships	

Source: Stephane Jacobzone, Counsellor, OECD,
Presentation to 'The Result Orientation, Cohesion Policy at Work', Sofia, 16-17 June 2016

It is important to choose competencies that reflect the **principles and values** of the whole public administration and the organisation itself.[50] In this context, ethics should be a core component of any competency framework, as all evidence suggests that organisational integrity is heavily influenced by staff appointments.[51] In the United Kingdom for instance, the central competency framework *"puts the values of honesty, integrity, impartiality and objectivity at the heart of everything what is done and it aligns them to the three high-level leadership behaviours that every civil servant needs to model: set direction, engage people and deliver results"*.[52] Hence these generic competencies are at the core of the UK's competency framework and they underpin all other competencies.

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[49] Quoted in S. Op de Beeck and A. Hondeghem (2010), *Competency management in the public sector: Three dimensions of integration*, op. cit.
[50] See 'principles and values'.
[51] See theme 2 and especially topic 2.2 on managing integrity and corruption risk.
[52] United Kingdom Cabinet Office (2014), *Civil Service Competency Framework 2012-2017*.

The EU competency framework for the customs profession

Since the EU is one of the largest trading spaces in the world with a population of around 500 million, this brings some challenges with the regards to the EU customs environment including 28 EU Customs Administrations, one Community Customs Code, 12,440 km of external land borders (and over 3,000 offices), 2.8 million registered traders, 2.2 billion tonnes of goods, a customs value of €3300 billion and 300 million customs declarations (of which over 90% are electronic).

All of this requires a most consistent application of EU legislation & practices, and a high-quality performance of all customs staff throughout the EU to achieve equivalent & high-level results. For that purpose, an EU competency framework for the customs profession has been developed.

1. **Harmonisation of skills** – A clear common view on the different levels of skills and knowledge, required to undertake customs role.

2. **Raising standards** – Through a common view of the levels of attainment required and providing the foundation for organisations to assess and ensure their staff meet those standards

3. **Adaptability** – The Competency Framework will be adaptable for use by individual Member States and Trade in the areas of training, recruitment and performance management.

It will also serve as a tool for HRM providing a foundation from which job profiles can be developed, workforce skills reviewed and individual performance examined.

The customs core values are the values that underpin the goals and beliefs of the European Customs Administrations, and the behaviours of customs professionals, and match their personal beliefs, thereby making them their own.

Professional competencies are intended to be competencies that are of use in a more general, broader professional context, and therefore do not necessarily apply to customs only.

Operational competencies are intended to be competencies that are of specific use to the world of customs and cover the operational/technical job/role specific competencies that are required for someone to, successfully perform that job/role.

Management competencies are intended to be competencies that are of specific use for people with a management function. Some are customs specific, others are not. Naturally there are many different levels of management ranging from line management to strategic management. The management competencies in this Competency Framework may apply to all levels depending on the specific contexts within Member States.

Source: European Commission, DG TAXUD/Unit R3 - EU Training & Performance Development, Birgit REISER

It is also essential that competency frameworks are kept fresh and **up-to-date**, regularly reviewed and revised to reflect the prevailing HR needs of the organisation. Given the impact of eGovernment, competency frameworks should incorporate the digital skills that will be increasingly integral to public administrations.

The **use** of competency management varies across the EU. Competency frameworks can be applied to some or all HR processes; the same framework can apply to all public employees of the central public administration or different frameworks can exist for senior civil servants, lower level staff etc. Selection and employee development tend already to show a strong competency basis.

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The successful implementation of competency management depends first on establishing a model that fits the needs of the **legal and administrative culture**. For example:

- In the centralised and legalistic Federal Belgian public service, there exists one competency model and one centralised job catalogue across the whole central public administration which applies to all public employees.

- In Sweden, which is characterised by a long tradition of independent agencies and a decentralised HRM, there exists no centralised, statutory regulation of competency models. Each agency can decide about its application and thus the content and scope of its competency frameworks, which can vary to a large extent in the different organisations.

Competency management is particularly popular in those Member States that have engaged in a far-reaching change process or public service reform. In this same context, competency management can change the traditional personnel administration into a **more strategic HRM**.[53]

Competency-based approaches can enable more effective **workforce planning**: with the aim that the right number of people with the right competencies is in place to deliver the organisation's strategy. This is especially valuable in times of budgetary cuts and demographic change[54], higher rates of retirement, less recruitment and an ageing workforce - but also in times where the public administration is confronted with a pool of staff that are 'redundant' or need to be reassigned, because of cuts, reallocation, reshuffling of tasks and structures, merger of organisations, etc. In these cases, strategic workforce planning linked to competency management and training is essential.

Inspiring example: The forward workforce planning approach (France)

Some time ago, the French government introduced a new HRM planning instrument, which aims to maintain HR and organisational capacities in a public sector with more limited resources. The Government set up an ambitious unit in the Ministry of Civil Service, which is charged to analyse on a regular basis the employment situation in the public sector in view of forecasting personnel needs. Its objective is to make sure that the pool of existing staff and competencies in the civil service matches the needs of future demands and that skill shortages, which put at risk economic growth, are prevented. One of the main tasks of the government-wide unit and strategy is to support ministries in their efforts to set up their forward planning HRM approach in alignment with the state budget and organisational missions. The tasks of the *Gestion prévisionnelle des emplois et des compétences* (GPEEC) are a regular follow-up of numbers, of competencies of posts and of careers. Of particular importance are the anticipation of retirements and the definition of recruitment needs, while taking into account governmental missions and growth objectives. The objective of the GPEEC is also to be more proactive to the changing demands in civil services by an ageing population and to anticipate the changing policy priorities and needs of internal re-structuring. A recent evaluation of this tool has shown that the alignment of staff with organisational missions has improved in all ministries.

Source: D. Bossaert, C. Demmke and T. Moilanen (2012), "The impact of demographic change and its challenges for the workforce in the European public sectors", EIPA Working Paper, 2012/W/01.

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[53] S. Op der Beeck and A. Hondeghem (2010), *Managing Competencies in Government: State of the Art Practices and Issues at Stake for the Future,* OECD, Public Employment and Management Working Party
[54] OECD (2011), op. cit., p. 128.

Competency management can become a useful tool to identify future leadership potential. Succession planning will become a burning issue in the context of an ageing workforce and high numbers of retirements. Hence, a growing number of organisations are identifying competencies for vacant leadership positions, which are then used to rank candidates for each position. Competencies are also used to identify gaps between current and desired competency levels during appraisals and to implement development plans.

Inspiring example: Inter-ministerial register of professions (France)

The French inter-ministerial register of professions (*Répertoire interministériel des métiers de l'État*) provides a catalogue of competencies, which are used by all departments and whose aim is to facilitate cross-departmental mobility. This catalogue promotes a stronger link between job functions and competency needs. Each of the 261 professions contains the following elements:

1. Synthetic definition;
2. Main activities;
3. Know-how;
4. Knowledge;
5. Particular characteristics
6. Development trends

Source: Ministère du budget, des comptes publics, de la fonction publique et de la Réforme de l'État, Répertoire interministériel des métiers de l'État, deuxième édition, Paris 2010.

Major **lessons** so far show that factors, such as the commitment of political and administrative leadership, the involvement of stakeholders, a regular monitoring and review of the system, and a holistic approach in the longer term, are key for an effective and successful implementation of competency management.

Success factors for implementing competency management
✓ Organisational readiness and the need for a broader cultural and organisational reform;
✓ Commitment and participation of stakeholders;
✓ Integration of values specific to the public sector, such as integrity and loyalty;
✓ Adaptability to needs at agency level particularly regarding technical competencies;
✓ Compliance with the three dimensions of integrated competency management (alignment with the strategy and integration of different HR processes and implementation);
✓ Planning for future competencies;
✓ Review and continued interest.

Source: Drawn from S. Op de Beeck and A. Hondeghem (2010), "Managing Competencies in Government", op. cit.

4.3.3 Attracting and selecting the right staff

Recruitment and selection is arguably the most important HRM instrument for talent management. It is better to get the decision right at the outset, than to try and correct it later. The establishment of a fair, transparent, impartial and open recruitment and selection system is key for a

- Developing HRM strategies & planning for the future
- Competency-based HRM
- **Attracting & selecting the right staff**
- Getting the best out of people
- Promoting equality, diversity and active ageing

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professional public service. Vacant posts should only be allocated according to objective criteria (e.g. merit, qualifications, competencies) and according to a formalised procedure. In this sense, citizens should not be exposed to public officials that are given jobs only because of personal reasons, family ties or tradition, and who lack the necessary competence and qualification for the post.[55]

As the European economy returns to growth, some administrations are starting to recruit again after years of hiring freezes and staff cuts.[56] There are currently **three main reasons to hire:**

✓ *Heightened demand for public services*: While the EMCC database shows some 'across-the-board' recruitment, most announcements relate to organisations under pressure, for example to respond to the rapid increase in the number of asylum claims and refugee cases.

✓ *Replacing retirees*: Over the coming years, public employers will also have to start replacing the 'baby boomers' that reach retirement age, even as the threshold for retirement is raised.

✓ *Filling skills gaps*: Despite the cuts, some administrations are already reporting shortages in key skills areas, such as IT, legal professionals, engineers and other highly qualified areas in which they are competing hard with the private sector.

Even before a prospective candidate considers applying for a position, whether entry-level or chief executive, they will be influenced by their **perception of public administrations as employers**. The perspective is undoubtedly tied to their traditional image as safe but staid, offering job security but uncompetitive salaries, and characterised as bureaucratic and rules-based. Individual organisations may create their own impression, however.

Public views about the definition, role and tasks of the public service are still very much grounded in the centralised and unified public administration which is clearly separated from the private sector. The civil service is still often seen as a closed and apolitical apparatus which is separated from the private sector. In fact, citizens, media and politicians often express dissatisfaction with the too big and costly public sector and with civil servants in general, as well as campaigning against the "bureaucrats" and the slow, inefficient, unresponsive and expensive bureaucracies. In the past, most public services were indeed carried out exclusively by state bodies. The "single employer" concept was vital to the development of centralised public personnel systems… A government, rather than its individual agencies, was the employer. Accordingly, the employee was a career civil servant rather than a worker". Christoph Demmke & Timo Moilanen, op. cit., 2010.

To overcome negative perceptions, generate an **appealing image**, and best match potential candidates with employment opportunities, public administrations should consider the following questions:

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[55] Michael Walzer, *Sphären der Gerechtigkeit, Ein Plädoyer für Pluralität und Gleichheit*, Frankfurt/New York 2006, p. 198.
[56] A series of expansion announcements in Member State administrations in recent years suggest the recruitment tide is turning. The European Monitoring Centre on Change (EMCC) publishes an online factsheet of significant restructuring which records all notable public and private sector announcements, defined as involving the loss or creation of at least 100 jobs, or employment change affecting at least 10% of a workforce of more than 250 people, including 'public administration and defence' as a sector.

Key questions	Tips and pointers
What are your target group's **expectations** from employment?	People's priorities tend to change over their lives. The way in which both the organisation and the job is presented should be tailored to match these expectations (see 'psychological contract' overleaf).
Do you know how potential candidates **view** your organisation?	People often have a distorted idea of how public administrations operate, perhaps based on their individual interactions with specific organisations or popular myths about paperwork and processes. Some of the negative images revolve around low pay, boring work, limited opportunities for advancement, lack of professional HR management, etc. Citizen surveys (possibly targeted at specific groups, such as university students, or professions) and focus groups can help to understand better what are the barriers to employing top talent, and to address them if possible. The results can then be matched against their expectations from an employer.
What **channels** do they use to find out about job opportunities?	Many administrations continue to use traditional recruitment mechanisms, such as newspaper and magazine advertisements, even as print media suffers falling sales. Administrations should review the most influential modes of reaching their target demographics, including social media.
What '**brand image**' do you wish to create as an employer	Many public administrations do not engage in branding, despite the competition from private employers especially in hard-to-recruit areas where there is a high potential for public-private cross-over (e.g. IT professions). Administrations should consider investing in their 'brand', taking on board the target group's expectations and perceptions, and actively shape an image in the mind's eye of potential applicants through their promotional materials and job advertisements, to emphasise the most appealing and relevant aspects of what they can offer as employers ('active branding').
How will you **judge success**?	In the broader sense, success will only arise over time, if the recruitment leads to a higher-performing organisation, but in the narrowest sense, success in the recruitment process will be reflected in the number of applications, the quality of the candidates that respond to the opportunities, and the conversion rate into actual appointments. Administrations can track these metrics, make comparisons over time and across job profiles, and evaluate the factors that contribute to performance. They can also review independent studies of 'top employers' in the country or profession, to see how the organisation rates and whether this improves over time.

Whether recruits are taken at entry-level or mid-career, the small percentage of '**millennials**' in the workforce can be expected to increase. Public administrations will have to become more attractive to potential recruits of all ages, if they are to satisfy their staffing and skills requirements, as the OECD highlighted in the early 2000s.

"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 ... 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". OECD, Public Sector - An Employer of Choice? 2001

HR professionals refer to '**psychological contracts**' as the implicit expectations that employees have from their employers[57], which change throughout their working lives. The matrix below, taken from

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[57] Psychological contracts have been described as the "*perceived reciprocal expectations and obligations in the exchange relationship between employees and their organisations*" (Rousseau, 1998)

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2004 research, shows quite different priorities of older employees (now the 'baby-boomer' generation) compared with their younger counterparts (now 'millennials'), especially with regards to learning new things and job security. The top priority, however, was the same - satisfaction with the work itself.

Ranking	up to 30 years	31 - 50 years	over 50 years
1	Interesting job		
2	Good pay		
3	Good working atmosphere		Secure job
4	Possible to learn new things	Secure job	Much independence
5	Secure job	Matching of requirements and skills	
6	Much variety	Much independence	Good working atmosphere
7	Matching of requirements and skills	Possible to learn new things	Much variety
8	Much independence	Much variety	Good working hours
9	Good working hours		Good physical conditions
10	Good career prospects	Good physical conditions	Possible to learn new things

Source: von Cranach / Schneider / Ulrich / Winkler (Hrsg.): Ältere Menschen im Unternehmen, Haupt-Verlag Bern, 2004

While important in all aspects of managing employer-employee relations, understanding these psychological contracts is useful for customising recruitment messages to different demographic groups, especially if the detail is analysed (what is considered 'interesting work', what is a good pay rate for the occupation and locality, etc.).

A 2015 ESF-funded study for the Latvian State Chancellery[58], which included an EU-wide literature review, found that what **attracts** people to public administrations as employers are:

☑ Stability and sustainability of work and remuneration;
☑ Substantively interesting and responsible work (especially at management level);
☑ Long-term social guarantees; and
☑ Opportunities to work internationally

By contrast, the main factors that **deter** people from working in the public administration are:

☒ Difficulties in offering competitive remuneration;
☒ Hierarchical work structures;
☒ The negative public image of public administration.

The perception of civil servants as having 'jobs for life' that are safe but unexciting might prevail in the public's mind. As compared to the 1970s, when public administrations were top-down, paper-based, executive organisations characterised by standardisation, routine work, stability and continuity, most of the public services in Europe are nowadays more flexible, agile, open to change, transparent and have developed their interaction with stakeholders and citizens. Moreover, their

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[58] Baltic Institute of Social Sciences & Organisation Development Academy (2015), *The Study on the Future Role and Development of the Public Administration*

structures and processes have also altered substantially, although these fundamental changes are often not known by the public. Work is more often project-based rather than procedural.

> *"It must be emphasised that one very important advantage of the public administration sector as a potential employer is the opportunity to perform in certain respects unique, interesting and responsible work, namely it is an opportunity to take part in the planning and introducing of national policy…. Studies show that material and social guarantees offered by the workplace are more important for those working generations that have experienced economic turmoil and instability. In the same way, it must be noted that social values, namely positive relationships in a workplace – such as employees respecting management style, characterised by respect, trust, openness and honesty, pleasant colleagues and support of colleagues in problem situations at work – have only become important characteristics of jobs during the last few decade and only for the younger generations."* The Study on the Future Role and Development of the Public Administration

Active employer branding involves breaking through negative or misconceived perceptions, and reaching out to future recruits through a multiplicity of messages and media. Traditional selling points for public employment, such as job security and good pensions – which are becoming outdated in many administrations - are anyway less appealing to younger candidates, compared with serving the public good, meaningful and challenging work, variety and problem-solving. Here, administrations can draw on the experiences from other parts of the public sector. There are examples from military recruitment, for instance, especially in countries with purely professional armed services (no mandatory military service or conscription), which have successfully branded their recruitment campaigns around the excitement of travelling the world, solving complex problems, and learning a skill (trade) for later civilian life (as the military offers high-level training opportunities).

Salary levels are certainly a consideration for some administrations that are looking to attract the right calibre of candidates, although there is not always a neat correlation. DG EMPL's September 2016 seminar on '*Making Positive Change Happen*' found the focus was not on attracting the so-called 'best people', who can be swayed to join multinational corporations and international organisations by substantial compensation schemes, but on finding the <u>right</u> people with the right attributes and attitudes. However, pay is a pinch-point in some occupations, where public administrations find it hard to compete even at entry level. In Malta, the government has introduced 'market correctors' to facilitate recruitment and retention of certain grades in the public service.

Inspiring example: Market correctors (Malta)

According to the sectoral agreement which governs certain classes of employees, a number of such employees are entitled to a 'market corrector' in the form of an allowance, which is given in addition to their basic salary and any other allowance which such employees might have. Such an allowance is given to facilitate recruitment and retention of officials within the respective class. This allowance is also intended to bridge the gap in the salaries of certain grades between the pay packages of the public and private sectors.

Such an allowance is given to employees within the Architects & Civil Engineers/Engineering Class:
- Employees within scales 5 to 7   €2,500 per annum
- Employees within scales 8 and 9   €1,500 per annum

Employees within the Pharmacist Class also benefit from such an allowance:
- Employees within scales 4 to 6   €3,800 per annum

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🔱 Employees within scale 7	€3,200 per annum	
🔱 Employees with scales 8 and 9	€2,300 per annum	

This allowance is also given to employees within the Veterinary Class who perform special duties known as 'Emergency Services', which receive a market corrector of €5,500 per annum for such duties.

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Research into whether public officials are motivated extrinsically by financial rewards (and sanctions), or intrinsically by serving the community – specifically in the context of creativity and innovation - has been pulled together in a useful summary by NESTA: "*Getting the balance right between rewarding intrinsic and extrinsic motivations is not easy*". [59]

In traditional **career-based systems** such as France, Germany, Greece, Spain, Belgium, civil servants are recruited for a clearly defined career path. Most often, public employees enter the public service at the lowest level of the career after having finished school or graduated from university, and pass their whole career in the same organisation. Various countries have created special conditions for a selected group of senior civil servants (see topic 4.4). In the past, mid-career access to civil service positions was hardly possible, as was also the selection of professionals from the private sector. This is changing in most of the career-based systems, however, in the context of demand for more specific competences (e.g. IT, commercial or managerial skills). Otherwise, career systems are characterised by specific and very often rather formalised recruitment procedures, whose aim is to ensure rule-orientation, objectivity and equal access. The open competition (*concours*) is still the most often used procedure in most of these systems. Its strength is that the same rules of opportunity apply to all candidates in the same way, with regards to time, level of difficulty, general conditions etc. All central and eastern European Member States (except the Czech Republic) have introduced compulsory open competition, such as the example of Lithuania. The strength of this recruitment system is that, compared to other systems, it reaches more potential applicants for civil service jobs and thus potentially better applicants.[60]

Inspiring example: System of open competition and examination (Lithuania)

In Lithuania, written exams are compulsory for all applicants. The exam has multiple-choice format and consists of two parts. Half of the questions tests general and legal knowledge; this part is set centrally by the Civil Service Department. The other half is job-specific and is set by the ministry seeking to recruit a new civil servant. Candidates' results are scored and ranked before they are interviewed by a selection commission.

Source: J. Meyer-Sahling (2009), "Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years After EU Accession", Sigma Papers, No. 44, OECD Publishing, p. 28.

By comparison, civil servants in **position-based systems** are not recruited and selected for a career, but for a specific post. As is the case in the private sector, candidates apply for a clearly defined 'job', while they must take care themselves of career progression. In position-based systems, the interview technique is often used to select the most successful candidate. As interviews are more vulnerable to subjectivity and the risk of favouritism, it is important for reasons of fairness and equal

[59] J. Casebourne (2014), *Why motivation matters in public sector innovation*, NESTA
[60] J. Meyer-Sahling (2009), op. cit.

treatment that clear rules for the conduct of interviews are laid down in government regulations. As compared to career-based systems, the position-based systems have opened their organisations much more to candidates from outside the public service at all hierarchical levels[61]; recruitment and selection in career-based systems is still more limited to entry-level positions.

EU Member States also vary regarding the organisation of the recruitment and selection system, which follows either a **centralised, decentralised or mixed model**, with a clear trend towards mixed or decentralised. In a centralised system, a central ministry or agency is responsible for the entire process of recruitment and selection (publication of vacancies, screening of CVs, and selection procedure), while in a decentralised model, the major responsibility for the process is delegated to the recruiting organisation in which there is a vacancy. In mixed models, most often a central agency is responsible for the methodology and the planning, while the recruiting agency is responsible for defining job profiles and the selection of the most appropriate candidate for the vacancy.

Centralised model	Decentralised model	Mixed model
Belgium	Bulgaria	Austria
Cyprus	Denmark	Croatia
	Estonia	EU institutions
	Finland	France
	Germany	Hungary
	Greece	Ireland
	Iceland	Lithuania
	Italy	Luxembourg
	Latvia	Malta
	Netherlands	Portugal
	Poland	Romania
	Slovak Republic	Slovenia
	Sweden	Spain

Source: EUPAN, Thematic paper series, Lithuanian Presidency of EUPAN, June 2013-2014, p.12

Although in many countries, line ministries or agencies are responsible for most of the HR functions including recruitment, there is also a trend towards **shared services** (see topic 5.6). The major task of shared service centres or offices is to enhance efficiency and quality, and to relieve ministries from too much workload.[62] Decentralised systems have the advantage that they display a high degree of adaptability to the special recruitment needs of the different ministries and that their selection processes are characterised by a great variation of methods, depending on need. However, a prerequisite for effective decentralised recruitment and selection is highly professionalised HR departments, which possess the necessary know-how and expertise in the field of selection methods and HR tools in general, to guarantee a fair and merit-based process.

Both models – career-based and position-based systems - have undergone far-reaching reforms during the last decade. Major challenges in this context are, on the one hand, demographic changes (see topic 4.3.5), related skills shortages and competition with the private sector to attract the most competent staff, and on the other hand, budgetary savings, and the challenge to identify the right people for the right job – which matters even more when employment levels are frozen or cut. The

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[61] C. Demmke and T. Moilanen (2010), op. cit.
[62] For example, the Federal Administration Office in Germany and the Expertise Centre 'Arbeidsmarktcommunicatie Rijk' (EC AMC) in the Netherlands.

key question is what can be done to reach the 'right' people with the attributes for public service, making vacancies as broadly known as possible.

Useful tools to broaden the appeal and attract the right candidates
♣ Develop an attractive job profile based on competency and ensure there is sufficient information with regards to job content;
♣ Publish all vacancies in the most important print media, but also social media and central websites of governments, with the aim of reaching all relevant target groups;
♣ Invest in image campaigns, career fairs, marketing campaigns, image campaigns;
♣ Collaborate with job agencies to publish vacancies to reach as many job seekers as possible;
♣ Check the advertising campaign reaches out to all sections of society, irrespective of age, gender, ethnicity and physical ability;
♣ Make sure recruitment procedures are not too lengthy (especially compared with the private sector);
♣ Emphasise interesting career perspectives, a challenging job content, promote working for the public good and a good work-life balance.

In an increasingly **diverse** society, the attraction of candidates from all groups of society and irrespective of age, gender, ethnicity etc. becomes more important (see topic 4.3.5). Regarding the recruitment of people with disabilities, for instance, there is an enhanced trend in the EU's Member States to introduce a quota system. Some countries have even introduced some kinds of sanctions in case of non-respect of the quota. In Belgium, a special commission at governmental level is responsible for supervising the situation of disabled citizens in the entire civil service and for delivering each year a report on this issue. In case of non-respect of the 3% quota and of insufficient efforts in this field, a sanctioning procedure may end with the refusal of planned recruitments.

To structure its decision-making, every administration formalises its recruitment requirements in **selection techniques**, using various methods (e.g. literacy and numeracy tests, personality tests, multiple choice questions, face-to-face interviews, role-playing exercise) to assess whether applicants can show the requisite skills and competencies. Another important reform trend is the differentiation of selection procedures for groups of staff. Although there are no fixed rules with regards to the use of selection methodologies, some general trends can be observed:

♣ **Assessment centres** are used to evaluate how candidates operate in a current position and are mostly used for senior, managerial and leadership positions.

♣ **Multiple choice tests and more practical tests** are mostly used for lower levels.

♣ **Competency-based tests**, based on frameworks characterised by competencies such as strategic thinking, result-orientation, communication skills etc., are highly relevant for the selection of senior civil servants (see topic 4.4).

♣ **Personality tests** are only used as an additional tool for high-level positions or for specific professions, such as police officers, or officers of the security services (see also theme 2 on tackling corruption and enhancing ethical behaviour, which elaborates on testing for ethical competences). As a sole selection tool, personality tests are highly controversial, because it is questionable whether traits such as honesty, friendliness etc. are decisive for good

performance. Empirical evidence also shows, however, that personality traits highly matter in certain professions which precisely require the mastering of those traits.

- ✛ **Psychological tests** are rarely used and, where they are, this is always in combination with other tests. They are used for instance for the selection of judicial magistrates.

- ✛ **Computer-based tests** may also be used for different staff levels. Their advantage is that it is easy to process the results.

- ✛ **Face-to-face interviews and role playing** are good selection tools for testing oral presentation skills, or communication and interpersonal skills. They are also often used in the context of the selection for specific positions (e.g. health sector, research).

Other selection methods include case studies, written exercises, oral presentations, etc.

As compared to the 1990s, recruitment and selection has been professionalised in more and more countries. In some Member States such as Belgium, selection boards are submitted to stricter rules regarding their expertise, composition and tasks. Against this background, it is possible to identify some useful minimum standards regarding the assessment process and the organisation and functioning of selection committees.

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Guidelines for selection boards

- ✛ Assessments should at least be carried out by two assessors, to better prove that the selection process was fair and impartial in case of a court case.
- ✛ Existence of criteria (e.g. qualification, expertise, independence) for the selection of assessors.
- ✛ Comprehensive and transparent decision-making process including all the assessors for identifying the most successful candidate(s).
- ✛ Existence of eligibility list with a ranking order of the candidates to ensure merit orientation.
- ✛ Selection decisions should be open for appeal.
- ✛ Objective assessment of candidates against the requirements laid down in the job specification/profile.
- ✛ Consistent and fair application of selection methods to all candidates.
- ✛ Respect of the same opportunity level for all the candidates
- ✛ Reporting of the assessment process

Source: A. Gourmelon, „Personalauswahl unter Beachtung des Allgemeinen Gleichbehandlungsgesetzes".

In the Member States of central and eastern Europe, selection boards usually comprise between three and seven members. Most often, they consist of a head of department, the relevant head of unit and an officer from the personnel department. In Lithuania, for example, the selection board is composed of seven members. These members then also include senior officials, such as deputy state secretaries, representatives of the central civil service departments, as well as external experts and trade union representatives.[63]

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[63] J. Meyer-Sahling (2009), *Sustainability of Civil Service Reforms in Central and Eastern Europe Five Years after EU Accession*, Sigma Papers, No. 44, OECD Publishing. p. 31.

The most important recent reforms in the EU Member States include a trend towards **competency-based recruitment and selection**. Although diploma requirements and qualifications remain important, the assessment of competencies during open competitions and interviews gains in significance. As the inspiring example of the Federal Belgian civil service in the text box illustrates well, a perfect match between a candidate's competencies and those described in a job vacancy can even become more important than fulfilling the diploma requirements. This procedure can become particularly relevant in the context of a tight labour market and skills shortages.

Inspiring example: Competency-based recruitment in the Federal Public Service (Belgium)

In Belgium, an important step was taken to replace the educational qualification requirements (diplomas) with competency requirements. Even if candidates don't have the required diploma, they can be selected for specific functions if they can demonstrate the necessary competencies. In that case, the Minister for Civil Service can decide to overrule the obligation of having a diploma or certificate necessary to perform or even to apply for those specific jobs. SELOR, the specific federal selection and recruitment agency, then assesses whether the competencies (both generic and specific) that correspond to the required qualification level, but were acquired outside the system, have been mastered. This procedure can however only be applied if specific qualifications are not in place on the labour market.

Source*: OECD (2011), "Public servants as partners for growth", p.137.*

According to the EPSO Benchmarking Survey, 28% of Member States apply competency-based recruitment and selection, while 11% practice knowledge-based selection and a majority of 61% uses a combination of both.[64] According to EUPAN research, the most often-tested competencies in the EU Member States are shown below:[65]

In a general way, competency-based selection has proved to be quite effective for providing evidence about past performance and because its aim is to assess job-related skills and not the person. Its major aim is to test the person's know-how and skills in the search for of a perfect match with organisational needs. The differences between functional and competency-based selection were described in an OECD paper, as follows:

Functional-based selection	Competency-based selection
How is the person?	How does the person function?
Selection to realise a fit between the function and the individual	Selection to realise a fit between the individual and the organisation
Selection to fill a vacancy	Selection with a view to the growth and development of an organisation in the long term

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[64] EUPAN, Lithuanian Presidency, p.13.
[65] EUPAN, Thematic paper series, Lithuanian Presidency of EUPAN, June 2013-2014, p.13.

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Functional-based selection	Competency-based selection
🞧 Selection criteria based on the current function	🞧 Selection criteria based on the future
🞧 Selection criteria focusing on knowledge, personality and attitude	🞧 Selection criteria: knowledge, personality and attitude, but also skills, values and behaviour

Source: OECD (2011), Public servants as partners for growth, p. 124

Competency-based selection is also more and more used for the recruitment of top managers such as is the case in the Netherlands, Belgium, and Estonia (see <u>topic 4.4</u>). In more and more countries, specific competency frameworks are designed for this specific group of civil servants. Key competencies and behaviours in this context are strategic thinking, managerial and HRM skills, decision-making power, collaboration, result-orientation, networking ability, political awareness etc. Very often, these competency frameworks are also used to promote a more integrated HRM policy by better linking selection to performance evaluation, training and staff development.

Many public administrations have begun to use **computer-based testing (CBT)** to ensure rigour, consistency and efficiency, especially in mass recruitment. The EU institutions' European Personnel Selection Office (EPSO) provides a prime example of CBT in practice.

Computer-based testing for personnel selection

The European Personnel Selection Office (EPSO) performs personnel selection for staff of all the EU institutions and agencies, including the Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors, the European External Action Service, the Economic & Social Committee, the Committee of the Regions, the European Ombudsman, and the European Data Protection Supervisor. Each institution is then able to recruit staff from among the pool of candidates selected by EPSO, known as the 'reserve list', via an interview process. EPSO was created as a **shared service centre**. Previously, each EU institution managed their selection processes separately, until it was decided to consolidate resources on 26 July 2002, and EPSO became operational from 1 January 2003. As at 19 February 2016, it has 140 staff.

Applications for permanent positions in the EU institutions are organised through two entry streams:

- **Administrators (AD)**, e.g. policy officers, lawyers, auditors, scientific officers, translators, interpreters, and communication & press officers. The minimum required qualification is a Bachelor's level university degree.

- **Assistants (AST and AST-SC)**, e.g. secretaries, HR assistants, financial assistants, and conference technicians. The minimum required qualification is secondary school education, along with relevant professional experience.

In addition, the staffing of EU institutions includes **Seconded National Experts**, who are civil servants from Member States that are seconded to EU institutions, as well as **Contract Agents** and **Temporary Agents**, which are fixed-term appointments.

Competitions are structured around a multi-stage process. Once the applicant is registered with EPSO, they are subject to **computer-based testing (CBT)**, to screen the most suitable candidates for the next major step in the selection process, namely structured and supervised tests at the Assessment Centre. Around 10-15% of applicants drop out between booking and CBT taking place.

The **main advantages** of the CBT system include: more flexibility for candidates, as they can complete the online test at a time and location of their own convenience; greater cost-efficiency (as questions can be re-used), a faster procedure for both EPSO and the candidates; and an improved image for EU institutions, as the process is objective and consistent.

CBT is a **well-established process.** CBT was first used in 2005 for the first batch of Contract Agents. In terms of volume, more than 510 000 examinations have been delivered under CBT since 2005 to date. 2015 was a record year to date, with more than 70,000 CBT exams delivered in all 28 Member States and via a coherent network comprising a significant number of test locations on all continents worldwide.

It is also **highly secure**, which is essential for EPSO as questions (in 24 languages) have to be re-used. EPSO defines the standards under a service contract; test designers are distinct from test developers, to ensure pluralism in the supply chain. All test items (i.e. questions) are the exclusive property of EPSO (not any external entity). The statistical analysis, known as psychometrics, is performed in-house. Confidentiality is ensured through formal written commitments (stakeholders sign confidentiality notes and contractors have specific contract clauses), restricted access to item content (only officials, no temporary staff), and secure transfer of sensitive data (e.g. through secure file sharing, encrypted e-mails, etc.).

EPSO's CBT operations are formally supervised by a **Selection Board**, one of which is established for each open competition. Based on a proposal by EPSO, the Selection Board decides on the content and on the difficulty level of the CBT, with *ex ante* and *ex post* roles.

- *Ex-ante*, the Selection Board decides on the CBT difficulty matrix before the tests and validates the content on basis of samples from the pool of questions. Clearly, the Board cannot approve individually every one of the several thousand questions in the CBT item bank in 24 languages, as it would be impractical. Instead, they rely on samples and simulations from EPSO instead.

- *Ex-post*, the Selection Board handles request for reviews allows neutralisation if necessary and confirms the final results.

As well as professional and linguistic skills (where appropriate), the EPSO selection process has **four main elements** that are tested through CBT multiple-choice answers: verbal, numerical and abstract reasoning, and situational judgement.

Verbal reasoning (VR) enables the objective assessment of the candidate's ability to reason and understand information in a verbal format. Each question is based on a textual scenario linked to four different answer options, only one of which is 'correct'. (Correct is defined in the context of the information contained in the text, not from the candidate's personal knowledge).

Numerical reasoning (NR) enables the objective assessment of the candidate's ability to reason and understand information in numerical format. Each question is based on a numerical scenario (tables, charts, graphs and including textual instructions) linked to five different answer options, only one of which is correct.

Abstract reasoning (AR) is about detecting and understanding relationships between concepts and is a test of the ability to think flexibly and solve novel problems (known as 'fluid intelligence'). It is independent of acquired knowledge, and requires no spatial reasoning or verbal/numerical concepts. It is an objective, reliable and fair testing tool, largely unaffected by differences in ethnicity, education, gender and cultural background, and is a good predictor of future job performance with a very good cost-benefit ratio (i.e. no translation is required).

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Detailed information regarding the weightings for specific computer-based tests are included in the Notice of Competition.

Situational judgement tests (SJT) involve presenting the candidate with a variety of situations likely to be encountered 'in the job', each of which is accompanied by a number of different responses the candidate could apply to the situation. The candidate is asked to choose which option he/she thinks is the most effective <u>and</u> which is the least effective response, in light of the given scenario. Since 2010, the SJT has been mapped to five of the eight competencies in EPSO's competency framework (see right). Leadership, as a competency, is too difficult to test in SJT, and hence needs to be evaluated in a more interactive format, such as case studies or group exercises. The SJT is usually based on 20 multiple choice items test form, the test duration and other parameters are stipulated in the Notice of Competition.

Analysing & problem solving	Identifies the critical facts in complex issues and develops creative and practical solutions
Delivering quality & results	Takes personal responsibility and initiative for delivering work to a high standard of quality within set procedures
Prioritising & organising	Prioritises the most important tasks, works flexibly and organises own workload efficiently
Resilience	Remains effective under a heavy workload, handles organisational frustrations positively and adapts to a changing work environment
Working with others	Works co-operatively with others in teams & across organisational boundaries and respects differences between people

Each of the four tests has its own pass threshold (as defined in the Notice of Competition). Depending on the type of competition and underlying profile(s), some of these multiple-choice tests may be exclusively delivered on a pass/fail basis. However, for other deployments the rule 'the better the performance, the bigger the contribution to the overall score' might apply.

The CBT **item bank** is based on professional psychometric testing. All questions are provided in English by specialist companies and then translated in-house (by DG Translation) into all the EU official languages. They are subject to rigorous internal quality control (psychometric analysis after each competition based on the "Rasch model", Items showing critical behaviour are flagged, investigated and blocked if appropriate) and also undergo in-depth item performance analysis, to ensure optimal calibration and 100% equal treatment of all groups of candidates. As of February 2016, EPSO has 80 000 items (of which 52 000 are active), making it one of the largest item banks of its kind in the world.

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Please see also EPSO's online IBT platform: http://europa.eu/epso/apply/sample_test/index_en.htm

Ireland's Public Appointments Service (PAS) has also put its application process on the Internet, and placed competency frameworks at the heart of its selection method, especially since the moratorium on hiring public servants was lifted in 2013-2014 (after its suspension in 2009). PAS has gained valuable experience over the last few years in **online, mass recruitment and competency-based selection.**

Inspiring example: Online recruitment and selection (Ireland)

The Public Appointments Service is the principal recruitment, assessment and selection body (including promotions) for the public sector in the Republic of Ireland, covering the civil service, local authorities, health service, police force, defence force, agencies, semi-state bodies, and other bodies in the public sector.

Its history dates to Ireland's independence in 1922. At the time, two bodies were formed to oversee and organise recruitment - the Civil Service Commission for central government, and the Local Appointments Commission for local self-government. During the 1950s, these two organisations were merged into a single body: The Office of the Civil Service and Local Appointments Commission. In October 2004, however, legislation was passed to split this Office into two

separate organisations again. This time, the division of responsibilities was not central-local, but instead executive-regulatory:

- The **Public Appointments Service (PAS)** was established as a centralised agency to provide services and develop as a centre of expertise in recruitment and selection.

- The **Commission for Public Service Appointments (CPSA)** was formed to set and uphold standards, and award recruitment licenses to the PAS and other public bodies, as appropriate.

According to the legislation, public sector clients would 'own' the appointments process, and hence any public body could perform recruitment and selection, but like the PAS, they must first gain a licence from the CPSA. This allowed a greater flexibility in approach subject to standards being met. As the **official regulatory body**, the CPSA sets out codes of practice under which PAS and others operate. Its principles are: probity; appointments made on merit; an appointment process in line with best practice; a fair appointment process applied with consistency; and appointments made in an open, accountable and transparent manner. The CPSA sets out the appeals process for candidates (sections 7 and 8) and can be appealed to directly if there is a suspected serious breach. It carries out audits of individual competitions and thematically.

In this context, PAS has a **mission** to be "*the leading recruitment, assessment and related human resources solutions provider for the public service*" in the Republic of Ireland. PAS works at the request of ministries and other public bodies, and in partnership with its clients, providing the following services:

Service	Examples of activities
Assessment & testing	In-house test design & development
	Procuring tests from external publishers
Recruitment & selection	Design of interviews and other tools
Training of assessors	-
Advice and consultancy	Job analysis
	Role evaluation & alignments following mergers
	Strategy for introducing competencies to underpin HR systems

The table overleaf shows PAS's activity in the years since the global financial and economic crisis first hit public administrations hard across Europe.

Year	Campaigns	Applications	Appointments	Staff
2009	333	27 178	1 666	109
2010	315	30 038	2 404	102
2011	347	35 080	1 746	89
2012	348	38 814	1 920	86
2013	233	35 400	2 354	87
2014	342	84 734	3 304	89
2015	464	64 023	5 257	125

In Ireland, the impact of austerity was a 'moratorium' (freeze) on new recruitment from 2009, and PAS's own staff levels showed the effects, as the numbers were cut by a half since 2007-2008.

In 2013-2014, the moratorium was lifted and public employment has begun to expand again, releasing a backlog that can be seen in more than double the number of applications, almost 50 000 compared with 2013. PAS itself is now back to above 2009 staffing, but facing a much higher throughput of applications and appointments – **doing more with less**. While PAS's budget was over €15 million in 2007-2008, it was just €9 million in 2015-2016. This has posed several challenges, including a high volume of applications for a large number of roles, short timeframes to deliver to clients, and increasing appeals and challenges from candidates.

Below the Senior Civil Service (SCS), recruitment and selection in the Irish Government can be grouped into three broad **job categories**, set out overleaf:

Level	Positions
1	Clerical Officer
2	Staff Officer, Executive Officer & Higher Executive Officer (Administrative Officer)
3	Assistant Principal Officer (Administrative Officer), Principal Officer & Assistant Secretary

Level 1 is entry level and the most junior ranking, level 2 is administrative (junior-middle), and level 3 is middle-senior level of public officials. Administrative Officer (AO) overlaps levels 2 and 3 and is the position which corresponds to graduate recruitment.

In 2013, a **competency framework** was introduced, following a review and benchmarking against a range of competency models, based on six competencies. The framework has been applied to the level 1-3 positions, as illustrated below by the six rings corresponding to each competency, and can be found for each individual job position here:

Most **behavioural indicators** in the competency framework came from the job analysis, but some additional indicators were included:

- Customer/citizen to be at the heart of services;
- Commitment to public service standards;
- Resilience emphasised
- Ensuring efficiencies / controls emphasised;
- Delivery of results / high levels of performance emphasised;
- Working in new ways – innovate service delivery;
- Encourage open and constructive discussions; and
- Increased "multi-tasking" – managing large workloads

The framework is used for performance appraisal, as well as appointments. The first inner ring after 'drive and commitment to public service values', which sits at the centre of the framework, is '**specialist knowledge, expertise & self-development**'. This was added as a potentially useful element for the Performance Management and Development System (PMDS) discussion, which takes place between employees and their line managers. It includes:

- Understanding your role, objectives and targets;
- Being able to carry out tasks to a high standard;
- Being seen as having expertise / knowledge in your area;

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- Understanding the context in which you work; and
- Focus on self-development

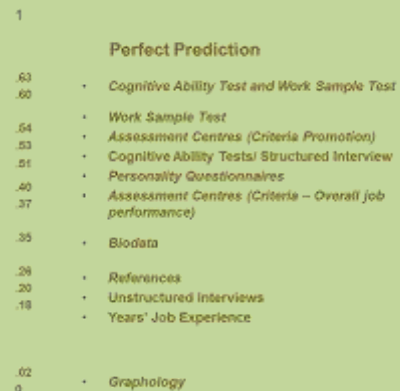Since the moratorium ended, PAS has gained valuable recent experience in **large volume recruitment**, including competitions for:

- Administrative grades in the civil service - from entry level to senior management;
- Technical grades in the civil service – Trainee Auditor, Statistician, ICT grades;
- Health service – Emergency Medical Controllers, Nurses;
- Local authorities – Senior Planners/Engineers, Senior Executive Officers, Firefighters; and
- Others - Prison Officer, Garda Trainee, Crime and Policing Analysts

As examples of the size of response:

Recruitment campaign	Approximate applications
Garda Trainee (2013)	25 000
Clerical Officer (2014)	28 000
Temporary Clerical Officer	10 500
Graduate campaigns (2015	6 000
Executive Officer (2015)	13 000

In considering the most effective ways to find the most appropriate candidates, PAS has drawn on existing research in the HR field from behavioural psychologists. For example, Robertson and Smith's 2001 study examined different selection methods and evaluated the probability of predicting their suitability on a score of 0-1 (right). This shows that unstructured interviews and references are relatively ineffective methods, whereas cognitive ability and work sample tests are the most effective.

Perfect Prediction

- Cognitive Ability Test and Work Sample Test
- Work Sample Test
- Assessment Centres (Criteria Promotion)
- Cognitive Ability Tests/ Structured Interview
- Personality Questionnaires
- Assessment Centres (Criteria – Overall job performance)
- Biodata
- References
- Unstructured Interviews
- Years' Job Experience
- Graphology

In the past, selected applicants would be required to take a 'pencil and paper' test in large halls around the country, but this was a very limiting, inflexible and costly way to assess suitability. Hence, a strategic decision was taken in 2012 that all large volume testing would be conducted based on a **3-stage model**:

1. Unsupervised online testing;
2. Supervised verification testing at PAS headquarters (Chapter House, Dublin)
3. Testing at the Assessment Centre (interview, work-sample exercises, etc.)

The **online tests** enable PAS to reach a much larger audience, and for applicants to complete the test in a place and time that suits them best. The online assessment has several aspects:

- Assessment questionnaires, which test verbal, numerical or inductive reasoning;
- E-trays – candidates are given an in-box of various e-mails that they must manage;
- On-line job simulations (e.g. situational judgment exercises);
- Personality questionnaires for Senior Executive Assessment

To have enough items (questions and answers) to ensure the same test is not repeated over and over again, which would permit candidates to learn responses or to be coached, PAS needed to build up a large **'item bank'**. This was originally done by purchasing items from international test publishers, but has since included bespoke on-line tests that are developed in partnership with external providers, such as the assessment questionnaire designed with Creighton Hooper Ltd and Cassin Scott Ltd.

In preparing for psychometric testing, there are 5 important things to consider:
- Reliability and validity;
- Length of time it takes to complete the tests;

- Size of the item bank;
- Fairness of each test for different groups of people e.g. age, gender, ethnic group; and
- Providing practice materials for candidates in advance of taking the tests, including sample tests.

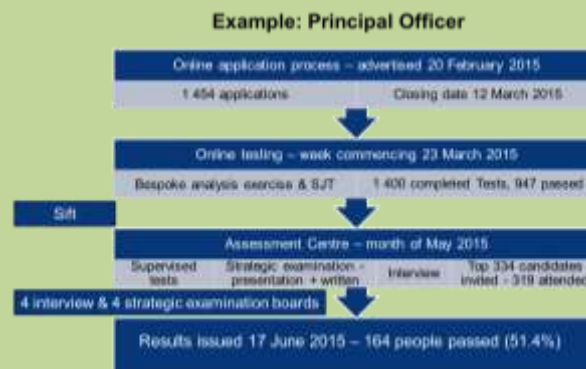**Security** of the online assessment is very important to ensure reliability and validity. Each candidate is required to sign an 'honesty contract' and a 'confidentiality agreement' before starting the test. However, to protect against cheating, the supervised verification test involves the successful candidate (after they have passed the online stage) repeating the test in person, to check there are no statistically significant differences to the original test score (within a large band of error). On average, around 15% of applicants fail the verification test. PAS has expanded its facilities for supervised testing, with two testing suites that can assess 59 candidates in total at one sitting, and has up-skilled its staff in relation to computer and online testing. Test publishers should provide information on the security of the test content and how it will be protected and a detailed summary of network infrastructure that hosts the tests with an emphasis on the measures implemented to ensure no single point of failure. Both PAS and the test publishers pay security companies to test that the site is secure.

The test cannot take too much **time**, so that potential candidates are put off applying, but must be sufficiently long in duration to give the person a chance to prove themselves (if the test lasts just 4-5 minutes, the candidate does not feel tested).

To make the process manageable, PAS uses a **batching** model - bringing forward groups from the initial tests when required, meaning the 1st group of candidates can go through the process quite quickly. In PAS' experience, test-taking is also characterised by a rush at the end, which can also put pressure on the server – if the candidates are given 1 week to complete a test, the vast majority will do it in the last hour!

PAS also employs '**order of merit**', which means ranking candidates in descending order in terms of their scores, so that the top candidates go forward. This eliminates the "recruitment" stage at the end of the assessment process.

The following **example** of the end-to-end process is taken from the Principal Officer campaign in 2015.

Example: Principal Officer

| Online application process – advertised 20 February 2015 |
| 1 454 applications   Closing date 12 March 2015 |

| Online testing – week commencing 23 March 2015 |
| Bespoke analysis exercise & SJT   1 400 completed Tests, 947 passed |

Sift

| Assessment Centre – month of May 2015 |
| Supervised tests | Strategic examination - presentation + written | Interview | Top 334 candidates invited - 319 attended |

4 interview & 4 strategic examination boards

| Results issued 17 June 2015 – 164 people passed (51.4%) |

High stakes recruitment: a case study of the Trainee Police Officer campaign

An Garda Síochána is the national police force for the whole of the Republic of Ireland and a very high profile organisation. Employment is highly desired as a 'job for life' – some parents even apply for their children without their knowledge! No police officer recruitment had been conducted for 7 years, so when the campaign was launched, there was great media, public and candidate interest, it was the headline item on the radio and TV news. The initial requirement was for 300 police officer trainees in 2014, with subsequent appointments in 2015 and 2016. Such large-scale, online recruitment in Ireland is rare and there was little research to inform the process. Testing in the public sector presents its own challenges that would not be an issue in the private sector. This was a very high-profile campaign with great reputational risk, but well informed by PAS's previous experience of online testing. It was agreed that selection would involve a five-stage process:

Stage	Description
1	Unsupervised online tests – verbal and abstract reasoning and bespoke assessment questionnaire
2	Unsupervised online tests – verbal and abstract reasoning (higher level than stage 1)
3	Assessment Centre including supervised verification tests, video based written exercise and situational judgment exercise
4	Competency-based interview
5	Reference checks, security clearance, medical and fitness test (carried out by the Gardaí)

It was also decided that candidates should be scheduled to take the tests in batches. Go ahead for the competition was received in the fourth quarter of 2013 and the first batch of successful candidates was forwarded to the client in early June 2014 for them to conduct medicals, fitness test and police vetting.

According to the law, recruits to the gardai must be under 35 years old. In the end, approximately 25,000 applications were received, demonstrating the huge demand. Of these, 17,048 completed the questionnaire and tests, and 12,602 passed. Candidates were scored and ranked at the end of stage 1, and an initial group of 5,004 candidates were called for stage 2 (subsequent groups were called in August 2015). A banding system was used throughout the process. Stage 2 comprised more difficult versions of stage 1 tests and were supplied by a different test publisher. Candidates then went forward to stage 3, an Assessment Centre where they sat the verbal and inductive reasoning tests again, as well as video-based written exercise and job simulation exercise. All candidates who passed stages 1, 2 and 3 have now all gone for interview – 1035 successful candidates. However, quite a large percentage did not meet the standard at the fitness or medical test, and also Garda clearance.

To ensure success of the selection process, various **measures** were applied, including: load-testing of our candidate management system; a call centre to deal with generic candidate queries and frequently asked questions (FAQs); special attention to crafting of candidate information material; and communication links through Twitter and Facebook and monitoring of the different discussion forums.

Some interesting and unexpected issues arose during the process which provided lessons for the future. First, because of the age restriction, some candidates were caught out by inserting the wrong date of birth. Second, a significant proportion of the applicants did not complete the online testing, which reflects in part family members getting involved in the process (parents applying without their children's consent!). Third, as the positions were highly desired, there were also duplicate applications, as some candidates tried to take the test more than once to improve their chances and had to be screened out. Finally, the weather became a factor – there was a major storm during the recruitment campaign, meaning some candidates had no electricity and were unable to complete the online test in time. The deadline was extended to ensure these applicants did not lose out.

Customer satisfaction

Candidates are asked for their **feedback** on the process and showed a generally high satisfaction:

Quality & timeliness	Positive response rate	Negative response rate
Satisfaction with advance notice in relation to interview	87 - 88%	12 - 13%
Satisfaction with time taken to issue interview result	84 - 89%	11 - 16%
Satisfaction with language used in correspondence	87 - 95%	5 - 13%
Satisfaction with the quality of questioning at interview	78 - 89%	11 - 22%
Satisfaction with fairness of the interview	75 - 90%	10 - 25%
Satisfaction with the quality of feedback provided	47 - 70%	30 - 53%
Satisfaction with the timeliness of feedback	80 - 85%	15 - 20%
Dealings with staff		
Satisfaction with level and quality of information provided by staff	85 - 90%	10 - 15%
Satisfaction with helpfulness of staff	90 - 93%	7 - 10%

Crucially, clients must work closely with PAS to ensure they are happy with the staff that they are assigned. PAS offers a **recruitment and selection toolkit**, which covers all aspects, reflects latest best practice, and is packed with practical examples. The toolkit was developed with HR managers & experts, and is available in full colour high quality folder or on-line.

For further information: Sarah Heywood, Occupational Psychologist, Public Appointments Service, Sarah.Heywood@publicjobs.ie

Topic 4.3: Managing, motivating and developing staff

In considering online solutions, account must always be taken of the digital divide - the extent to which applicants have access to the Internet in some remote or rural communities (see topic 5.4).

4.3.4 Getting the best out of people

Once the staff complement is established, the challenge for public administrations is to realise and develop the potential of its people, successfully motivate them through attractive career paths, and improve their performance and prospects.

- Developing HRM strategies & planning for the future
- Competency-based HRM
- Attracting & selecting the right staff
- **Getting the best out of people**
- Promoting equality, diversity and active ageing

To build the evidence base of how public officials perceive their work, the administration, and its organisation and management, most Member States now engage in some form of **employee survey**, ideally across the entire central public administration, to construct a comprehensive picture and allow comparisons across units.[66] Such surveys should be performed regularly, typically as annual exercises, to enable trends analysis. This evidence should then be employed to raise the quality of HRM policies and interventions. As an example, Ireland conducted its first-ever, extensive employee survey in 2015 covering the whole civil service, within the context of its Civil Service Renewal Plan.

Inspiring example: Employee engagement survey (Ireland)

In October 2014, the Minister for Public Expenditure and Reform and the Taoiseach (Prime Minister) launched the Civil Service Renewal Plan, incorporating a vision and a three-year action plan to renew the Irish Civil Service. In September 2015, the Civil Service carried out its first ever Employee Engagement Survey, in which the Courts Service also participated. The survey asked 112 questions about working in the civil service. Over 15,500 Irish civil servants took part worldwide, providing their views on a range of themes/topics, including:

- Employee engagement;
- Commitment to the organisation;
- Coping with change;
- Autonomy;
- Meaningfulness of work;
- Competence;
- Job demands;
- Job skills match and skills utilisation;
- Career development and mobility;
- Remuneration;

- Performance standards;
- Manager career support;
- Social support;
- Leadership;
- Perceived organisational support;
- Learning and development;
- Innovative climate;
- Citizen impact;
- Commitment to civil service renewal; and
- Civil servants' understanding of how they are perceived by the public.

For further information: Noel Rubotham, Reform and Development Directorate, Courts Service, noelrubotham@courts.ie

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Employee surveys can be stepping stones to greater **employee engagement**, if the exercise is supported by top management, robust and rigorous, and the findings are followed through into

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[66] See OECD (2016), op. cit.

decisions, actions and communication. In the OECD's words, engagement strengthens organisational capacity and, as a concept, includes "*an employee's willingness and ability to invest themselves and their work in their organisation's goals … Engaged employees are critical for successfully managing change in the public administration, enhancing service orientation, and ensuring customer satisfaction*". According to the OECD, there is an empirical link between more engaged employees and better organisational outcomes (efficiency, productivity, innovation, and public trust in institutions). Employee surveys serve to assess, track, ensure and maintain engagement.

Public administrations are increasingly alive to the importance of a **stimulating work environment**. A prime case is the Danish scheme 'A Wealth of Ideas', in which frontline staff in Copenhagen's University Hospital are invited to come forward with their innovative ideas. Possibly the best-known example in Europe is the transformation of the working culture in Belgium's Federal Public Service of Social Security, which has lifted its status from least attractive employer in the Belgian public sector in 2002 (18% of young recruits wanted to work there) to the most attractive (93%).

Inspiring example: Achieving results by empowering staff (Belgium)

Frank Van Massenhove has been the top civil servant of the Belgian ministry, the Federal Public Service (FPS) of Social Security, since 2002. While various agencies are tasked with implementing the welfare benefits system, as the responsible ministry, the FPS takes charge of policy and manages cases in specific fields, such as people with disabilities, with 2 300 staff at the time. About one-third of the workload on the FPS is case-based. When Frank took over, "*we were the worst ministry in the western hemisphere! People who were poor, handicapped and in need of money had to wait for 20 months for a decision. And what happens when you are one of the worst organisations in the world? Nobody wants to come and work for you!*"

As all over Europe, new entrants to the Belgian civil service had to get through a rigorous selection process. But when they were asked in 2002 which ministry or agency they wanted to join - after they had managed to pass the examinations - just 18% of these young people were willing to work for the FPS Social Security. Having inherited a ministry with an **image** issue, Frank set about creating an organisation that would attract young people - the so-called 'millennials' that were born in the early 1980s. But in 2002 there was no research on the employment interests and motivations of this new generation. In Frank's words: "*I made a study of my own, because I had someone who was a millennial living in my home … my daughter! And she said, "I don't want to work for a boss who says <u>when</u> to work, <u>where</u> to work and <u>how</u> to work". Okay, we are going to make an organisation like that. What we had to change was the culture, not what we were doing.*"

While reassuring his own hierarchy in 2002 that he would take a tough 'my way or the highway' stance with staff to improve his ministry, Frank set about changing things in a different direction. He invested in **trust**. The way forward was self-determination. Employees rather than bosses can decide "*nearly everything*". By 2016, "*93% of the people who get through the civil service selection now want to come and work with us – and also people from the private sector*".

The starting point was a decision that people could **work from wherever they like**. They can decide to work from home, which is "*the headquarters of your life*", or from the FPS's offices in central Brussels. However, the FPS did not take the approach that most organisations take - to give management the choice over which staff members should be allowed to telework and which not. Instead they asked a different question: which functions *could not* be performed from home? And they reached a counter-intuitive conclusion: in fact, very few. They calculated that 92% of staff could work remotely. When the FPS was having these internal discussions in the early-mid 2000s, however, there was no wireless internet. At the same time, the trend was moving in the direction of remote working. "*So, we asked our people what should we do in 2004, and then we prepared the change for 4-5 years, taking effect from 1 January 2009*".

The counter-case was articulated often: when the employees are at home, how can you know if they are working? "*Clocking in and out makes sense when you are working in a factory and making things. Then you know you will be there for eight hours, for example, and managers know how many things had to be produced. But we are in a knowledge environment. People are sitting behind a desktop or laptop. You can't know if they are working or not! There are some people who are happy with a clocking system in the office - bad employees and bad bosses. The bad bosses just have to check that you are there at the start and the end of the working day. And the bad employee says "Well, I am going to be here anyway even if I do not work. Maybe I stay one hour longer each day and at the end of the month, I can have an extra holiday". How do we know if people are working in the FPS? It's **all about results**. So, this is the main innovation of our organisation. Everybody knows what to do and what their results should be*."

Staff were told that "*you don't have to work from home, but you can if you want*". The responsibility and opportunity for **every individual is to organise his or her own work**. When the change first came in, most staff (96%) chose to work from home, but some did not. Concerned that the middle managers might be putting pressure on the office-based staff, the top management asked those employees why they were there and were told it was because the office was nice and quiet to work in, and their homes were not. It was a conscious decision. "*Family and friends are important, results are important. But it is possible to make a balance. People can be with their family and friends more hours than before. When people can spend a lot of time with people they love, they are healthier - we have the lowest degree of sick leave in Belgium. We have practically no burn-outs*."

The consequence of this self-motivating culture is that FPS does not need a large management layer. Staff levels have fallen over time to 1 070, and now there are **just three managers**. Many administrations look at FPS's experience and make the mistake of confusing a desire to free up people's creativity with a simple drive for austerity. "*A lot of organisations – mostly from the private sector – come along and ask us "How did you do this?" Not because they want to innovate, but because they want to make cuts*."

To enable people to work remotely in the most efficient and effective way, **everything has to be digital**. This wasn't the case even in the late 2000s, when people had to come to the office for information. Now technology has changed and opened new opportunities: "*We had to follow the file, and now the file follows you*." Systems needed to be digitalised, and secure access needed to be given to staff. This used to be through a Blackberry, but the millennial generation wants to be able to work from their own devices, because for them "*this is my identity. Social media is breathing, in most organisations you cannot breathe between 9 and 5 o'clock. They can't use social media, it's their life. That is stupid, nobody will work for you if they can't use social media*." So, Frank set his IT department a challenge: to provide remote access to the FPS's files and processes, at any time, any place and through any device. "*And my IT people said: "oh no, that can't be done". They always say that: either it is not secure or it can't be done. So, I told the people from IT, it must be possible in half a year for everybody to use their own devices … if not, you are out of your job. And it was not a problem anymore*."

Previously, the top management had **offices** to reflect their status. "*I had a huge office because I was important, around 120 square meters in the centre of Brussels. It cost €135,000 a year for the Belgian taxpayer, and I spent little of my time there. Waste! And why? Because we were used to an environment based on hierarchy, and we shouldn't do this, we should base it on activity. So, I don't have an office. Nobody has an office anymore*." The office environment now is not 'open space', but is arranged instead to be creative and calm, with a system that makes 'white noise' to cancel out disturbing sounds.

As most people prefer to work from home, the ministry has been able to make **huge savings** in running costs. In 2005, Frank approached the Belgian Minister of Budget and asked for €10 million to make upfront investments in changing the space, in exchange for saving €9 million a year after they moved out of three of the five floors they currently occupied, each of which was costing €3 million a year. Since then, FPS has re-located from the remaining two floors and moved to renovated offices in 'Finance Tower' on 1 January 2009, also in central Brussels but saving the State even more money.

In terms of **meetings**, most are video-based, as people are linked up through the Internet and working from wherever. But they are no longer meeting, called by the management. for the sake of meeting. "*A boss thinks that a meeting is a means in itself. It isn't. A meeting is because you have a problem or you have an*

opportunity. And so, it is not allowed for bosses to say 'I want a meeting' and to expect everyone to be there. They must tell their people 'we have a problem' or 'we have an opportunity', and then he or she must ask the people, 'what are we going to do about it'. And so now we have one-third fewer meetings, and in the meetings there are one-third fewer people, and the time of the meeting is one-third less. Because it is the time of the people, and people do not have to work according to the clock".

This working style has a context. There is an overall **framework for performance** that defines the results that are expected, and then the staff work out how best to achieve them. "*We don't want an organisation where decisions are made by bosses. We want the best decisions, so the bosses must make sure that the best decisions are being made. It's not about egos, it's about what is good for the organisation, for the citizen, for enterprises. We tell a team what the results are expected to be. They sit around a table without a boss and they decide who is going to do what. And it works fantastically. So, everybody knows what the other is going to do. And if someone is not doing the job he promised to do, then the colleagues say 'you let us down'. They don't allow lazy people. But if someone has a problem, say an illness, the rest of the team help him or her. We don't tell people how to work. And this is very easy. They know what they're doing better than we do.*"

The counterpart of freedom <u>where</u> to work is that FSP does not dictate <u>when</u> to work. Staff can work whatever hours each day are appropriate, and use the rest of the time for friends, family or their interests, if they get the work done and achieve their results (with their team-mates). FPS top management is careful not to set **expectations** of overall performance at unrealistic levels that will be overly ambitious for staff, which would also be counter-productive. "*We only ask people for 80% of their time at the beginning of the year, because what you think is 100% in January, it turns out to be 120% by December. There is always work coming along. It doesn't happen a lot that there is less work. So, why 80%? Because there is always 10% coming along you didn't know about, and 10% to make something possible in the way of innovation in the organisation. We want them to think about innovation – and not only in their own service, because it is not tolerated that one service finds a solution for its problems, they always find the same solution. You have an internal division. And so, everyone in the organisation can be at meetings or something else and they have time to do it. Of course, a lot of people don't want to do this. They say: "I want to do my job - I don't want to be an innovator." And then they have to do something else because at the end of the day, it's got to be 100%, but you leave it open what they do.*"

As the saying goes, the proof of the pudding comes from the eating. The culture, management style, working practices and physical environment have come together in substantial **productivity** improvements. At the end of 2009, the first full year of transformation, FPS showed a productivity rise of 23%. After all the upheaval in the transition, it was expected that the first year's results were going to be somewhat difficult. "*Now, why did this happen? Because everything had been thought up by our people. If something went wrong, they knew how to manage it. And they loved their jobs*". The figures for the next year, 2010, showed a productivity rise of 11%. "*I was delighted! My people were very disappointed. "It's going down - we can do better. We can go through every process again, and we do it another way". And the next year saw a further 15% productivity rise*".

FPS uses a **recruitment** office, but this agency only finds and selects candidates based on their 'hard skills', their education and other qualifications. The next 'soft' step is equally as important. The potential recruits come into FPS and meet their prospective team mates. "*Seven or eight talk to them and decide who is going to be their colleague. Not a personnel specialist, not a manager. This works extremely well. In the last seven years, we haven't had one bad recruitment. Because the colleagues who recruited this woman or man, they don't want him or her to fail. And they all coach. Not the one colleague who is designated to coach, but doesn't really want to. They don't want to go to the boss and say "We made a bad decision", so they put a lot of work into this.*"

The cultural shift extends to **promotion** too. FPS has avoided the trap of promoting the best experts to be managers, as the two are not synonymous. "*In most organisations, the smartest must be the boss. But he or she maybe cannot manage people, so they get a bad evaluation. They are evaluated out of the system. And so you have to pay them as an expert otherwise they want to be manager and spoil everything for everyone. Never just make the smartest one the boss.*"

FPS does not only consider recruitment in HRM, but also the **next steps for career development**. "*You have to think about what people are doing for the rest of their lives. We are also a strange organisation because we ask*

people, good people, the best people in the organisation, if they want to leave. They are unbelievably talented and they want to grow, but maybe there is not a position for them in the organisation that fits their aspirations. Well, we help them to find another job. And they go away and they are our ambassadors. People come and work for us because of them. We have found a new job for 27 people in the private sector, the public sector, as freelancers and so on. If I ask my young people "what is sustainability in your opinion?", they say "the way we are treated."

For FPS, motivation comes from having **pride** in the organisation. "*Otherwise nobody is going to work for you or stay. One day, a guy came up to me, and he said: "Yesterday we had a small dinner with the family and one of my uncles was working in the private sector asked me "Are you still a civil servant?" He also said he is working in an enterprise – and nothing has changed in 30 years. I am working in an organisation which is innovating. We should show them." And this is what we do now. Once a year, we have a day where our people can ask their friends and their family to come along and they explain what they are doing. You don't see a manager around.*"

Top management involve all the staff in **future strategy**. "*And they made a strategy you won't believe, in which we will stop the Ministry of Social Security. It's a big thing and it is not agile enough. We have to put some of the things we do somewhere else with another agency for the same target group and so on. So, in the end there's going be nothing left except for preparation of policy. And people are implementing the strategy now.*"

To **sum up**: "*These are the motors of change. Did we know about them when we began our adventure? Not at all. This was something we invented and we saw what happened during the journey we are still on. Everybody has to shift and change, otherwise people are not going to come and work for you. That's why. Because they don't come for the pay. They come to have a good life*".

Source: Based on Frank van Massenhove's speech at the 'Making Positive Change Happen' seminar, Brussels, organised by DG EMPL, 21 September 2016. See also: https://www.youtube.com/watch?v=-ZgJajcyaow for Frank's presentation to TED Talks.

In managing their human resources, organisations can seek to control, constrain, enable or empower their employees. In the first instance, this is about **leadership** as the case of FOD Social Security shows. This is not just a matter for the Senior Civil Service (SCS), where present in an administration, although this highest stratum of staff plays a vital role (see topic 4.4). Leadership should be demonstrated *at all levels* within an administration - in overseeing the work of more junior grades, responding to citizens and businesses, and representing the administration with external stakeholders. As some administrations move from pyramid structures to a more matrix style, leadership extends to project management. Danielle Bossaert of the Luxembourg Government's Public Administration Observatory[67] has contrasted the roles and skills expected of traditional and new styles of leadership (below).

	'Traditional' leadership	'New' leadership
Roles	• Ensures stability and continuity; • Leader leads people through rules, procedures and processes ('subordinates'); • Executive leadership ≠ visionary leadership; • Managerial culture: execution and 'getting the work done'; • Transactional leadership.	• Key role of leader in change processes; • Leader acts as talent manager; • Leader 'leads the unknown', 'makes sense' of it; • Gives vision, direction, purpose; • Leads people through motivation, communication, involvement, inspiration ('followers'); • Transformational leadership.

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[67] Observatoire de la Fonction publique

Skills	• Top-down decision-maker; • Directive style, to only lead by instructions; • Primarily expertise (through seniority), planning, budgeting, organising; • Authority through position.	• Facilitator of new and innovative solutions; • Inclusive, collaborative style → collaborative problem-solving; • People management, management of change, teams, networks, strategic thinking, values and ethics ('sense making'), communication; • Authority through engagement, motivation.

However, leadership also needs a context, which is support systems for **performance feedback and reward**. All employees need and deserve to know how they are performing, to motivate them by highlighting their strengths, to help them improve by pinpointing their weaknesses, to help them develop by identifying gaps in their competences, and to signal when they might be ready for promotion. They also have the right to expect a remuneration package which reflects their knowledge, experience and contribution. The debate within HRM is how best to establish this feedback loop, and the link to payment.

Many administrations across the EU either have performance management systems which centre on **performance appraisal**, or are undergoing the process of introducing them. This typically follows a standard format (manager-employee interview at an agreed time, following preparation) and a structured template, which may include a scoring system.

Traditionally, performance appraisals were often considered as unimportant and an additional administrative burden, especially in systems that were characterised by a more or less automatic progression in salary and grades. The appraisal was perceived by both manager and staff member as adding little value, with the risk of simply box-ticking.[68] Managers were often reluctant to attribute bad grades and to deal effectively with under-performance. The major reasons for this negative attitude were systemic: performance appraisals took place in a standardised HRM system, in which everybody was treated alike and in which a good or bad appraisal had no effect on pay, personal improvement, career development or other working conditions. Since the introduction of public service reforms in the 1980s, appraisal systems have been substantially remodelled in most EU Member States. Appraisals are now at the core of HRM and their role has become pivotal to efforts to improve performance, result-orientation and motivation.

However, Member States apply very different approaches, according to their **administrative systems and culture**.[69]

Examples of instruments used in different national contexts
✦ Staff interviews ('Mitarbeitergespräch') which are aimed at motivation, communication and the agreement on 'soft' targets (Austria)
✦ Performance agreements which are often linked with performance oriented pay (Finland)
✦ Team evaluations
✦ 360-degree feedback (United Kingdom)
✦ Professional development circles with a strong focus on competency development, professional development and feedback (Belgium)
✦ Self-assessment.

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[68] C. Demmke (2007), *Performance Assessment in the Public Services of the EU Member States*, EIPA, p.2.
[69] OECD (2011), *Government at a Glance*, p. 128.

Topic 4.3: Managing, motivating and developing staff

The positioning of appraisal within strategic HR management systems is illustrated by the example of Ireland overleaf:

Strategic performance framework

Strategy statement

Business plans

Performance management & development

Annual performance & development review

Performance planning

Ongoing management of performance

PHASE 1
1. Set the objectives for the job and the key deliverables for the year
2. Identify the competences to be effective and achieve results
3. Decide on the training, development (including self-development), coaching and

PHASE 2
4. Put in place a system for mentoring performance at individual and team level
5. Set up interim review to discuss performance at individual and team level
6. Identify any changes in key long-term objectives and/or any changes in key deliverables for the year, both at individual and at team level

PHASE 3
7. Prepare for the formal review meeting
8. Hold the formal review meeting
9. Identify the areas for improvement and development

Source: Tony Bass, "Performance Assessment – Irish case study", Seminar on designing and implementing effective performance appraisal systems, EIPA, 13-14 September 2010.

It is possible to distinguish crudely between two systems of assessing **individual performance**, although many countries use a mix:

- *Performance in position*: This is assessed and rated, based on a set of criteria and indicators. Different rating systems are used in different countries and tend to vary between three and five marks (e.g. 1-5; A-D; 'excellent', 'good', 'fair', 'poor'), or sometimes more. This is the 'classical' appraisal system which looks historically at the individual's performance in her or his role.

- *Achieving goals and targets*: Appraisals are increasingly used to agree objectives to be achieved in the following year by staff members. In such a system, the employee is evaluated, based on the targets that were set in the previous period.

Topic 4.3: Managing, motivating and developing staff

Example of a classical performance appraisal and a yearly target agreement

Classical performance appraisal
I. Tasks and/or requirement profile of the employees

Task 1:	Requirement
Task 2:	Requirement

II. Appraisal of the performance
Appraisal levels: very good or excellent (performance level 4); good or exceeds the requirements (performance level 3), satisfactory or completely meets the requirements (performance level 2); unsatisfactory and largely does not meet the requirements (performance level 1)

	4	3	2	1
Work methods and expertise				
Communication and teamwork				
Motivation				
Task 1				
Task 2				

Yearly target agreement

Name & position of official	
Name and position of direct superior	
Evaluation period	
Date of performance appraisal interview	

1. Evaluation of performance of an official (including evaluation of the achievement of targets in the evaluation period, personal competencies)
2. Performance targets for the next period
3. Evaluation of the probationary period (when relevant)
4. Agreement on remuneration for the next period
5. Evaluation of training and development needs and objectives for the next period

Source: C. Demmke (2007), "Performance Assessment in the Public Services of the EU Member States", EIPA

The appraisal process is also frequently linked to **competency frameworks**, so that employees are not only assessed against their personal work objectives and their learning and development objectives, but also the extent to which they have demonstrated core competences (for their grade), such as team work, integrity, applying expertise, effective communication, etc. This is well illustrated by Malta, which migrated in 2015-2016 from its 20-year old task-based appraisal system to a fresh approach that reflects the reality that work priorities evolve, assesses the individual's attributes including their motivation to 'go the extra mile', and enables training and career development needs and future leaders to be identified.

Inspiring example: Moving from tasks to qualities in assessing performance (Malta)

The first performance evaluation and appraisal system was introduced in the public administration during 1996, and was intended for the clerical grades. The programme was a management tool meant to improve employee performance, where employees are assessed against approved output and predetermined quality standards. The need for a new performance appraisal system has long been felt, however, since this system was very much subjective, and only tackled employee performance in relation to the specific tasks identified. In most of the cases, these tasks were not linked to the specific missions of the department, and the system

was not giving a true picture of public service performance. Consultation and action on the new appraisal system started in February 2015, while the previous programme was suspended in December 2015. After many consultation meetings with stakeholders, a new set-up was designed and the new appraisal system went live on 1 December 2016.

The new appraisal system, which is fully automated, allows users to log into the system through a unique login and password and consequently enter the details related to their appraisal directly into the system. Supervisors are then required to award and record the mid-year and final reviews. At the end of the reviewing period, and upon agreement between the next-level supervisor, the supervisor and the appraisee on the ratings and feedback given, the process for that specific period is concluded.

This system aims to assess the individual on a variety of qualities in his or her personal attributes – interpersonal skills, organisational skills, social skills, and work ethics and values – as well as career development and the official's motivation and initiatives. The system even tries to identify those employees who go 'the extra mile', unlike the previous system which concerned only the tasks being performed by employees. It also aims at strengthening the three-way communication between employee, supervisor and the next-level supervisor, since every step of the performance appraisal must be initiated by one stakeholder and confirmed by another. At the end of the yearly cycle, the next-level supervisor (or the confirming appraiser) closes the appraisal once agreement on the ratings is reached.

The appraisal comprises seven sections, namely:

1. General information
2. Summary of appraisal and ratings
3. Summary of career development
4. Personal attributes
5. Work plan
6. Motivation and initiatives – going the extra mile
7. Career development

The main objective of this new appraisal system always remains the holistic assessment of the individual as part of the overall Public Service Performance Management Programme. It is also a tool that is aimed at enhancing accountability and job satisfaction, while giving visibility to training and development needs. This will not only create an environment of motivation with an eagerness for higher achievement, but will also help to identify and develop future leaders. Through appraisal data, the Government's People and Standards Division will be able to identify indicators which help to identify the training needs of employees across the public service. This division will also be able to monitor the development of employees, and identify those high-flyers who need to be channelled for eventual leadership programmes.

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Performance appraisal techniques are constantly evolving. **Notable developments** include:

- ✓ A stronger alignment of individual with organisational objectives;
- ✓ A trend towards simpler and shorter appraisal forms;
- ✓ More dialogue-based, participative employee interviews and target agreements;
- ✓ Promoting employees' professional development and identifying training needs;
- ✓ Use of '360 degrees' appraisal, whereby views on performance and competence are also sought from colleagues within the ministry, supervised staff), and/or colleagues from outside the ministry who have worked with the official.

Topic 4.3: Managing, motivating and developing staff

Increasingly, **senior managers** in EU Member States are subjected to different evaluation systems than other public servants, regarding the achievement of strategic organisational goals and regarding their managerial and leadership skills (see topic 4.4). In some cases, low performance can even lead to the termination of the employment contract, such as is the case in France or the top leaders in the Federal Belgian Public Service, who have a mandate of six years.

Carrying out yearly evaluations remains a challenging task for managers, and more so if they are linked to pay and job security. As compared to the past, they have also become more demanding and time-intensive. The setting, communication and measurement of goals, the achievement of objectivity and fairness, the management of under-performance – which can no longer be ignored - as well as the more dialogue-based style, requires a full set of competencies from managers, including for example, interpersonal and social skills, conflict management, assertiveness and listening skills.

The take-up of performance appraisal creates a risk of more bureaucracy and a higher workload, which must be weighed up in any cost-benefit analysis. There is a case for accentuating the benefits, and in this regard, a 2007 SIGMA paper identified **five elements of a good performance appraisal system**:

- ✓ Fair and balanced system of allocating individual responsibilities within the organisation;
- ✓ A transparent mechanism for setting organisational objectives and to make them known by the incumbents;
- ✓ An individual evaluation procedure pre-established in legal instruments or in clear internal guidelines;
- ✓ Both internal and external review and oversight over the procedure and the results of the appraisal;
- ✓ Individuals need to be reassured that the results of their evaluation will be used correctly.

Within the context of performance appraisal, **performance-related pay (PRP)** is another practice that was transplanted from the private sector from the 1980s onwards (see topic 4.1). PRP represented an alternative to the previous convention of paying salaries based solely on seniority and service length, by establishing an element of reward within the remuneration package for individual and/or group performance. The intention was to introduce incentives into the pay structure, and hence to encourage officials to exercise more effort in advancing the objectives of the public organisation. The early adopters of PRP in Europe were Austria, Denmark, Finland, France, Germany, Ireland, the Netherlands, Norway, Spain and the UK. In the rest of the world, it was Australia, Canada and the United States.

> **_Performance-related pay in senior civil service systems_**
>
> | Country | Specifics |
> |---|---|
> | France | Can reach 20% of remuneration |
> | Italy | Can reach 10% of remuneration |
> | Netherlands | No performance-related pay for over 90% of senior staff. Only highest-level staff eligible. Annual bonus equivalent to one month's salary (8.3% of remuneration). |
> | United Kingdom | Performance bonus, on average, 8.5% of pay in 2010. Amount defined by each organisation. Only top two performance groups out of four can obtain some kind of bonus (in 2009, 73% of senior officials did, in 2010 only 58%). |
>
> _Source: M. Lafuente, N. Manning and J. Watkins "International Experiences with Senior Executive Service Cadres", in GET Note, International Experiences with SES Cadres, April 2012_

The **case in favour** of PRP is:

- It aims to put result-based management into practice.

- By introducing extraordinary payments and 'bonuses' into salary negotiations, it stimulates discussion and raises awareness among management about officials' roles and actions.

- It enables management to recognise formally the individual's contribution and to reflect good performance in his or her income, not just with warm words of praise.

However, PRP has also proved **contentious**, as it introduces competition in the workplace, given some officials will be rewarded at higher levels than others, and some might receive nothing, possibly as a precursor to demotion or dismissal. In this light, SIGMA's 2007 paper (op. cit.) presents analysis of PRP's effectiveness, summarised below:

> **_Performance-related pay in public administrations_**
>
> PRP for **senior and middle managers** (introduced in Denmark, Ireland, Netherlands, UK, _inter alia_) has been used mainly to attract and retain candidates from the private sector by filling the salary gap, triggering pressure for internal equalisation of salaries. There is no conclusive empirical evidence that such an approach has effectively helped to improve motivation and performance within the public service.
>
> There is relatively little evaluation of PRP for **non-managers**, outside of Australia, UK & US. In practice, the schemes so far have had, at best, only limited success. Most staff found these schemes de-motivating, causing jealousies and leading staff to question and de-legitimise the established appraisal system. The managers who administered the appraisal also thought that performance-related pay had not improved motivation of their staff. These somewhat disappointing results were consistent with similar evaluations made in Australia.
>
> _Source: F. Cardona (2007), "Performance Related Pay in the Public Service in OECD and EU Member States", Support for Improvement in Governance and Management (SIGMA), a joint initiative of the OECD and the European Union, principally financed by the EU_

PRP also faces several practical problems and downsides that constitute the **case against:**

- It is hard to set **measurable** objectives for employees, with the risk that the emphasis is placed more on quantifiable targets, rather than qualitative performance. Where 'quality' is introduced in place or alongside 'quantity' in performance appraisal, its assessment is inevitably subjective, which raises questions of fairness when it affects pay (and often promotion prospects).

- There is an ever-present risk of **'grade inflation'** (supervisors tend to mark scores up). Managers often want to favour their own employees, either because they wish to maintain good relationships or because the system requires them to argue their case with their managerial counterparts in other units within a ministry or department. This can become a competition to fight for 'your guy or girl'. Hence, the PRP award can become disconnected with actual performance, and consequently, place a burden on budgets.

- However, many PRP systems have a fixed bonus pot, and hence officials are grading 'on a curve', there must be **winners and losers**. Irrespective of the performance of individual officials, how hard they have worked, some must be ranked at the bottom. This can be demotivating, not just for the lowest-ranking officials, but other staff too if the system is perceived as unfair.

- The injection of competition can **undermine teamwork** in achieving policy goals. This can be mitigated by building 'teamwork' into the criteria for evaluating the PRP score, but ultimately, the division into winners and losers can create tensions in the workplace.

- Of itself, PRP focuses on ranking performance, but does not necessarily address the **reasons for under-performance**. Even the best performing officials have scope for future improvement, but PRP is about assigning a score for past activities.

The SIGMA paper notes that no performance appraisal scheme can be fully objective, as by definition all of them have a strong subjective judgement component. In public bodies that are characterised by **favouritism, especially nepotism**, PRP is likely to be particularly ineffective.[70] The 'favoured' employees (especially family and friends) will most probably gain a bonus, while the 'un-favoured' will not, irrespective of their performance. This is likely to accentuate divisions, demotivate good staff and undermine professionalism. In these environments, PRP can only be damaging, as it will also draw on public funds to reward corruption. A 2002 EIPA survey of PRP in EU Member States for the Spanish Presidency noted that: "*A successful PRP scheme needs more than employee involvement in the initial stages. It needs to be seen as fair and equitable by all employees. Without this perception of fairness, employees will probably distrust the system and will not produce better performance on the job. The issue of fairness is even more critical in flatter organisations where opportunities for promotion may be limited.*"

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[70] See also theme 2 on ethics and anti-corruption.

The EIPA study also finds **little available evidence for its merits**, as "*very little attention has been given yet to evaluating how these systems have contributed to an improvement in performance, in HRM or in the quality of service delivered*" and that it is not clear "*whether PRP in the public sector is successful where it has been introduced*".

Moreover, "*in one case, a motivation survey clearly showed that additional remuneration was not a significant motivator for the employees concerned.*" Pay is not the only element that stimulates work motivation. Other factors such as job content, task responsibility, flexibility, empowerment, working environment and cooperation matter as well. This was confirmed by a 2005 OECD study which concluded that PRP has little or no effect on increasing the motivation of public servants, although it could be a powerful instrument for politicians and managers to assert their power in pushing forward reforms and achieving other policy goals.

The EIPA study concludes that: "*The idea behind performance-related pay remains sound. Employees are motivated to increase productivity if they see a direct link between work and reward, in other words if they can taste the fruits of their labour. However, when creating a compensation strategy, clear communication of the scheme's aims is vital. Employees should be given the opportunity to contribute to the design of any scheme to which they will be subjected. Equity demands that the same principles must be applied throughout the organisation, and by extension that the same scheme should apply at all.*" If the PRP scheme cannot satisfy these criteria, and overcome the potential pitfalls of measurability, subjectivity, and de-motivation, then there is **risk that it does more harm than good**.

> "*Evaluation of performance, merit rating, or annual review… The idea of a merit rating is alluring. the sound of the words captivates the imagination: pay for what you get; get what you pay for; motivate people to do their best, for their own good. The effect is exactly the opposite of what the words promise*". Dr W. Edward Deming, Out of the Crisis, 1982

Moreover, "*while the merits or otherwise of PRP are unclear, nobody can doubt that **regular communication between manager and worker** is a good thing. The replies received show that formal annual appraisal is the norm, with some systems requiring more frequent discussions on performance, targets and progress to date. The best systems recognise that performance management is not a once-off intervention but a day-to-day part of the ongoing job of the manager.*" For these reasons, some countries[71] are using PRP sparingly or moving away from it altogether.

Interestingly, some of the leading private enterprises (e.g. General Electric and Adobe), including consulting companies that advise governments globally (Deloitte and Accenture), are turning their back on formal assessment systems. Deloitte conducted a survey of business executives and found that almost 6 in 10 believed their current performance management approach was driving neither employee engagement nor high performance (58%). Instead, they were searching for "*something nimbler, real-time, and more individualised - something squarely focused on fuelling performance in*

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[71] For example, "*German Länder have abolished their PRP provisions whereas municipalities have continued although at a relatively low level of just 2 per cent of overall wages … The high expectations, especially on the part of the municipal employers, were only partially fulfilled.*" B. Keller (2014), *The continuation of early austerity measures: the special case of Germany*, Transfer: European review of labour and research, 20 (3), pages 387-402

the future rather than assessing it in the past". Following their own evidence-based and cost-benefit analysis, Deloitte developed an alternative approach that centres on **continuous learning and dialogue**, using the 'performance snapshot' (below).

Reinventing performance management

At Deloitte, we're redesigning our performance management system. This may not surprise you. Like many other companies, we realise that our current process for evaluating the work of our people—and then training them, promoting them, and paying them accordingly—is increasingly out of step with our objectives. What might surprise you, however, is what we'll include in Deloitte's new system and what we won't. It will have no cascading objectives, no once-a-year reviews, and no 360-degree-feedback tools. We've arrived at a very different and much simpler design for managing people's performance. Its hallmarks are speed, agility, one-size-fits-one, and constant learning, and it's underpinned by a new way of collecting reliable performance data. This system will make much more sense for our talent-dependent business. But we might never have arrived at its design without drawing on three pieces of evidence: a simple counting of hours, a review of research in the science of ratings, and a carefully controlled study of our own organisation.

Counting and the case for change

More than likely, the performance management system Deloitte has been using has some characteristics in common with yours. Objectives are set for each of our 65,000-plus people at the beginning of the year; after a project is finished, each person's manager rates him or her on how well those objectives were met. The manager also comments on where the person did or didn't excel. These evaluations are factored into a single year-end rating, arrived at in lengthy "consensus meetings" at which groups of "counsellors" discuss hundreds of people in light of their peers.

Internal feedback demonstrates that our people like the predictability of this process and the fact that because each person is assigned a counsellor, he or she has a representative at the consensus meetings. The vast majority of our people believe the process is fair. We realise, however, that it's no longer the best design for Deloitte's emerging needs: Once-a-year goals are too "batched" for a real-time world, and conversations about year-end ratings are generally less valuable than conversations conducted in the moment about actual performance.

But the need for change didn't crystallise until we decided to count things. Specifically, we tallied the number of hours the organisation was spending on performance management—and found that completing the forms, holding the meetings, and creating the ratings consumed close to 2 million hours a year. As we studied how those hours were spent, we realised that many of them were eaten up by leaders' discussions behind closed doors about the outcomes of the process. We wondered if we could somehow shift our investment of time from talking to ourselves about ratings to talking to our people about their performance and careers—from a focus on the past to a focus on the future.

The science of ratings

Our next discovery was that assessing someone's skills produces inconsistent data. Objective as I may try to be in evaluating you on, say, strategic thinking, it turns out that how much strategic thinking I do, or how valuable I think strategic thinking is, or how tough a rater I am, significantly affects my assessment of your strategic thinking.

How significantly? The most comprehensive research on what ratings actually measure was conducted by Michael Mount, Steven Scullen, and Maynard Goff and published in the Journal of Applied Psychology in 2000. Their study—in which 4,492 managers were rated on certain performance dimensions by two bosses, two peers, and two subordinates—revealed that 62% of the variance in the ratings could be accounted for by individual raters' peculiarities of perception. Actual performance accounted for only 21% of the variance. This led the researchers to conclude (in How People Evaluate Others in Organizations, edited by Manuel London): "*Although it is implicitly assumed that the ratings measure the performance of the ratee, most of what is being*

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measured by the ratings is the unique rating tendencies of the rater. Thus, ratings reveal more about the rater than they do about the ratee." This gave us pause. We wanted to understand performance at the individual level, and we knew that the person in the best position to judge it was the immediate team leader. But how could we capture a team leader's view of performance without was the immediate team leader. But how could we capture a team leader's view of performance without running afoul of what the researchers termed "idiosyncratic rater effects"?

Putting ourselves under the microscope

We also learned that the defining characteristic of the very best teams at Deloitte is that they are strengths oriented. Their members feel that they are called upon to do their best work every day. This discovery was not based on intuitive judgment or gleaned from anecdotes and hearsay; rather, it was derived from an empirical study of our own high-performing teams. Our study built on previous research. Starting in the late 1990s, Gallup conducted a multiyear examination of high-performing teams that eventually involved more than 1.4 million employees, 50,000 teams, and 192 organisations. Gallup asked both high- and lower-performing teams questions on numerous subjects, from mission and purpose to pay and career opportunities, and isolated the questions on which the high-performing teams strongly agreed and the rest did not. It found at the beginning of the study that almost all the variation between high- and lower-performing teams was explained by a very small group of items. The most powerful one proved to be "*At work, I have the opportunity to do what I do best every day*." Business units whose employees chose "strongly agree" for this item were 44% more likely to earn high customer satisfaction scores, 50% more likely to have low employee turnover, and 38% more likely to be productive.

We set out to see whether those results held at Deloitte. First we identified 60 high-performing teams, which involved 1,287 employees and represented all parts of the organisation. For the control group, we chose a representative sample of 1,954 employees. To measure the conditions within a team, we employed a six-item survey. When the results were in and tallied, three items correlated best with high performance for a team: "*My co-workers are committed to doing quality work*," "*The mission of our company inspires me*," and "*I have the chance to use my strengths every day*." Of these, the third was the most powerful across the organisation.

All this evidence helped bring into focus the problem we were trying to solve with our new design. We wanted to spend more time helping our people use their strengths—in teams characterised by great clarity of purpose and expectations—and we wanted a quick way to collect reliable and differentiated performance data. With this in mind, we set to work.

Radical redesign

We began by stating as clearly as we could what performance management is actually for, at least as far as Deloitte is concerned. We articulated three objectives for our new system. The first was clear: It would allow us to recognise performance, particularly through variable compensation. Most current systems do this.

But to recognise each person's performance, we had to be able to see it clearly. That became our second objective. Here we faced two issues—the idiosyncratic rater effect and the need to streamline our traditional process of evaluation, project rating, consensus meeting, and final rating. The solution to the former requires a subtle shift in our approach. Rather than asking more people for their opinion of a team member (in a 360-degree or an upward-feedback survey, for example), we found that we will need to ask only the immediate team leader—but, critically, to ask a different kind of question. People may rate other people's skills inconsistently, but they are highly consistent when rating their own feelings and intentions. To see performance at the individual level, then, we will ask team leaders not about the skills of each team member but about their own future actions with respect to that person.

At the end of every project (or once every quarter for long-term projects), we will ask team leaders to respond to four future-focused statements about each team member. We've refined the wording of these statements through successive tests, and we know that at Deloitte they clearly highlight differences among individuals and reliably measure performance. Here are the four:

1. Given what I know of this person's performance, and if it were my money, I would award this person the highest possible compensation increase and bonus [measures overall performance and unique value to the organisation on a five-point scale from "strongly agree" to "strongly disagree"].

2. Given what I know of this person's performance, I would always want him or her on my team [measures ability to work well with others on the same five-point scale].

3. This person is at risk for low performance [identifies problems that might harm the customer or the team on a yes-or-no basis].

4. This person is ready for promotion today [measures potential on a yes-or-no basis].

In effect, we are asking our team leaders what they would do with each team member rather than what they think of that individual. When we aggregate these data points over a year, weighting each according to the duration of a given project, we produce a rich stream of information for leaders' discussions of what they, in turn, will do—whether it's a question of succession planning, development paths, or performance-pattern analysis. Once a quarter the organisation's leaders can use the new data to review a targeted subset of employees (those eligible for promotion, for example, or those with critical skills) and can debate what actions Deloitte might take to better develop that particular group. In this aggregation of simple but powerful data points, we see the possibility of shifting our 2-million-hour annual investment from talking about the ratings to talking about our people—from ascertaining the facts of performance to considering what we should do in response to those facts.

In addition to this consistent—and countable—data, when it comes to compensation, we want to factor in some uncountable things, such as the difficulty of project assignments in a given year and contributions to the organisation other than formal projects. So the data will serve as the starting point for compensation, not the ending point. The final determination will be reached either by a leader who knows each individual personally or by a group of leaders looking at an entire segment of our practice and at many data points in parallel.

We could call this new evaluation a rating, but it bears no resemblance, in generation or in use, to the ratings of the past. Because it allows us to quickly capture performance at a single moment in time, we call it a performance snapshot.

The third objective

Two objectives for our new system, then, were clear: We wanted to recognise performance, and we had to be able to see it clearly. But all our research, all our conversations with leaders on the topic of performance management, and all the feedback from our people left us convinced that something was missing. Is performance management at root more about "management" or about "performance"? Put differently, although it may be great to be able to measure and reward the performance you have, wouldn't it be better still to be able to improve it? Our third objective therefore became to fuel performance. And if the performance snapshot was an organisational tool for measuring it, we needed a tool that team leaders could use to strengthen it.

How Deloitte built a radically simple performance measure

One of the most important tools in our redesigned performance management system is the "performance snapshot." It lets us see performance quickly and reliably across the organisation, freeing us to spend more time engaging with our people. Here's how we created it.

1. The criteria
We looked for measures that met three criteria. To neutralise the idiosyncratic rater effect, we wanted raters to rate their own actions, rather than the qualities or behaviours of the ratee. To generate the necessary range, the questions had to be phrased in the extreme. And to avoid confusion, each one had to contain a single, easily understood concept. We chose one about pay, one about teamwork, one about poor performance, and one about promotion. Those categories may or may not be right for other organisations, but they work for us.

2. The rater

We were looking for someone with vivid experience of the individual's performance and whose subjective judgment we felt was important. We agreed that team leaders are closest to the performance of ratees and, by virtue of their roles, must exercise subjective judgment. We could have included functional managers, or even ratees' peers, but we wanted to start with clarity and simplicity.

3. Testing

We then tested that our questions would produce useful data. Validity testing focuses on their difficulty (as revealed by mean responses) and the range of responses (as revealed by standard deviations). We knew that if they consistently yielded a tight cluster of "strongly agree" responses, we wouldn't get the differentiation we were looking for. Construct validity and criterion-related validity are also important. (That is, the questions should collectively test an underlying theory and make it possible to find correlations with outcomes measured in other ways, such as engagement surveys.)

4. Frequency

At Deloitte, we live and work in a project structure, so it makes sense for us to produce a performance snapshot at the end of each project. For longer-term projects, we've decided that quarterly is the best frequency. Our goal is to strike the right balance between tying the evaluation as tightly as possible to the experience of the performance and not overburdening our team leaders, lest survey fatigue yield poor data.

5. Transparency

We're experimenting with this now. We want our snapshots to reveal the real-time "truth" of what our team leaders think, yet our experience tells us that if they know that team members will see every data point, they may be tempted to sugar-coat the results to avoid difficult conversations. We know that we'll aggregate an individual's snapshot scores into an annual composite. But what, exactly, should we share at year's end? We want to err on the side of sharing more, not less—to aggregate snapshot scores not only for client work but also for internal projects, along with performance metrics such as hours and sales, in the context of a group of peers—so that we can give our people the richest possible view of where they stand. Time will tell how close to that ideal we can get.

Research into the practices of the best team leaders reveals that they conduct regular check-ins with each team member about near-term work. These brief conversations allow leaders to set expectations for the upcoming week, review priorities, comment on recent work, and provide course correction, coaching, or important new information. The conversations provide clarity regarding what is expected of each team member and why, what great work looks like, and how each can do his or her best work in the upcoming days—in other words, exactly the trinity of purpose, expectations, and strengths that characterises our best teams.

Our design calls for every team leader to check in with each team member once a week. For us, these check-ins are not in addition to the work of a team leader; they are the work of a team leader. If a leader checks in less often than once a week, the team member's priorities may become vague and aspirational, and the leader can't be as helpful—and the conversation will shift from coaching for near-term work to giving feedback about past performance. In other words, the content of these conversations will be a direct outcome of their frequency: If you want people to talk about how to do their best work in the near future, they need to talk often. And so far, we have found in our testing a direct and measurable correlation between the frequency of these conversations and the engagement of team members. Very frequent check-ins (we might say radically frequent check-ins) are a team leader's killer app.

That said, team leaders have many demands on their time. We've learned that the best way to ensure frequency is to have check-ins be initiated by the team member—who more often than not is eager for the guidance and attention they provide—rather than by the team leader.

To support both people in these conversations, our system will allow individual members to understand and explore their strengths using a self-assessment tool and then to present those strengths to their teammates, their team leader, and the rest of the organisation. Our reasoning is twofold. First, as we've seen, people's strengths generate their highest performance today and the greatest improvement in their performance

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tomorrow, and so deserve to be a central focus. Second, if we want to see frequent (weekly!) use of our system, we have to think of it as a consumer technology—that is, designed to be simple, quick, and above all engaging to use. Many of the successful consumer technologies of the past several years (particularly social media) are sharing technologies, which suggests that most of us are consistently interested in ourselves—our own insights, achievements, and impact. So we want this new system to provide a place for people to explore and share what is best about themselves.

Transparency

This is where we are today: We've defined three objectives at the root of performance management—to recognise, see, and fuel performance. We have three interlocking rituals to support them—the annual compensation decision, the quarterly or per-project performance snapshot, and the weekly check-in. And we've shifted from a batched focus on the past to a continual focus on the future, through regular evaluations and frequent check-ins. As we've tested each element of this design with ever-larger groups across Deloitte, we've seen that the change can be an evolution over time: Different business units can introduce a strengths orientation first, then more-frequent conversations, then new ways of measuring, and finally new software for monitoring performance. (See the exhibit "Performance Intelligence.")

But one issue has surfaced again and again during this work, and that's the issue of transparency. When an organisation knows something about us, and that knowledge is captured in a number, we often feel entitled to know it—to know where we stand. We suspect that this issue will need its own radical answer. It's not the number we assign to a person; it's the fact that there's a single number.

In the first version of our design, we kept the results of performance snapshots from the team member. We did this because we knew from the past that when an evaluation is to be shared, the responses skew high— that is, they are sugar-coated. Because we wanted to capture unfiltered assessments, we made the responses private. We worried that otherwise we might end up destroying the very truth we sought to reveal.

But what, in fact, is that truth? What do we see when we try to quantify a person? In the world of sports, we have pages of statistics for each player; in medicine, a three-page report each time we get blood work done; in psychometric evaluations, a battery of tests and percentiles. At work, however, at least when it comes to quantifying performance, we try to express the infinite variety and nuance of a human being in a single number.

Surely, however, a better understanding comes from conversations—with your team leader about how you're doing, or between leaders as they consider your compensation or your career. And these conversations are best served not by a single data point but by many. If we want to do our best to tell you where you stand, we must capture as much of your diversity as we can and then talk about it.

We haven't resolved this issue yet, but here's what we're asking ourselves and testing: What's the most detailed view of you that we can gather and share? How does that data support a conversation about your performance? How can we equip our leaders to have insightful conversations? Our question now is not What is the simplest view of you? but What is the richest?

Over the past few years, the debate about performance management has been characterised as a debate about ratings—whether or not they are fair, and whether or not they achieve their stated objectives. But perhaps the issue is different: not so much that ratings fail to convey what the organisation knows about each person but that as presented, that knowledge is sadly one-dimensional. In the end, it's not the particular number we assign to a person that's the problem; rather, it's the fact that there is a single number. Ratings are a distillation of the truth—and up until now, one might argue, a necessary one. Yet we want our organisations to know us, and we want to know ourselves at work, and that can't be compressed into a single number. We now have the technology to go from a small data version of our people to a big data version of them. As we scale up our new approach across Deloitte, that's the problem we want to solve next.

Source: https://hbr.org/2015/04/reinventing-performance-management#

Quality management systems that emphasise employee participation, communication and openness (see topic 4.2) also contribute to the feedback loop and a motivational environment.

Whether administrations adopt performance appraisal or not, and whether this extends to PRP or not, **line managers** play a critical role in implementing the HRM system, motivating staff and converting organisational objectives into operational performance. This makes their recruitment, selection and development imperative.

Learning and development is the natural counterpart to performance feedback. In knowledge-based societies, the continual investment in people's skills at all levels throughout their whole careers is an important prerequisite for maintaining and raising productivity. Moreover, life-long training and learning opportunities prevent skills obsolescence and skills mismatches, and promote staff's employability and workability until the career end, and thus individual and organisational capacity.

The 2016 Deloitte Global Human Capital Trends survey of business and HR managers from the public and private sectors worldwide has highlighted the importance of learning as 'important' or 'very important' to 83% of the 7,096 respondents (including 83% of all public sector managers). The study put these high ratings into a wider context with three components:

- Chief executive and HR officers report that their companies are not developing skills fast enough or leaders deeply enough, while "*learning is an essential tool for engaging employees, attracting and retaining top talent, and developing long-term leadership*".

- Always-connected mobile devices means that learning is "*potentially available everywhere and accessible to everyone at any time*".

- Employees at all levels are demanding access to learning opportunities that fit their individual needs and schedules, especially millennials that have grown up in a "*self-directed learning environment*".

In the past, learning and development was seen as a personalised, stand-alone activity in most Member States, focused on helping the individual to gain skills, knowledge and promotion. Nowadays, it is viewed more **strategically**, as an element of HRM and a tool to achieve organisational objectives, increasingly linked to professional profiles and job descriptions. As with other policies, effective training should be carefully planned and coordinated. The case study of the Spanish Public Administration National Institute points out very well the significance of a well-coordinated training needs analysis and a broad involvement of all relevant actors concerned.

> **Inspiring example: An effective and participative method to identify training needs (Spain)**
>
> The Public Administration National Institute of Spain considered the evaluation of questionnaires and face-to-face-checking as useful, but as insufficient to establish its training strategy. It thus introduced the following new instruments in this regard:
>
> - The authorities of the National Institute introduced regular meetings with those public officials in charge of continuous training in the departmental HRM units. The aim of these meetings is twofold: first, it was essential to know the continuous training offer of each ministry in order not to duplicate it; and second, it was quite interesting to receive proposals of needs from the ministries, given that the Institute could provide further training that departmental units are not able to do.
>
> - In the specialisation course of HRM, a lesson was devoted to the detection of training needs among the trainees, through the 'nominal group technique'. The objective of nominal group technique is to find a balance between effective decision-making and the involvement of everyone's opinion. This was of major importance, because the trainees of this course were intermediate level officials in charge of HRM in different units and centres throughout the national territory. Thus, their appraisal of the situation resulted in a wide enough, plural and serious assessment to secure added value to the planning of the Institute.
>
> - The training plans offered by other public organisations – autonomous communities training institutes, universities training units, trade union training units and by private enterprises and business schools - were revised.
>
> - All the information derived from these various sources was analysed by teamwork integrating all the members of the training department of the Institute. They held several meetings, in which different techniques were used: brainstorming, group discussion, and information summarising. The result of these meetings was a detailed list of training needs, which formed the starting point for the following planning year.
>
> *Source: P. Saavedra and A.Sanchez, "Spain: Continuous improvement focusing on professional profiles" in D. Bossaert (ed.), "Training and human resource development in the European Union Member States", EIPA.*

In most Member States, training needs are regularly identified during the yearly staff evaluations. Hence, learning and staff development becomes an ongoing process, which is often fuelled by the development of long-term **individual training plans**.

> **Inspiring example: Continuous learning and development through development circles (Belgium)**
>
> At the level of the Federal Public Service, Belgium introduced 'development circles' for its staff focused on building competencies to achieve personal and organisational objectives. A crucial element in the development circles is the individual training plan made for each public servant. The development circle consists of four phases: function discussion; planning discussion; performance review; and assessment interview. The last phase is followed by another planning discussion, which is the beginning of a new development circle. In theory, these development circles should be based on defined competency profiles. In practice, however, only some organisations use the profiles. Furthermore, certified training has become one of the main competency management tools in the Belgian Federal Government. The goal of certified training is to develop the competencies of public servants to meet the needs of the organisation.
>
> *Source: OECD (2011), "Public servants as partners for growth", p.138*

In the context of a competency-based HRM approach, the aim of learning and development is not only to strengthen knowledge to foster performance, but also to develop attitudes, behaviours and

abilities. Hence, Member States are increasingly **widening the scope of their training programmes** by adding transversal competencies, such as: analytical skills; leadership skills; strategic thinking; goal achievement; communication and social skills; project and personnel management; networking and intercultural skills; European and international competencies; and IT skills.[72]

Many administrations offer traditional training courses to their staff, through a range of media (classroom-based, one-to-one, distance learning, online e-Learning, modular, etc.) but this may not be sufficient to fully satisfy their knowledge and personal development needs. Other ways of fostering new skills and know-how include:

- ✓ *Experiential*: While some skills can be taught, others must be practised, which means 'learning by doing'. The scope for doing so within public administrations may sometimes be limited, but giving employees the chance to work on unfamiliar assignments - perhaps by 'secondment' to another unit, or working on a project team under the watchful eye of somebody more experienced – may be the best way to find out if the individual can adapt to new fields and alternative working environments.

- ✓ *Staff exchanges*: Employees can get new insights by swopping jobs for a set period with counterparts from similar organisations, in the same country or abroad;

- ✓ *Mobility*: Some administration either encourage or enforce rotation in the workplace, to stop employees becoming 'stale' in their position or too narrowly specialised, by for example setting a time limit on a specific posting (e.g. 2 or 3 years), or by employing on fixed-term contracts.

Given the ageing workforce, there is a move to learning tools which encourage knowledge transfers between older and newer / younger employees, including both the more traditional **mentoring** and the new wave of **intergenerational exchange**.

Mentorship	Intergenerational exchange
The mentor model aims at a predetermined knowledge transfer which takes place from older / experienced to newer / younger staff. The mentor, a public employee with leadership experience prepares the younger employee for specific functions, while the goal of this exercise is qualification improvement through the transfer of professional competencies through a continuous support, which can be time bound or also extend to a longer period. At the end, the mentee should possess more know-how, more clarity of his professional goals and opportunities and be introduced to relevant networks. Mentoring programmes often show positive effects for management functions.	Intergenerational exchange follows the idea that the creation of age-heterogenic teams can benefit task implementation. While newer / younger employees bring in fresh ideas and knowledge, older employees contribute through their experience and process knowledge to solution-finding, the second aspect being of slightly higher importance. In such a training platform, trainers and trainees should aim to learn from each other in an equal way. Intergenerational exchange can be a useful tool in public sector organisations with a high number of older employees, to prevent knowledge loss after their retirements. Intergenerational exchange should not only start a few months before retirement.

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[72] D. Bossaert, C. Demmke and T. Moilanen, T. (2012), op. cit.

It is increasingly recognised that there are limits to how much individuals can develop their own knowledge, and that the strength of an organisation is its collective know-how, with growing interest in **learning in networks**. The capacity to learn from others has been formalised in several EU members with, for example, Austria's Cross-Mentoring Programme, Belgium's Innovation Learning Network, and Finland's Change Makers Network (featured below).

Inspiring example: Change Makers Network (Finland)

The Change Makers Network was launched in May 2013, open to all civil servants, and is a loosely organised and self-directing team of experts from different ministries with different backgrounds, education and expertise. What is shared within the participants is the need and will to build up a working culture, based on a 'whole of government' mind set and a 'crossing the silos' way of working. The network is also willing to test and adopt modern, explorative and digital ways of working. Participants are all volunteers - they are not nominated to represent their home-ministries in the network.

The model differs dramatically from the tradition where a working group or committee is set and participants are nominated to fulfil a particular target, often set elsewhere. The Change Makers Network is a new kind of bottom-up community or movement, which crosses boundaries of all kind, administrative, professional, attitudinal etc. It also strongly challenges traditional, hierarchical management practices, as well as old fashioned HRM-practices, to work in enabling mode, rather than setting obstacles.

The Change Makers Network´s unofficial mission statement is 'Finland first'. Only after the public interest comes the sectoral approach. In this way, the network strongly stresses the need and will to work across ministerial boundaries and silos, to be able to solve the wicked problems of the Finnish society. In practice, the mission statement is being implemented by building up a new kind of working culture in many ways: by common discussions, supporting and launching new initiatives, writing blogs, giving expert statements, starting new experiments, as well as supporting and bringing innovative approaches in to preparation of all new issues and projects. Most recently, the network has been working with the theme 'Government/State as an Enabler'.

Benefits and risks

The Finnish Government's 'Report on the Future', published on 30th October 2013, includes the following comment: "*The public sector – central government, regional government and local authorities – plays a key role as an enabler of sustainable growth, proactively adopting and testing new ideas and operations and scaling up good practices for wider use.*" On 8 November 2013, under the leadership of Prime Minister Katainen, the chairs of the Government parties met to take stock of the progress that has been made in reforming the state central administration. The ongoing reform is based on the objectives set out in the Government Programme and the Structural Policy Programme, with regards to the harmonisation and streamlining of central administration.

It has long been recognised in various quarters that ministries remain too detached and isolated from one another, without sufficient coordination and cooperation. At the same time, the challenges and problems faced by our society cut across all boundaries – attitudinal, professional and especially administrative boundaries. Yet we have the chances as well as the skills and competencies and indeed the obligation to work more cost effectively, to facilitate innovations and to motivate people working in the preparation of matters.

Time pressure, dwindling resources and the sheer scale of the problems we are facing may be seen as risks for doing things in a way as we are used. On the other hand, these challenges reinforce the fact that we have to change course as quickly as possible.

From organisational perspective the most critical questions are: Have ministries set aside enough time for innovation and the development of new directions and approaches? Are we truly willing to invest enough time and expertise in creating the conditions and the kind of management culture where people are inspired to exchange ideas and to work together?

Members of the Change Makers Network believe that ministries could still achieve much more by facilitating and encouraging the integration of skills and competencies in the spirit of 'Team Finland'. Acting and working together ministries could achieve much more effective outputs with the taxpayer money at their disposal. Matters under ministerial preparation today are becoming increasingly complex and interwoven. Decision-making on social reforms, therefore, requires a broad and inclusive approach. It's necessary to work more closely as a team, to have tentacles in every direction to identify modern-day phenomena and to find the most appropriate solutions. Indeed, it is our understanding that in implementing Government strategies, ministries need to take an agile and smart approach that cuts across administrative boundaries, that makes it easier to link up with other relevant stakeholders in society, and that makes the best possible use of their wide range of skills and expertise.

By a stronger emphasis on cross-sectoral cooperation and collaboration it is also possible to significantly add flexibility to remove resources within the Government. Approaching from different perspectives also improves ability to sense and predict future changes. Dependence on one single point of view, person or just one type of skills and competencies is highly fragile in many ways.

"Culture eats strategies for breakfast". Cooperation and collaboration must be increased, both at the level of structures, operations and attitudes. None of this must be allowed to prevent rational action. In their processes of political preparation, it is crucial that ministries retain sufficient independence, and they must be able to consider even contradictory and rival solutions. It's important to be able to boldly try out new and different practices and approaches.

Excessive rigidity always spells poor performance and inefficiencies, with new and alternative ideas buried under the weight of established practices. This is also liable to deter the development and introduction of alternative approaches.

Insight from / about the activity and next steps

The biggest value of the Change Makers Network lies in its unofficial character. At the same time, this is the most challenging factor while keeping the network alive. However, the future of the network seems positive. Change Makers Network is already highly recognised and its informal and unofficial nature is accepted. It is little by little taken "to the tables" where decisions are being made; either as a network or through its members representing new, open- and broad-minded members. In future, it is essential that while being an informal and "not nominated", nor organised group of actives, people´s passion to change and explore is increasingly utilised in all of the ministries. Strong support from top executives is critical also in the future.

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See also: Change Makers website (in Finnish): https://muutoksentekijat.com/

Some administrations have placed these learning and development modalities within the broader framework of a **knowledge management (KM) system** to help achieve their objectives. KM is a phenomenon that crosses public and private sectors, and comprises a set of processes to record, disseminate, share and develop the collective knowledge of the organisation's employees. It is often seen as the solution to retaining institutional memory, which can suffer with staff turnover, redundancy and retirement, but also a way of promoting inter-generational learning. KM tends to distinguish between two forms of knowledge:

- *Explicit*: This is organisational knowledge that can be easily expressed and transferred, such as relating to laws, rules and procedures.

✚ *Tacit (or implicit)*: This is individual know-how that is harder to articulate as it is resides in the minds of staff, and blends their practical on-the-job experience with their previous education, training and work history. It can be difficult to put into words, making tacit knowledge inherently less transmittable.

Given the challenges of capturing explicit and tacit knowledge, KM sits at the intersection between HRM (especially competency management and succession planning) and other corporate disciplines, including information and document management, communications and change management. The example of the Belgian Ministry of Finance and its Academy (below) shows how KM is a multi-modal approach to HRM, in this case spanning mentoring, network & peer learning, self-evaluation and senior-junior knowledge transfer.

Inspiring example: Knowledge management in the Ministry of Finance (Belgium)

Employees gain a lot of experience during their careers, and gather both knowledge and expertise along the way. When they change their function or service, move to another organisation to work, or retire, the Ministry of Finance (MoF) will too often lose this knowledge and expertise. KM is extremely important to the current and future context of the organisation: internal mobility is strongly promoted; external mobility is a result of the war for talent; and an ageing workforce means there will continue to be a massive outflow of workers. Currently, almost one third of the Ministry's employees is 56 years or older, while a further third is aged 46 to 55 years. In the past few years, there has been an outflow of approximately 1000 workers per year.

In preparing the Integrated Management Plan 2012-2017, the SWOT analysis described the lack of organised knowledge management as one of the fundamental weaknesses of the Finance Ministry, as well as the problem of an aging workforce. Efficient KM was identified as one of the priorities in the Management Agreement 2016-2018.

Before elaborating the state-of-play with KM in 2016, the MoF's approach to learning and development should be put into a global context:

✚ First, mentoring is already an established and widespread technique offered to interns, to make sure they acquire all necessary knowledge, so they can pursue their new long-term function properly. Knowledge transfer and sharing are therefore key concepts during the year-long internship period. In addition to the various generic and technical courses offered by the Academy, it is recommended to assign a personal coach to every single trainee - nevertheless, this hardly happened in practice.

✚ Second, knowledge development is not only for trainees but all employees of the Finance Ministry, which is strongly encouraged by the extremely wide range of programmes offered by both the Academy and by the Training Institute of the Federal Government (IFA). The importance of these programmes cannot be overestimated. According to the 2014 Annual Report, 13 712 MoF employees received training amounting to a total of 458 248 hours or 76 375 days (six hours of training per day). Those employees who followed a course in 2014 did so for an average of 5.57 days. According to the 2015 Annual Report, 16 527 MoF employees received training amounting to a total of 86 495.50 days. The employees who followed a course in 2015 did so for an average of 5.26 days. Offering a wide range of quality training programmes is a core task of the Academy and promotes knowledge management and sharing within the MoF. The internal trainers are continually trained by the Academy through coaching activities and 'train the trainer' pathways.

However, learning or acquiring knowledge cannot be limited to following courses only. Research has shown that 70% of what we learn is by experience in the workplace, 20% through contact with colleagues and through our networks, and only 10% by following a 'classical' training. The past few years have spurred the Academy to put in place and implement several other projects related to knowledge management, as follows.

Topic 4.3: Managing, motivating and developing staff

Network & peer learning

On top of the formal knowledge that is passed in the 'classical' training courses, learning networks offer a form of informal learning in which practical know-how is transferred, and have been organised in the MoF since 2014. People come together who are working within the same field or theme and exchange knowledge and experiences with each other, discussing bottlenecks and issues from practice. This provides new ideas and contacts, easy circulation of experience and possible problem solutions. The ministry responsible for public administration – Personnel and Organisation (P & O) - and the Academy stimulate the learning networks by organising meetings within the Finance Ministry, under the guidance of specially trained employees. Members of a Learning Network can also use an electronic platform (Sharepoint) to collaborate remotely and share interesting documents.

There are also learning networks for knowledge managers:

⚜ KMnet is a network of more than 300 members from 60 federal services who work on knowledge management; and
⚜ KM@FIN is specifically for MoF workers, both at central and local / regional level.

In 2015, there were 305 workers from various administrations and staff services registered in one of the 12 active learning networks, such as the HRM Learning Network on Leadership (124 members), the Legal Learning Network on Litigation (12 members) and the VAT Control Learning Network (8 members).

In this context, the MoF also organises "harmonisation meetings", which can be seen as a specific type of learning network. In these meetings, team leaders belonging to the same unit share their views with respect to which appraisal they would give to their employees, on the basis of the achievement of their performance, development and team goals.

An important aspect of learning networks is the motivation and enthusiasm of the participants, because the learning networks implicitly assume some form of reciprocity. Participants benefit from sharing their knowledge and experiences, because they realise that they, in turn, will have a greater input and feedback from the other participants. Moreover, they participate on an equal footing with each other and have the same interests, which is the multilateral exchange of ideas and solutions to problems.

Senior - junior knowledge transfer

This modality tackles head on the problem of internal and external mobility and the ageing of the organisation. Since April 2012, the Academy has been organising workshops for senior and junior staff within the MoF's various manuals, to set out methodological guides, tools and techniques to place their knowledge into a seamless, structured and systematic footing. For now, this initiative focuses on the key functions and critical and rare knowledge within the organisation. Between 2012 until June 2016, a total of 226 seniors and juniors from 12 entities have participated in these workshops. In contrast to the learning networks, however, unfortunately very few employees participate voluntarily in these workshops. Therefore, it is necessary to give this project new incentives in the near future.

Self-evaluation of knowledge within teams

Since September 2012, the Academy has supported team leaders and their employees in evaluating the policy knowledge within their teams, to identify strengths and weaknesses, to formulate the potential for a more efficient operation of the team, and finally to implement action plans. To aid this, an electronic survey was developed by the P & O "managing knowledge in your team". In addition to the electronic survey is also made of team workshops use.

Up to 2015, 27 teams just over 500 employees from different entities have participated in the electronic survey and workshops. In 2014 and 2015, no teams participated, most probably because the MoF team leaders preferred to await the implementation of the announced organisational restructuring, causing some uncertainty about the composition and role of their future teams. For 2016, however, it is intended that all the

teams of the entity dealing with customers and marketing 'Klama' of Customs and Excise will be running these self-evaluation workshops (see below).

Mentoring

Mentoring is a form of guidance from a more experienced person (mentor) to a less experienced person (the mentee). The mentor explains, provides practical tips and feedback, and supports the mentee in his learning process. The mentor is primarily a counsellor, who follows the mentee to further develop his / her (leadership) skills, shows the mentee the ropes within the organisation and his/her field, and the mentee helps to build an internal and external network. Mentoring therefore focuses mainly on learning "on-the-job". In professional life, mentoring is often used to allow the smooth integration of a new employee in their new role. Typically, the mentor is someone with the necessary experience and the guidance is voluntary.

In 2013, the Academy launched its internal development process, "Potential Leaders" which prepares potential future executives. The selected candidates had spent two years assigned to an internal mentor, and based on the lessons learned from this trial project, the project "Mentoring" was started in 2015 and developed including the publication of a "Guide to the Mentor". The Academy therefore provides the educational framework for the mentors. In addition, the Academy is coordinating a separate learning network for the mentors of the development "Potential Leaders".

Provisional mentoring is limited to the leadership development programmes. There were already several proposals made to generalise this approach within the Ministry of Finance, but to date mentoring within the administrations is hardly applied in a structured and systematic manner.

Further initiatives in 2016

During 2016, the MoF will be giving fresh impetus to knowledge management with some new initiatives:

- **KM roadshow, training and e-learning**: An awareness campaign will draw attention to KM, and will emphasise and demonstrate its importance for the MoF. In addition, KM training will be organised for for a select group of employees with the intention of creating KM experts, along with e-learning about KM which will be available to all staff. There will be 10 roadshows in total by the Regional College for 150-200 people in September/October 2016, two each in Antwerp, Brussels, Charleroi, Ghent and Liege. The morning roadshow will be a theoretical discussion and explanation of the existing KM tools within the MoF. The afternoon roadshow will be a workshop regarding KM in practice in the workplace. The roadshow will be linked to the implementation of Office 365 as a new digital platform that facilitates knowledge sharing.

- **Self-evaluation of KM in Customs and Excise:** 27 teams of the entity 'Klama' (customer management & marketing) will participate in the self-evaluation "KM team", comprising 14 teams from Flanders, six teams from Brussels, and seven teams from Wallonia, slightly more than 500 employees in total. Each team member completes the "managing knowledge in your team" online survey about how knowledge is managed, how information is shared, etc. A supervisor from the Academy team then organises a half-day workshop at the regional location of the Klama team, during which the supervisor discusses the survey results with the team, and looks at what can be improved in the future (quick wins) in knowledge management. These 'Klama' teams are currently testing a self-orienting and self-steering approach. The workshops will eventually lead to a KM action plan, drawn up and executed by the team members. All workshops must be held by mid-September 2016.

- **Reactivation of the Learning Networks:** The learning networks were organised in 2014 and 2015, and a total of 437 employees participated in at least one, including the vast majority of the administrations of Taxation and Collection & Recovery. The learning networks were put "on hold" in the first half of 2016 as several network facilitators resigned and an intermediary evaluation was carried out. Based on the positive results of this evaluation, the goal is to restart the previously existing learning networks, and to encourage the development of new ones. We also hope to engage a wider community beyond Taxation and Collection & Recovery

> 🔸 **Revision of training evaluation training:** Classical training is still the main form of knowledge transfer and knowledge sharing, but currently, evaluation only examines the degree of satisfaction with the training itself. The plan is to perform a "cold evaluation" a few months after the training to examine to what extent the student has learned effectively by applying their new knowledge in the workplace, and to what extent the training has improved his/her efficiency and productivity in the medium term.
>
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Learning through knowledge sharing should not be limited to younger employees, it should become part of the administrative culture. However, the practice of learning through knowledge sharing is linked to certain cultural pre-conditions[73], such as a transparent culture characterised by open and clear communication, and the existence of IT tools which facilitate knowledge sharing.

According to the concept of lifelong learning, both formal and informal learning should be valued. In this light, some public administrations are moving towards **certified recognition of all different forms of learning**, including former professional experience. For instance, the Belgian government gives more weight to the recognition of competencies which have been formerly acquired. By introducing these certified tests (or *'access cards'* to higher career levels), the government aims to better value different learning and professional experiences acquired by candidates. Certification is used in many other countries, such as France, to recognise learning and development. The European Commission also uses certification training to ease career advancement in passing from one functional group to another. Hence training, together with passing suitable tests, is a key element in moving to a higher career level.[74]

Bersin by Deloitte has put forward a vision of **continuous learning**[75] which is not confined to the HR department only, but concerns the whole organisation, and consists of three elements:

> 🔸 *Immediate*: Performance support and other tools for point-of-need learning (*Employee question: What do I need to support my success in the moment?)*

> 🔸 *Intermediate*: Current job development and competency expansion (*Employee question: What do I need to grow in my current role?*)

> 🔸 *Transitional*: Development of skills and relationships that will meet long-term organisational goals (*Employee question: What do I need to grow in my career?*)

The study envisages a migration from an organisation-driven to an **employee-centric model** of learning and development (L&D), which is reproduced overleaf:

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[73] CEN/ISSS Knowledge Management Workshop, Europäischer Leitfaden zur erfolgreichen Praxis im Wissensmanagement, Brüssel, Frühjahr 2004, p.7.

[74] José López Calvo (2008), The *European Commission: Strategic training in the context of HRM reform*, in D. Bossaert (ed.), "Training and human resource development in the European Union Member States", EIPA.

[75] Source: David Mallon and Dani Johnson (2014), *The learning architecture: Defining development and enabling continuous learning*, Bersin by Deloitte.

Learning today	Learning tomorrow
Learning is **a series of corporate programmes** built around L&D-designed content and L&D-approved experts.	Learning is **an "environment" and an "experience"**, leveraging experts, content, and materials sourced and recommended by external communities as well as by other employees and internal experts (not just L&D).
The learning environment is managed by a **corporate learning management system** - essentially a large catalogue filled with courses.	The learning environment feels like a **consumer website** that provides videos, courses, content, and access to experts - as well as recommendation engines that help people find precisely what they need.
L&D, business, and compliance **experts push out training**, identifying required courses to be completed by employees based on roles.	**Employees pull learning**, navigating and accessing opportunities from inside and outside of the company.
The focus is on **internal** training sanctioned by the company.	**External** training is available from any digital content source.
Learning professionals are **generalists** who do everything from design to development, logistics, and measurement.	Learning professionals are **specialists** who are excellent at the component they own.
Training follows a **lecture-based** model guided by an expert.	Training is **experiential**, relying on simulations, case studies, and flipped classrooms.
Employees **learn specific skills** through expert-guided instruction.	Employees **learn how to learn** through facilitation and coaching.
Organisations create detailed, exhaustive, skills-based **competencies** that drive the learning agenda.	Organisations create high-level **frameworks** that outline broad capabilities.
The learning organisation plays a **lead role** in what a person learns, and focuses on delivering work experiences, interactions with others, and formal training in the traditional 70-20-10 ratio.	The learning organisation plays a **supporting role** in what a person learns, expanding the '10' to include "inside" and "outside" learning; shifting the '20' to include internal and external networks; and redefining the '70' to include corporate, community, and social experiences.

Being able to offer a variety of learning opportunities across the whole administration can become part of the 'brand', in competing with private enterprises to recruit and retain staff. However, it is important not only to promote a learning culture within organisations where (self-)improvement is recognised within the context of competency frameworks, but also to ensure development is individualised with personal training plans, if the effect is to be motivational.

A more employee-centric **organisational culture** is also an attractive element of the non-pay offer that administrations can make to their current and future staff, particularly the 'millennial generation'. This could include:

- ✓ *Less rigidly-hierarchical* work organisation;
- ✓ More *delegation* of responsibility and autonomy;
- ✓ Encouragement to *innovate* and less risk-adversity;
- ✓ Greater *employee* involvement and commitment;
- ✓ Flexible *working arrangements*, such as open space, teleworking, flexible working hours.

Topic 4.3: Managing, motivating and developing staff

"Public service bodies may... need to reconfigure existing work styles, cultures and preferences to meet the needs and expectations of this emerging generation. This may entail moving away from traditional nine to five working days and embracing flexible work times that reward effectiveness and achievement of clearly stated targets. It may also mean creating an easier path between the public and private sectors, so that a career could more easily encompass meaningful assignments in both spheres", PricewaterhouseCoopers, Future of Government, 2013.

Creative organisational practices that aim to make best use of human capital are traditionally associated with the private sector. Yet, Eurofound's research has revealed that employees across Europe in publicly-funded bodies and state-owned enterprises are being encouraged and enabled to put forward **innovative ideas to improve their own workplaces**, including less rigid structures and more flexible operations, which might provide some interesting lessons for public administrations more widely.

Workplace innovation in the public sector

It is widely thought that public sector organisations are neither dynamic nor creative, and are typified by a high degree of inertia. Yet the necessity of innovation ought not to be dismissed. The public sector represents a quarter of total EU employment, and it is of critical importance as a provider and regulator of services. Improving how it performs has a knock-on effect not only for private sector growth but also for citizens' satisfaction. Ultimately, this improves governance itself.

Eurofound, as part of a project on workplace innovation in European companies, carried out case studies of both private and public sector organisations. The findings show a number of interesting practices and processes used. The case studies from the public sector, some of which are described below, demonstrate the central role of employee participation in the implementation of workplace innovation and its impacts on organisation and staff:

- The State-owned Lithuanian energy company **Lietuvos Energijos Gamyba** provides a structured framework for all employees to propose improvements. This has required a change in managerial approach and has spread a sense of ownership horizontally and vertically in the company.

- The Polish public transport company **Jarosław City Transport**, when faced with serious financial stability challenges, as well as implementing operational changes, set up ways for employees' voices to be heard, which enabled a contributory dialogue and strengthened partnerships. Consultation, development of mutual trust, and common involvement ensured an effective combination of top-down and bottom-up initiatives.

- The **Lithuanian Post, AB Lietuvos Pastas** experienced a major organisation transformation in 2010 to improve efficiency and quality of service. Through a programme of 'loyalty day' monthly visits, both top and middle management of the central administration visit any part of the company and work with colleagues in other units.

- Under budgetary pressure to 'earn their money', the Danish **Vej and Park Bornholm** construction services in roads, parks and forests had to find innovative solutions to deal with a merger and privatisation. Their intervention had the characteristics of workplace partnership with a new set of organisational values set from the bottom up. Self-managing teams are essential for the operation of the company.

- The world of education has provided new structures that provide better outcomes for students. The **South West University of Bulgaria** also operates small self-managing teams responsible for employee scheduling. Weekly round-tables encourage participation in collectively finding solutions, creating a more effective environment in which to respond to the competitive demands of education provision.

Topic 4.3: Managing, motivating and developing staff

- In Poland, an initiative by the **Pomeranian Library** improved employee-management dialogue and communication through increased participation. The initiative is a response to the new frameworks for open access to knowledge for users, with the library mirroring the user experience through its own work practices.

- Through new dialogue, government advisory bodies have also developed employee-led improvement. Breaking away from a traditional hierarchy is considered important in achieving a more flexible work organisation. Under considerable pressure, the top-heavy management of the **British Geological Survey** now operates a flexible matrix that promotes innovative and entrepreneurial ways of working.

- In Germany, **Niersverband**, a publicly owned water-management company, innovated through training, learning, reflection partnerships and workplace partnerships. New occupational profiles were developed to meet external demands. Based on dialogue concerning workplace experiences and competences, employees acquired new qualifications that allowed the company to be more competitive.

- In the **Funen Village Museum in Odense** in Denmark, innovation came about at the request of staff looking for more flexibility in how they work. Formerly most of their work was maintenance tasks, but now they can now engage more with visitors. Control of schedules has moved to the team rather than being the responsibility of a single manager. As a result, museum employees are now hosts as well as craftspeople. They no longer feel 'forgotten' and are happier in their work.

Evidence from the case studies is that workplace innovation can and does take place in the public sector. Often old hierarchical systems were reformulated in a participative manner where dialogue became central. Publicly-owned services also made an effort to engage with end-users in an integrative way. Certainly, where essential services were concerned – water, transport and power – these enterprises were likely to have ceased trading were it not for timely innovation. Staff involvement was of critical importance across all of the case studies, as were flatter, less hierarchical management structures. Publicly owned companies of any size may benefit from such changes.

Can social dialogue facilitate the process? The research identified common features and levels of involvement of the social partners in finding and introducing solutions for both external and internal difficulties. Changes in these organisations all demonstrated the importance of dialogue and employee involvement. More often than not, the word 'trust' was shared by many of the participants in these case studies.

4.3.5 Promoting equality, diversity and active ageing

Accounting for 25% of all employment in the economy, public administrations are a microcosm of society, subject to demographic trends and patterns. As well as a culture of *quality* (see topic 4.2), public administrations should promote a culture of *equality* and celebrate *diversity*, while dealing with

- Developing HRM strategies & planning for the future
- Competency-based HRM
- Attracting & selecting the right staff
- Getting the best out of people
- **Promoting equality, diversity and active ageing**

the reality of an ageing workforce by attracting 'millennials' and concurrently taking full advantage of the talents of the 'baby boomers'.

Increasing female employment is a major workforce trend, with OECD data showing a steady rise in the proportion of **women** employed in the core public service. For example, more than 50% of the workforce in the public sector are women in countries including Portugal and Ireland. In some

countries, women are better represented than men at a senior level (such as Finland, where 75% of senior employees are female), but they are also disproportionately present at lower levels or in administrative posts (e.g. 82% in Portugal, 72% in Ireland, 62% in the United Kingdom) and paid less, partly due to career breaks and/or decentralised pay setting without strong guarantees for equity.

At the same time, many OECD member countries have introduced policy measures to reduce employment obstacles for **people with disabilities**, including quotas (e.g. Luxembourg and Portugal), the opening of specific posts only for persons with disability (Austria) and adjustments to working conditions (Ireland, Netherlands and Portugal). In France, a law was passed some time ago establishing quotas for the disabled at 6% of the civil service. In countries, where comparison can be built with the private sector, employees with disabilities are more represented in government than in the private sector.

Among EU Member States, a diverse workforce is progressively seen as a valuable resource to improve public service delivery in more diverse societies, leading them to adopt a strategic approach towards **diversity**, backed up by concrete action plans. The aim is a more representative workforce which better mirrors the composition of societies with respect to gender, physical and mental abilities, ethnic origin, age, and cultural backgrounds. This should result in a mix of competencies, perspectives and experiences that enhance the effectiveness of public administrations and strengthens their capacities to cope with skills shortages.[76]

Inspiring example: Diversity policy in the Belgian public services

The Federal Government Action Plan contains more than 80 concrete actions, targeted at persons of non-Belgian origin, women and people with disabilities. The Action Plan includes the publication of a special chart, the establishment of units in all ministries in charge of diversity, statistical analysis regarding diversity in personnel plans, information dissemination by SELOR, preparation of potential candidates for the tests, mixed juries etc. In the Flemish Government, a special Emancipation Office co-ordinates the diversity policy and identifies targets for representation. All units are required to devise a diversity plan including actions on ethnic minorities. Women are under-represented in senior management (10%) and in political cabinets (16%). The goal adopted by the government is to have women fill 33% of senior posts by 2015. Ethnic minorities are also under-represented. At the end of 2005, there were 278 persons employed in the central Flemish Administration within a programme for first-time employment (normally for the duration of one year) for targeted diversity staff. 60% of these employees have a low-level of education.

Source: OECD (2007), "Reviews of Human Resource Management in Government: Belgium", p.76.

In the United Kingdom, diversity is part of the public service vision, as codified in the 'Talent Action Plan'.

Inspiring example: Talent Action Plan - removing the barriers to success (United Kingdom)

The recently published 'Talent Action Plan: Removing the barriers to success' foresees a clear strategy and an action plan to improve diversity and inclusion at all career levels. Important actions include the following:

- Identify and champion senior civil servant's role models from diverse backgrounds;
- Make diversity and inclusion learning part of any formal induction process for all civil servants;

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[76] See also OECD (2009), *Fostering Diversity in the Public Service*.

- Increase opportunities for networking that can help talented people from under-represented groups to reach their potential;
- A review of recruitment practices that can act as barriers to some groups;
- A better use of cultural data;
- Valorisation of skills and experience gained outside the civil service;
- People who join or return to the civil service from outside will be more supported;
- Flexible working will be more promoted.

Source: Cabinet Office, "Talent Action Plan: Removing the barriers to success", September 2014.

Among the more powerful long-term movements across Europe is the combination of a low birth rate and higher mortality rate, as well as raising the retirement age, which means an older labour force that is working longer. Even before the recent budgetary cuts took fully effect, public administrations were characterised by an **ageing workforce**, often with a higher average age than staff in the private sector. Data from 2009 (below) for EU countries that are OECD members[77] shows almost 50% of the central government workforce in Italy was aged over 50, and more than 40% in Sweden, Belgium and Germany. The flipside is only a low proportion is aged under 30 - at the most extreme, less than 1%.

% of employment in central government and total labour force aged 50 or more (2009)
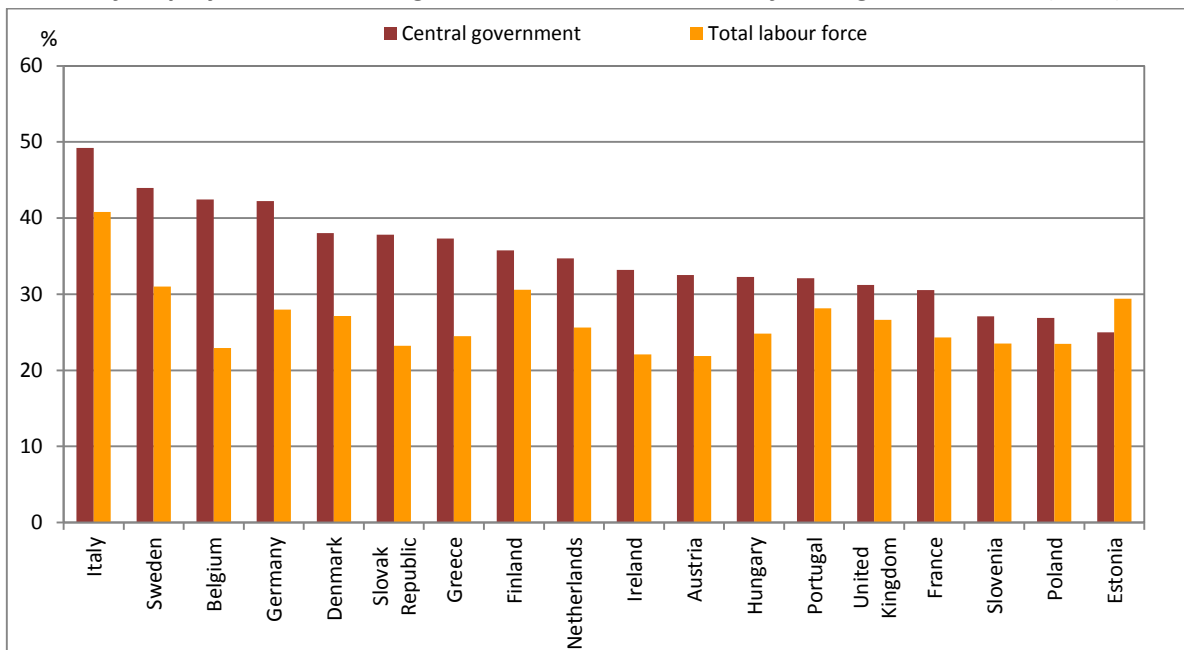
Source: OECD (2010), Strategic Human Resources Management in Government Survey & OECD Labour Force Statistics Database [78]

Despite the number of workers taking early retirement and some administrations enforcing mandatory retirement, the age profile of the workforce has gone up further in recent years with the slower intake of younger staff due to hiring restraints. From Eurofound's analysis, the share of older

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[77] Except the Czech Republic, Luxembourg and Spain, for which data were not available.
[78] http://www.oecd.org/gov/pem/workforceplanningandmanagement.htm NB. Italy's data is for 2008 instead of 2009. Portugal's data is for 2010 instead of 2009. For Estonia and Hungary, the data represent the percentage of government employees aged over 51 years.

workers in the EU-28's public administrations increased by more than five percentage points since 2008. **More than 1 in 3 public service workers in Europe are now over 50 years old**.

Skills obsolescence becomes a risk if older staff do not receive training and opportunities for **learning and career progression** through to career end. Research evidence[79] shows that different age groups learn differently and that nowadays employees of 45+ participate to a much lesser extent in learning activities. Ageing employees are not less receptive to training by nature, but learning at a later stage tends to happen through different approaches and methods, compared with the younger cohort. Expert on the ageing workforce, Juhani Ilmarinen, has referenced the inclusion of older workers in the following training activities as being essential for the reinforcement of their competencies[80]:

- ✓ Computer-related skills;
- ✓ Information management and processing skills;
- ✓ Language skills;
- ✓ Capability to learn and absorb new things;
- ✓ Tolerance to change;
- ✓ Teamwork skills.

Over the last decade, EU Member States have promoted measures to specifically encourage the employability and workability of the older workforce, with the aim to prolong their active working lives, including the prevention of discrimination.

Inspiring example: Examination of laws according to age discriminating formulations in City of Hamburg (Germany)

In the context of gender mainstreaming, it has become important to remove sex-discriminating formulations in laws and replace them by sex-neutral formulations. The City of Hamburg went one step further and asked a former employee to check all existing laws and regulations as to their effects on age discrimination. In the framework of this legal 'age mainstreaming', an emphasis was placed on recruitment and career management policies. For example, it was checked whether rules were acceptable which allowed that older employees should not be required to use new IT procedures, and whether job appraisals which are not obligatory for employees above the age of 55 were potentially discriminatory. The results of this evaluation led to changes which should help to build up an age management policy in the city of Hamburg.

Source: Robert Bosch Foundation, Demographieorientierte Personalpolitik in der öffentlichen Verwaltung, Stuttgart 2009, p.64.

In the context of longer working lives, higher work speed and psycho-social risks, health management is high on the HRM agenda in many countries. Other important age management measures to stimulate a **productive and active ageing** in the public service[81] include:

- ✓ Age-sensitive HRM during the whole career;
- ✓ Age-conscious leadership;
- ✓ Life-long learning and participation in training at all ages;

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[79] D. Bossaert, C. Demmke, and T. Moilanen (2012), op. cit.
[80] J. Ilmarinen (2005), *Towards a longer worklife*, p.217.
[81] D. Bossaert, C. Demmke and T. Moilanen (2012), op. cit.

- ✓ Autonomy and responsibility;
- ✓ Combination of private life and work;
- ✓ Work-life balance, and flexibility in working time (flexi-time);
- ✓ A good working atmosphere;
- ✓ Mobility, varied career paths and interesting jobs;
- ✓ Career development until career end.

Some administrations have not only recognised the ageing workforce is a reality, they have also embraced it actively, and built their forward plans around age-friendly policies. This is well-illustrated by the inspiring example of Trento in Italy. The administration of the Autonomous Province conducted an innovative analysis and staff survey to feed into their strategic HRM planning, within the wider context of public spending pressures, ICT investment, improved flexibility and serving the community.

Inspiring example: Strategic plan for HRM development (Italy)

Operating at the regional level, the Autonomous Province of Trento (APT) employs over 4 000 people. In response to the current economic and fiscal environment, public administrations across Italy have been performing spending reviews, examining how they allocate and use their budgets. Within this context, the new HRM Strategic Plan for 2015-2018 seeks to promote a way of working that can be cost saving, but can also enhance flexibility, the work-life balance of workers, and their well-being at work regardless of their age. Indeed, the aim has also been to increase managers and supervisors' awareness of the processes of ageing at work (employees' mean age in 2015 was 49.5 years, with 25% of the total workforce aged 55 or more) and how it could affect the perceived quality of the work, to sustain the development of age-positive (and cost-saving) HR practices. Hence, the preparation of the HRM Strategic Plan had **multiple objectives**:

- ✓ Saving costs (significant reductions in total office occupancy, no overtime payments, no meal vouchers paid when teleworking), while preserving work productivity;
- ✓ Achieving a better balance of work and family life;
- ✓ Increasing individual and organisational flexibility;
- ✓ Fostering workers' well-being at work, irrespective of their age;
- ✓ Investing in ICT;
- ✓ Facilitating participation in the local community, and social and environmental benefits; and
- ✓ Introducing age management.

Against the background of these objectives, the HR Department articulated a new **vision**: putting human capital development at the centre of the administration.

To put it into practice, the Department conducted a **demographic analysis** of employees, and an **organisational survey** in 2013-2014 involving all APT employees (those with unlimited duration contracts), with the support of the WWELL Research Centre at the Università Cattolica del Sacro Cuore. The survey had two components: a questionnaire to all staff, followed by focus groups:

- ↯ The **Quality of Ageing at Work Questionnaire (QAW-q)** is an action-research tool designed by WWELL and aimed at raising awareness about critical aspects that derive from employees' ageing at work. The QAW-q is based on four key elements of the concept of "workability": health; competencies; motivation; and work organisation. But it also broadens its perspective by introducing another four elements from the external socio-institutional environment and constraints: work-life balance; employment and economic stability; professional identity; and relations in the workplace. The QAW-q also weighted the influence of the different meanings of age (chronological age, job seniority in the company, and years of payment to social security schemes) on individual perceptions and the assessment of organisational performance related to the eight key topics mentioned above. To fulfil this objective, the QAW-q has been structured to

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intersect the levels of questioning which are 'individual', 'organisational' and 'age-influenced' (meaning the responses may vary according to the employee's age). For each of the eight topics, six answers were collected: three related to individual perceptions; two asked for an evaluation of past experiences and of future expectations; and the last one related to the assessment of the organisation's performance on that specific topic. All APT employees received the QAW-q in autumn 2013, of which 2/3rd completed it, a total of 2 923 employees. The detailed results were then discussed with top management and within the HR function, to support the awareness-raising process and to implement organisational measures fostering the quality of ageing at work of all the employees ('age management').

- In summer 2014, six **focus groups** were launched, bringing together managers and staff to address specific topics to be improved according to the critical factors identified in the survey (e.g. the impact of care responsibilities on the quality of daily work and on professional identity; the work motivation of younger employees and that of older employees).

The questionnaire survey and focus groups led to the implementation of a **communication plan** concerning APT's age-friendly organisational policies, which was addressed to all employees from 2014 onwards.

Against this backdrop, the **Strategic Plan for HRM Development** represents the culmination of the new vision, the demographic analysis, the findings of the questionnaire and focus groups. The Plan has five strategic domains and 22 actions, outlined below:

Strategic domain	Action
Programming & control	Development of an integrated staff scheduling & mobility system
	Defining a strategy for personnel exit
	Development of a model of control & reporting on human capital
Organisation	Implementation of departmental efficiency and micro-organisation measures
	Introduction of an innovative participation model
	Stabilisation of teleworking and introduction of smart working
	Adoption of an internal communication plan
Human capital development	Introduction of a competency model
	Skills & values shift (mentoring)
	Upgrading of the training model
	Reconsideration of the assessment model
	Definition of a new evaluation model of managers
	Adoption of a professional development system for talent enhancement
	Promotion of a new role of leadership
Policies & management of human capital	Rethinking the incentive system
	Enhancement of specialist roles
	Adoption of new criteria for staff selection
Organisational wellness	Establishment of the Committee of Guarantee Act
	Facilitation of the reintegration process: Tutoring
	Family Audit Certification Renewal
	Quality management of aging at work
	Activation of generational transfer

In terms of transferability, the QAW-q (after translation) and the planned actions could be effectively used in other contexts, both in Italy and abroad. Moreover, thanks to its modular structure, according to the features of the local institutional setting, its topics and/or questions could also be integrated, implemented or modified. Some actions from the Strategic Plan could also be reproduced elsewhere. The only conditions would be having a governance model that is able to make the changes valuable, and paying attention to training the managers and the workers to this new way of working.

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Topic 4.3: Managing, motivating and developing staff

4.4   Building professional leadership

Effective direction from top management is essential to achieving organisational objectives and outcomes (the opposite, weak leadership, has evident effects in rudderless organisations). Political decision-making is integral to policy-

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>
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making (see theme 1). Once policy goals have been established, their operational achievement requires management that is competent and chosen on merit, with the powers and autonomy to operate (freedom to manage), and the ability to adapt to ever-changing environments. Organisational management should be assigned to the most competent leaders, rather than those appointed due to political affiliation, subject to interference in day-to-day decisions, and prone to replacement whenever there is a change of party or minister. The de-politicisation of top management of ministries, municipalities, agencies and state-owned enterprises is increasingly recognised across the EU (and aspiring members) as a necessary pre-condition for good governance of organisations. It is also a critical factor in improving the ethical performance of public administrations and reducing corruption (see theme 2).

Different strategies can be used to create and ensure a highly competent and professional senior management cadre. One aspect is attracting the "right people" into leading positions (by creating a special level, by opening-up recruitment, by working with mandate systems, etc.). The second scenario is to strengthen the competency and professionalism of the public-sector leaders by investing in tailor-made training and development. Professional leadership is demonstrated in the day-to-day management of public sector organisations. It is even more needed in periods of "change" (new mission and tasks, re-orientation, down-sizing, outsourcing, introduction of new/other ways of working, etc.). Leadership is identified as being crucial in managing change (see also theme 9).

4.4.1 Creating a Senior Civil Service

In general, a tendency can be seen in most Member States to pay special attention to their group of senior civil servants. "*A Senior Civil Service is a structured and recognised system of personnel for the higher non-political positions in*

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>
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government. It is a career civil service providing people to be competitively appointed to functions that cover policy advice, operational delivery or corporate service delivery. The service is centrally managed through appropriate institutions and procedures, to provide stability and professionalism of the core group of senior civil servants, but also allowing the necessary flexibility to match changes in the composition of Government by using appropriate due processes".[82]

EU Member States fall into five categories in their approaches to the Senior Civil Service (SCS), depending on whether they recognise this group of civil servants with a formal status, and/or

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[82] OECD (2008), *The Senior Civil Service in National Governments of OECD Countries*, p.17-18 (GOV/PGC/PEM(2008)2)

whether they apply special conditions, such as recruitment and remuneration, as summarised in the table below:

Grouping of Member States by typology of SCS models		
Special conditions for SCS	Formal SCS status	No formal SCS status
Yes	**(A)** With central SCS office: NL, UK **(B)** BE, IT, MT, PL, PT, RO	**(D)** AT, DE, EL, ES, FR, LU, IE, DK, FI, SE, SI, EE, LV, SK
No	**(C)** BG, CY	**(E)** CZ, HU, LT

Source: H. Kuperus and A. Rode (2008), "Top Public Managers in Europe. Management and Working Conditions of the Senior Civil Servants in European Union Member States", EIPA study commissioned by the French EU Presidency

- Group (A) countries have centralised SCS organisations. This model formally defines the SCS in a national law or regulation as a separate and special group of civil servants. Furthermore, this particular group is managed by a central office created for the support and administration of senior civil servants, and special conditions apply, with the office providing a support service and administering SCS recruitment, management, remuneration, evaluation and promotion. Such a centralised office makes it possible to pay special attention to the SCS, to establish an 'esprit de corps' or corporate culture in the context of autonomous organisations, to increase mobility between several ministries through a centrally-guided recruitment procedure and to organise specific support and development activities. Only two Member States fall into this category.

Inspiring examples: Senior Civil Services - The Dutch ABD and the United Kingdom SCS

The central office for SCS in **the Netherlands**, Algemene BestuursDienst (ABD) has existed since 1995 to create more synergy, mobility and a common responsibility for the whole of government policy, through central support of the autonomous Ministries. Since 2006, the Minister of the Interior has been the official employer of, and legally responsible for the working conditions of, the Top Management Group (TMG) which includes the 65 Secretaries-General and Directors-General of all Ministries. They are working for a specific Ministry in a position for 5-7 years. The whole group of 780 SCS includes also the Directors of all Ministries. The tasks of the ABD are to organise the appointment process for top management positions, to offer career counselling to senior civil servants, and to carry out training and management development. The ABD also performs a number of specific tasks for the Top Management Group in terms of their legal status, remuneration and terms of employment both at the moment of their appointment and resignation.

In the **United Kingdom**, the creation of the SCS provided an opportunity to launch some initiatives specifically geared towards them. Although individual members of the SCS still work for a specific ministry, and human resources are generally managed by the ministry, their pay and conditions are covered by a single set of service-wide arrangements. The Civil Service Capability Group (CSCG) in the Cabinet Office is responsible for the leadership of the Civil Service and the management of SCS. Besides the Cabinet Office, the Civil Service Commissioners play an important role in the management of the system as an independent body. These Commissioners are appointed by the Crown under royal prerogative, are not civil servants and are independent from ministers. They report to the Queen through annual public reports. The Commissioners take part directly in the selection procedure of the top approximately 160 positions at the highest two levels, and ensure that the rest of the appointments made at the departmental level happen according to fair and open competition and selection by merit.

Furthermore, both the Netherlands and the UK have created an inner group within the broader senior civil service for different purposes. In the Netherlands, the Top Management Group (TMG), or the "top sixty" as they are labelled, was created with a separate legal status within the SCS in July 2000. TMG was set up with

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Topic 4.4: Building professional leadership

> more flexible employment conditions: pay is linked to performance targets, while temporary appointments increase the sense of commitment of senior civil servants to the civil service in general as opposed to a department and makes it easier to deal with underperformers in a specific post.
>
> The United Kingdom has recently created the Cross-Leadership Group, or the "top 200" as they are nicknamed by some. This group includes permanent secretaries, director generals and equivalent posts. This is a very important tool to create common values and principles among senior civil servants. These inner groups could be successful in creating a corporate ethos and enhancing operational coordination of specific problems.
>
> *Sources: OECD (2008), op. cit.*

- Group (B) countries have a formalised SCS status with special conditions like type (A), but senior civil servants are usually administered by the same office(s) as that which administers the civil service in general. Furthermore, this model implies the existence of special conditions for senior civil servants which distinguish them from other civil servants.

- Group (C) countries are distinguished by a system of formalised SCS status without special conditions. Although senior civil servants are defined in the national legislation as a special group, they do not enjoy any special conditions in comparison with the general civil service in this type. The only difference between senior civil servants and civil servants in general is the status.

- Group (D) countries are the opposite to (C). Senior civil servants are not formally defined in any piece of national law or regulation, but their positions are considered as exceptional and have a special social status. This group also enjoys special conditions in relation to their recruitment, appointment, support and benefits.

- Group (E) senior civil servants' positions are basically considered as an equal part of the general civil service and the same conditions and benefits must therefore apply as for the general civil service. So, no formal SCS and no special conditions apply.

The creation of a separate SCS helps to break down the monolithic structure of the civil service.[83] By creating a hierarchy of status within the civil service, it reinforces the boundaries between civil servants and politicians, by defining the top tier of recruited (not elected) officials as professional and highly qualified advisers. One of the reasons to invest in a SCS is the creation of a homogeneous group whose corporate values are shared across departments. The sharing of values has implications for the relationships between the SCS and other relevant stakeholder groups in the provision of public services. The creation of a separate SCS does not bring about, by itself, a corporate culture for its members. Other factors like small size, opportunities to network and the ability to exchange ideas, and internal mobility of senior civil servants are relevant as well. These factors enhance the success of creating a cross-departmental and cross-sectoral perspective.

The need for flexibility in recruitment and employment conditions for the SCS is often mentioned as another important reason. In recruitment, the goal is to attract the best and the brightest, irrespective of whether they come from the private or the public sector. Direct lateral entry of

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[83] C. Pollitt and G. Bouckaert (2004), *Public Management Reform*, p.76

outsiders should be possible and seniority (in the sense of years of service) in a particular department should not be required. In addition, external members of the SCS may bring different sets of skills. Flexibility of employment conditions, especially pay and contract arrangements, may be used as a reason for the creation of SCS in three ways:

+ Payment, and tenure or renewal of fixed-term contracts, can be made dependent on results achieved by senior civil servants.
+ Political responsiveness can be enhanced if roles and functions of senior civil servants are clarified in the contract, and failing to comply with specified terms has implications for the senior executive.
+ The pay structure of senior executives should differ from other employees to retain talent.

In general, there are two types of employment systems in the SCS, corresponding to the distinction made in the introduction to this topic:

+ The **career-based system** is based on general civil servants having the opportunity to 'climb the ladder' and gain promotion to the SCS on merit. It aims at building a coherent civil service with top executives who share the same culture, which makes working together and communication across government organisations easier, and favours internal mobility.

+ The **position-based system** is based on appointment to the SCS, making it open to both internal and external candidates, based on their suitability for the job. It aims to provide a wider choice of candidates, including those with specialist skills, which promotes competition, cultural renewal, and adaptation in the civil service. This system enables decentralisation, and makes it easier to: adapt recruitment to specific competence needs in different activities; differentiate pay and other employment conditions in accordance with the market situation and; achieve a strong performance orientation.

Meanwhile, an increasing number of Member States are starting to combine elements of both these systems. They can be considered as mixed or **hybrid systems**, because the configuration of the senior civil services of some Member States shows a mix between the two types of system, such as the examples of Belgium and the Netherlands.

Inspiring examples: Hybrid appointments

In Belgium, the procedure differs for the first three senior civil service levels as it involves the Office of the Federal Administration (SELOR) for the first level and the management board of the agency for the levels underneath. In both cases, the pre-selection is based on competitive criteria involving not only the analysis of the curriculum but also exams and interviews. After the pre-selection phase, the minister takes part in the final decision. For appointing the chairman of the board, candidates are graded from A to D (very capable to non-capable). The minister will normally choose one short-listed candidate from grade A after having had an interview with the person. In levels below 3 (directors), the Management Board will secretly vote for the suitable candidate among different applications. If there is unanimous vote for a candidate, the minister, who has the final word, will accept the decision.

The Netherlands also illustrates the hybrid model with a much more centralised system than Belgium for filling the vacancies of secretary general and director general. The SCS director general and a committee, short-list between two to four candidates. The committee, chaired by an outsider from the civil service, includes two

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secretary generals. As in Belgium, the secretary general of the ministry in which a director general is going to work will take part in the selection process as a member of the committee. The committee monitors the selection process (for instance, that internal candidates are not unfairly overlooked) and assists the SCS director-general (responsible for the system) in the process of reaching a decision. External candidates suggested by the Minister in which the position is going to be filled might be included in the pool of candidates. The appointment decision lies with the Minister of Interior and Kingdom Relations, which the line minister in which the position is vacant has the right to veto. If problems arise, the Prime Minister can be involved in the process.

Sources: OECD (2008), op. cit.

As already noted, in all formally separate SCS systems, there is a central unit in charge of all or part of SCS management. This unit is responsible either for the recruitment process itself or the supervision of it, ensuring that it is done fully competitively, without interference from politics. The central units report to different authorities in different countries: to Parliament, President or Prime Minister, a particular minister or each minister. It seems that the degree of independence from political interference in recruitment of those units is largely the same in these four instances (reporting to Parliament, to the Head of State, to the President or Prime Minister or to a particular minister), as long as the system accepts those units as independent.

As mentioned above, there are variants of the recruitment process of senior civil servants. The career-based type leaves the whole procedure in the hands of the central unit in charge of the process. In other systems, a hybrid variant is in place: the political executive has some leverage to pick from a short-list or could reject unwanted appointments for some levels of the SCS, once an independent commission has ranked and screened applicants. Finally, other countries like France provide a fully transparent merit-based competition for entry into wide SCS groups.

Some countries, like France, recruit in groups widely considered as the SCS very early on in careers, even in some cases right after university. After entry level positions, most posts are only open to civil servants that are part of those groups. In almost all countries interdepartmental mobility is considered important, because it fosters a more corporate ethos at the top. More and more countries have developed strategies to encourage mobility. In addition, appointments on a fixed-term basis should also encourage mobility, but experience with fixed-term contracts is still not very developed.

Inspiring examples: Mandate system/performance agreements for top civil servants		
	Belgium	The Netherlands
Is a position specific agreement/contract obligatory?	Yes	Yes
Who is the contract/agreement between?	Between Minister and most senior official ("president"), between the "president" and immediate subordinates ("level N-1"), and similarly for some levels down	Between Minister and most senior official (Secretary General/SG), between the SG and immediate subordinates (Director Generals/DGs)
Duration of the contract/agreement	Duration of the "mandate" (6 years)	1 year
Content of the contract/agreement	Strategic and operational management objectives	Policy and management objectives; collaboration; and personal contribution

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Reporting on performance	Approximately yearly	Approximately twice a year
Timing of performance appraisal	Every two/three years	Yearly
Evaluator	External and internal evaluation	Minister and SG; SG and DG
Link with other performance based arrangements	Link with policy letter of minister and budget	Possible link with organisational plans and budget

Sources: A. Hondeghem, Presentation at the OECD Expert Meeting on Performance-based Arrangements hosted by the Government of the Netherlands on 15-16 September 2006 in The Hague; A. Ketelaar, N. Manning and E. Turkisch (2007), "Performance-based Arrangements for Senior Civil Servants OECD and other Country Experiences", OECD Working Papers on Public Governance, 2007/5; A. Hondeghem and K. Van Dorpe (2013), "Performance management systems for senior civil servants: how strong is the managerial public service bargain?", International Review of Administrative Sciences, 79: 9

The politicised environment is frequently mentioned in studies as the result of past (often, in the case of newer Member States, pre-1990) problems, but also the potential cause of future problems. Aspects include the continual political intrusion into administrative domains, the political domination of senior administrative appointments and the overall lack of importance given to policy as opposed to politics. These problems are clearly multi-layered and complex, and causality and effect are not always straightforward. Furthermore, by definition, they are difficult to measure and can be considered as 'the elephant in the room'. Nevertheless, numerous country reports hint at an alarming trend in *the politicisation of high-level civil service* that has seen the return of political appointments through the reversal of key pre-accession measures aimed at ensuring formalisation of civil service. There is thus an urgent need for an understanding among politicians that a well-functioning civil service is a public good, rather than an extension of party politics.[84]

4.4.2 Recruiting, training and developing leaders

There are many routes to ensuring a highly competent senior management cadre, and that the right calibre of people is attracted into leadership positions. The preceding section dealt with two scenarios: promotion through merit to a

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distinct 'senior civil service' as an administrative layer that operates across Government; and a mandate system which encourages well-qualified candidates from outside the mainstream civil service (e.g. business) that can bring fresh thinking and expertise to enter at a senior level for a fixed term. This section includes creating: a highly developed graduate education system to ensure strong entry-level skills; a self-assessment tool for leadership which enables further development; and the provision of leadership programmes to enhance skills. ICT skills are increasingly important, due to the digital transformation of government. This section will specifically highlight the components of leadership development and leadership training as elements of strengthening the level of professionalisation of public sector leaders.

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[84] A. Matheson et al. (2007), *Study on the Political Involvement in Senior Staffing and on the Delineation of Responsibilities Between Ministers and Senior Civil Servants*, OECD Working Papers on Public Governance, 2007/6

The focus on leaders in business, social movements, and political positions such as Prime Ministers and Presidents is understandable to be sure, but administrative leaders are extraordinarily important, too. "*In most developed countries, they manage between 20 to 30% of the workforce, and a quarter to half of the economy. They manage the parameters of society, from social engineering to business regulation to the supervision of the economic system to inter-country relations. They not only carry out all public policy, but frequently recommend it, as well as articulate lower-level policy through administratively enacted rules and regulations that typify much legislation today.*" [85] Although this study was performed in 2008, with the public sector now accounting for almost half the EU economy and its employment constituting to a substantive part of the EU's workforce, its findings are still as pertinent today.

Leadership varies by situation and context, and no context is more important than cultural differences. The main question is: to what extent is administrative leadership different according to **administrative culture**? Administrative culture is shaped by four factors - historic, political, economic, and societal[86] - alongside training bodies for top civil servants. Important explorative work was done by Pollitt and Op de Beeck, who compared the training of top civil servants in seven countries: Australia, France, Germany, the Netherlands, New Zealand, the United Kingdom and the USA. One of the findings in their study was that generic management teaching was much more prominent in Anglophone countries than in continental Europe.[87]

Public sector leaders should have certain competencies and skills to deliver effective leadership and organisational management. Today, public sector leaders are expected to be more performance-oriented and less process-compliant than in the general civil service. They should have a managerial focus, leadership skills, and an innovation and communication focus, as well as professional competence. These competencies are a prerequisite for productive senior civil servants. The traditional values, such as hierarchy of control, conformity and authority through position, are slowly being transformed by new cultural values within public administration, such as openness, transparency, efficiency, effectiveness, and authority through leadership and managerial culture[88] (see also principles and values of good governance). Today, managerial authority is conveyed by 'what you do', not simply 'who you are'.

There are several ways of ensuring public sector leaders have the requisite know-how and skills. Not all competencies can be developed, and hence competence profiles should be used in the recruitment process to define the requirements for specific vacancies or for a group of positions at a specific level. When recruiting future managers, this should be taken into account at a very early stage of their careers.

Half the Member States have a central competence profile for the senior civil servants. Of the remainder, some have decentralised competence profiles, while others have none. In those countries that do have a competence profile, either it includes certain leadership elements or it is

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[85] M.A. Abramson, J.D. Breul and J.M Kamensky (2006), *Six Trends Transforming Government*, IBM Center for Business of Government.
[86] G. Bouckaert (2010), *New public leadership for public service reform* in Pierre J. and Ingraham P. (eds.) 'Comparative Administrative Change and Reform: Lessons Learned', p51-67.
[87] C. Pollitt and L. Op de Beeck (2010), *Training Top Civil Servants: A Comparative Analysis*, Instituut voor de Overheid
[88] S. Op de Beeck and A. Hondeghem (2010), *Managing Competencies in Government*, op. cit.

planned that they be included in the future, at least for the highest level. However, many Member States mention people skills, but very few mention innovation, emotional intelligence and self-control, and none of them mention multicultural skills. The European dimension is also absent from most of the competence profiles for senior civil servants. Only a very few Member States have elements in their competence profiles regarding languages and knowledge of European affairs.[89]

In the case of Denmark, the heads of administration at all levels of government created a common code of excellence in the mid-2000s that they could use for self-evaluation and self-improvement.

Inspiring example: The code for chief executive excellence (Denmark)

From 2003 to 2005, the 450 heads of the Danish state, county and local administrations set themselves a common goal: under the title of Public Governance, they would develop a code for chief executive excellence which would apply across the entire Danish public sector. The background for this project was widespread recognition of the fact that excellence in senior management is a pre-requisite for meeting the current and future challenges faced by the public sector. The level of ambition was high: they wished to develop a code that would apply to the most important tasks of senior civil servants, but which at the same time would be specific enough to inspire individual top executives to reflect on and develop their managerial behaviour in their daily work. The nine recommendations for excellence in public sector executive management (set out in the following figure) comprise the backbone of the code. These recommendations are intended to function as a common set of norms defining the characteristics of a good senior civil servant. For the individual chief executives, a self-evaluation method has been developed which is intended to function as a "code-mirror". The aim of this method is to give individual chief executives a chance to reflect on their own management practice
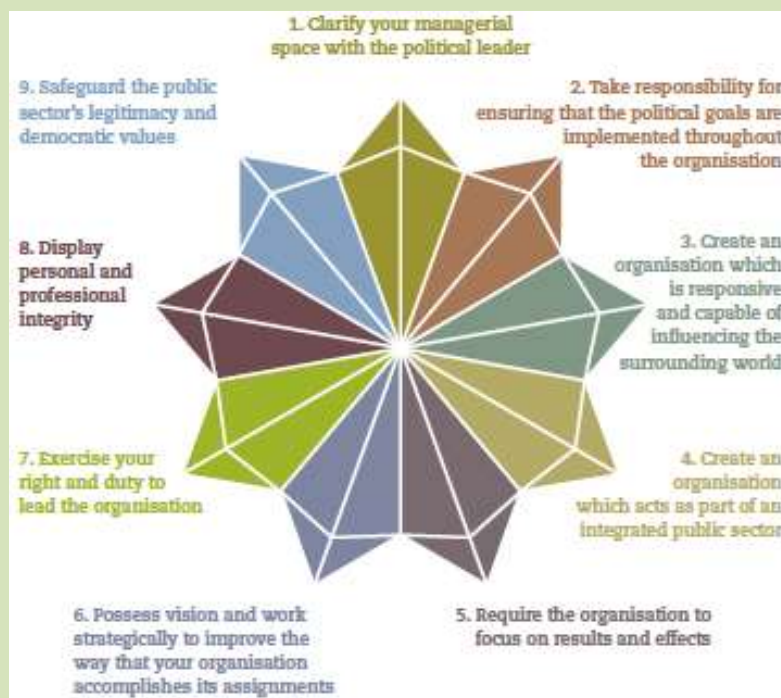
Source: http://www.publicgovernance.dk/?siteid=778&menu_start=778

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[89] H. Kuperus and A. Rode (2008), *Top Public Managers in Europe. Management and Working Conditions of the Senior Civil Servants in European Union Member States*, EIPA study commissioned by the French EU Presidency

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In more and more countries, specific competency frameworks are designed for top managers (see also topic 4.3.3). Key competencies and behaviours in this context are strategic thinking, managerial and HRM skills, decision-making power, collaboration, result-orientation, networking ability, political awareness etc. Very often, these competency frameworks are also used to promote a more integrated HRM policy by better linking selection to performance evaluation, training and staff development.

As another interesting example, the Estonian administration has established an E-Competence Centre to assess managers against the SCS competency profile using ICT.

Inspiring example: Senior Civil Servants E-Competence Centre (Estonia)

In Estonia, a special electronic environment called the E-Competence Centre has been created to provide flexible and comfortable access to the management of the new assessment system. The E-Competence Centre makes it possible to determine the Senior Civil Servant's competency profile. The competence profile allows both the assessment of the competencies and to keep a record of planned and completed development activities. The Competency Framework is a list of Senior Civil Service competencies that are described by 2-4 activity indicators on the scale from poor ("2") to extraordinary ("6"). When describing the highest level, it is expected that the Senior Civil Servant masters everything described at the lower levels. The competencies profile for SCS includes four core competencies (credibility, corporate identity, citizen orientation, leadership), plus 10 competencies (awareness of law, strategic leadership, policy making, HR management, resource management, process management, communication, cooperation, networking and self-management).

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Certainly, in all employment systems, knowledge of effective ways of developing competences is very important for introducing training and development activities aimed at the SCS. Most of the Member States train their SCS on (elements of) leadership skills and different types of management skills. Some other interesting topics are:

- Ethics and corruption prevention (Bulgaria)
- Transparency in public administration (Poland)
- Cooperation with politicians (Lithuania)
- Policy innovation programme (Estonia)
- Quality, innovation and modernisation (Portugal)
- Media training or communication with the mass media (Germany, Lithuania)
- EU rules and regulations (Poland)
- European business management and implications of European integration (Romania)
- Preparing for the EU Presidency (Slovenia)
- European competence and international cooperation (Germany)
- Internationalisation (Portugal).

Approaches towards the training of civil servants differ between career-based and position-based employment systems.

- In a **career-based system**, usually a common training system is built for all civil servants. However, the training is mostly done to become a civil servant and relates to the entry-level staff, as everyone starting to work for the civil service should have the same level of knowledge and skills on general matters. Substantial generalist training is needed to achieve high standards wherever the possibility for advancement to the next appointment would be. A disadvantage of induction training is that ideas, skills and knowledge are not kept up-to-date so uniformly, as it relies more on the initiative and willingness of individuals to ensure they train themselves.

- In a **position-based system**, candidates are selected largely on the basis of their expertise prior to taking the job, and as such, in-service training is unlikely to be offered, except at the very start of the service where special knowledge, skills or regulations have to be imparted to the individual. In-service training systems traditionally take less notice of the original specialisation of individuals' prior training and education. To persist in this direction, however, would be to ignore the advantages of recruiting people who have taken courses in public administration to degree level.

In reality, nowadays very often a mixture of possibilities are available for senior civil servants to follow in-service training or to register for external training, whether as individuals or within a specific group, to receive individual coaching or mentoring, or for specific tasks or exchanges with other organisations. Not only are "traditional' forms of training used, but also workshops, conferences, experience-sharing, group or individual feedback sessions.

A topical example is the recently created leadership development programme of the Irish Senior Civil Service, whose objective is to develop skills of adaptive leadership to better deal with resistance to change in turbulent times. Important questions dealt with by the course are: *How can real transformation and cultural change be achieved? How can new approaches be devised for engaging citizens and stakeholders in the development and delivery of public services? How can high levels of performance be achieved and maintained where financial resources are limited?*[90] According to a European survey[91], EU Member States consider the following methods and tools as being – besides formal training programmes – important for the development and empowerment of top managers:

- **Mentoring & coaching** - these are often popular and effective tools allowing for active transfer of knowledge from more experienced top public managers (TPMs);

- **Participation in Networks and Leaders´ Forums** - TPMs can use these opportunities to discuss current issues and challenges in public administrations, as well as share good practices and engage in creative thinking and problem solving;

- **Mobility and diversified career path** (job transfer, fellowships) – this can be a means to transfer good practices and experience from one sector to another while accumulating new knowledge, experience and competencies;

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[90] Ireland's Institute of Public Administration (2014), *The leadership challenge*, p.2.
[91] EUPAN, *Top executives' development*, Cypriot Presidency of EUPAN, July-December 2012.

+ **Individual development plans** – provide short- or medium-term strategies for the professional development of TPMs and are the tools for scheduling various types of personal development activities based on pre-set goals and with elements of evaluation of previously achieved goals;

+ **Management agreements** between the TPM and organisational unit/ministry used as tools for target setting and assessment – they also enhance performance-oriented management and the accountability of TPMs;

+ **Strengthening mutual communication** between TPMs and leveraging on opportunities for informal learning;

+ Establishing and using effective **performance assessment tools** (e.g. 360-degree evaluation) which can provide TPMs with reliable feedback so that potential areas of improvement could be identified;

+ Forming **"support service" for TPMs** in their everyday work, taking account of their stressful working environment;

+ **Identifying and promoting talent** and leadership potential at an early stage with the use of talent management and future leaders' programmes.

Inspiring example: The Forum of the Senior Civil Servants & Future Leaders Programme (Finland)

The central government works more and more in networks. One network, founded by the Ministry of Finance in 2008, is the "*forum for the senior civil servants*". The goal of the forum is to both strengthen the common goals of the central government and support the senior civil servants in their leadership duties. The forum meets twice a year in one day or half-day seminars and, furthermore, several times a year in one hour informal meetings called "morning coffees". Some members of the forum have gathered in small discussion groups facilitated by the Ministry of Finance. The purpose of the groups is to increase free and confidential interaction between senior managers and thus support their leadership duties and own development.

The Ministry of Finance has organised a special programme called "*Future Leaders*", which is meant for the potential future senior civil servants and those managers who have recently been assigned to senior civil service posts. Traditionally, the programme has lasted three weeks and had five modules. The main themes of the programme are future anticipation and leadership. The participants are selected by the Ministry of Finance in cooperation with the ministries. Since 2008, more than 175 managers have participated in the course. According to the feedback, the main benefits for the participants are increased understanding of the whole-of-government aspect and a possibility to create wider networks.

In 2016, two courses were carried out with a total of 50 participants. Two different models were tested. One model consisted of a week-long "Future Camp" plus one day for concluding the course two weeks later. The other model consists of three 2-day modules and a concluding day. In addition, the two courses joined together for three networking days, during which important stakeholder organisations are visited: Finnish Parliament, Finnish Association for Local and Regional Authorities and the Confederation of Finnish Industries (EK). After both courses have finished, a steering group has been established by the Ministry of Finance to assess the two different models and make a proposal on how to proceed after 2016.

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The organisational structures and statuses of the various training and development bodies differ considerably, one from another. In some countries, the main provision comes from universities or free-standing institutes. In others, there are public agencies at 'arms-length' from the central ministries and departments. In others still, there is a national school with close ties to the centre of government. Some of these bodies operate on market principles, in the sense that they receive no baseline funding and must survive by persuading civil servants to pay substantial fees to take their programmes. Others are partly or largely subsidised by baseline funding from the relevant public authorities, and/or have guaranteed allocations of course members. A number have changed the basis of their funding during the past decade, not always in the same direction.[92] In the past, the United Kingdom's National School of Government was an inspiring example for many EU (and abroad) governments with regards to different kinds of training programmes for senior civil servants.

Inspiring example: The National School of Government (United Kingdom)

The National School of Government (NSG) began as a division within the Treasury during the 1960s and evolved into the Civil Service College (1968), then later became an autonomous agency, then part of the Cabinet Office (absorbed within a new Centre for Policy and Management Studies- CPMS). It eventually became the NSG in 2005. In 2007 NSG was separated from the Cabinet Office and became a non-ministerial department. In 2012, the NSG was closed.

The NSG provided a wide diversity in training programmes. However only a handful of these are intended for the top management, plus fast stream high-fliers.

The **Core Learning Programme** (CLP) was developed at the initiative of the civil service leadership, and specifically designed for senior civil servants who have a cross-governmental role. The programme was open for all departments (and their agencies), they made a financial contribution annually and their participation was guaranteed. The overall aim of this initiative was to accelerate the transformation of the public services by providing a means for public sector executives and leaders to broaden their skills and acquire the knowledge necessary for a better public sector. The CLP was structured around six strands, representing those aspects of knowledge, learning and development that are considered to be essential to the civil service in general: leadership, talent development, achieving policy outcomes, implementing government priorities, core knowledge, and professionals in government.

Besides the CLP, NSG also provided **open learning programmes**. These open learning programmes were short-term training sessions or workshops. The Top Management Programme (TMP) was a leadership development programme for the most senior civil servants with a specific focus on the individual participant. It was the oldest NSG programme, having originally been developed in 1984, when Prime Minister Thatcher wanted to improve civil service management skills. Participants were given the opportunity to gain an insight into their own roles as leaders and those aspects that could be improved. To identify their own behaviours as leaders, the workshop would help them to enhance their self-knowledge by exploring their own motives. The programme would not only focus on the specific needs and requirements of the organisation, but took also a cross-organisational perspective. This enabled the participants to look at leadership in a different context and reflect on their own leadership style.

The CLP helped prepare lower tier SCS participants for a top management position in the SCS Service through the Developing Top Management Programme (DTMP), which was similarly aimed at increasing the participant's awareness of their personal leadership style and impact on others. It aimed to enhance the participants' ability to think and act strategically, as well as lead change effectively.

Source: https://www.gov.uk/government/organisations/national-school-of-government

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[92] C. Pollitt and L. Op de Beeck (2010), op. cit.

One of the most recent, interesting examples is the Estonian Top Civil Service Excellence Centre (TCSEC), which was inspired in part by experience from the United Kingdom.

Inspiring example: The Estonian Top Civil Service Excellence Centre (TCSEC)

Until 2004, the development of top civil servants was addressed in a highly decentralised way by individual public-sector organisations. However, at the end of 2003 the Government Office, led by the apolitical secretary of state, started to work on the development of top civil-service competencies leading to the adoption of a top civil-service competency model by 2005. Based on the competency model, a variety of development activities have been launched for the target group (e.g. specially designed training and development programmes, individual coaching and mentoring, development of future leaders). Since 2005, the top civil servants' competency model has been used as the basis for the assessment of top civil servants both in the selection and development processes. The aim of these activities has been declared as supporting the development of competent top civil-service executives who contribute to achieving the strategic goals of the state (in the earlier years) and who are critical in fostering the whole-of-government approach (since 2012).

During the preparation of the EU programming period for 2007-2013, a special programme was planned for the top civil-service development under the priority area "Increasing administrative capacity". By that decision, the plans were guaranteed funding. Preparatory work had already been completed – the competency model and the appraisal system had been developed, and necessary support staff at the Government Office was in place. In 2008, a special programme document (related to EU funding), "Development of the Top Civil Service", was signed by the secretary of state. The programme document set goals and targets for top civil-service development, and it has been renewed every two years.

In 2010, a separate unit with direct subordination to the secretary of state was established at the Government Office – the Top Civil Service Excellence Centre (TCSEC). The top civil service programme makes use of a number of instruments:

+ First and foremost, the ***competency model*** for the top civil service was developed as a single framework for all top civil servants. With this tool, a common ground to describe the strategic requirements for top civil servants together with a central co-ordination system of their selection, assessment and development was founded. It was aimed at contributing to the evaluation of top executives' development needs and thereby supporting their self-development. After testing the original model for some years, the new improved version of the competency model was developed in 2010.

+ The second important instrument is the ***competency assessment system***. An assessment of competencies is conducted once in two years. The assessment is individual, based on a 270 degrees' evaluation method: a competency profile is formed from the top executive's self-assessment, his/her immediate superior's assessment and comments of subordinates. The Government Office offers top officials support in discussing assessment results and planning development activities for the next period. A special electronic environment called e-Competence Centre has been created allowing both assessing the competencies and keeping a record on planned and completed development activities.

+ The third set of tools includes various ***development activities*** – individual coaching and mentoring, specially designed development programmes, individual and group training. The conference of Estonian top civil service leaders is organised annually to foster a whole-of-government approach and share common values among the target group.

+ ***Succession planning and talent management*** has been introduced to promote the commitment of top civil servants and keep the sustainability of the civil service. The TCSEC runs two leadership offspring programmes that aim to prepare civil service executives for the future. The Newton programme is an extensive training course for about 20 competitively-selected mid-level managers, advisors or top specialists from the central government institutions (ministries and agencies). The target group for the programme "The Next Generation of Leaders" are masters' graduates and alumni who have good leadership qualities and who want to tie their futures to the civil service. During 22

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months, they receive a diverse working experience in different ministries, and intensive development support from TCSEC.

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4.5   Conclusions, key messages and inspiration for future action

In the 21st century climate of 24-hour scrutiny from news and social media, there is heightened pressure on public sector organisations to prove their worth – to politicians, the public and service users, both businesses and citizens. This starts by demonstrating that the organisation embodies and applies the values that these audiences expect from them (see 'principles and values of good governance'). It involves setting out a clear direction (mission, vision, strategy) that is founded on these chosen values and shared with staff, so it is ingrained in the administrative culture.[93] It also requires managers who can actively steer their organisations towards their goals and intended outcomes, while maintaining an open mind about the precise means to get there.

Suggested guiding rules for performance management

1. Formulate and focus on high-level objectives.
2. Set out to achieve them step-by-step.
3. Develop and use indicators to monitor progress along the way, and to learn lessons.
4. Acknowledge indicators will tend to affect behaviour - design & assess them accordingly.
5. Gather contextual intelligence with the indicators, and evaluate the reasons for performance.
6. Always be ready to adjust plans to reflect new realities, evolving and emerging events.

Every public organisation is confronted by external 'shocks' from time to time: events that might be regulatory, financial, technological or demographic in nature, that change the operating environment and put pressure on management to respond. **Organisations that excel already are often more robust and better equipped to manage change**. Some of the 'tools' set out here can build that solid foundation, such as competency-based recruitment and development, a distinguished and mobile senior civil service, investing in developing leaders, strong internal dialogue with staff, performance feedback and innovative learning techniques. Moreover, all organisations can benefit from building a quality culture, and using quality management techniques to look both inwards and outwards at ways to continuously improve, gain the recognition they deserve, and build public trust.

Many of the techniques in this chapter originated in the private sector, and were **borrowed from business**, a pattern that extends back over the last 30-40 years and beyond. When this trend started, public organisations were characterised as rigidly-hierarchical and task-oriented, staffed by civil servants with jobs for life and whose seniority came from experience - also known as 'Weberian bureaucracies' (see theme 9). In practice, public administrations still retain these foundations. Such stable structures provided the platform for private practices to be transplanted, such as outsourcing, performance contracts, performance-related pay, etc.

Fundamentally, however, **public administrations will always be different to private enterprises**, which is why many of these instruments are now being re-assessed for their appropriateness and effectiveness, reflected in the chapter's commentary on pros and cons:

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[93] See also topic 2.3 on ethical HRM.

➕ Businesses are accountable to their owners (shareholders) and the law of the land, and operate within a *relatively* **straightforward set of parameters**: by supplying goods, services or constructions desired by their customers, to a required specification, price, quality and delivery schedule which is preferred (as a package) to their competitors, they must generate sufficient income to first survive (remain solvent) and second be sufficiently profitable to secure a return to their financiers (providers of equity and debt). The enterprise's relations with employees, suppliers and customers are sophisticated, its pressures to compete in its marketplace, innovate where necessary, and secure a flow of orders are relentless, and risk is ever-present, but the main variables driving its performance are *largely* known.

➕ The *raison d'être* of public administrations, by contrast, is less clearly defined and its operating parameters are less well-mapped. Governments are ultimately accountable to the citizenry that entrusts them with power, but each organisation typically operates under its own political leadership (minister, mayor, etc.), interacts with a range of stakeholders (including different sections of the community and interest groups) according to its remit, and must cooperate and coordinate at times with other organisations to perform its functions and fulfil its role. Beyond that, each organisation's strategy and operations are guided by **goals and circumstances that can be highly fluid**. What grounds each administration is its mandate, traditions and (again) values. The authority vested in governments and judiciaries, the accountability of the executive to the legislature and in turn to the electorate, and the expectations of citizens and businesses, mean that administrations will always be bound by a procedural framework that places constraints on their decision-making.

While businesses are better placed to be nimble and flexible in adopting and applying the latest performance and people management practices, **public administrations often lag in learning lessons and changing direction**. The complexity of their operating environment and a more rigid and restrictive legal framework[94] tends to encourage the continuation of past practices in public administrations. For example, while some major corporations are now moving away from annual appraisals in favour of continuous dialogue with staff, many public organisations across the EU are consolidating their established performance management systems by adding performance-related pay.

Another tool which was pioneered in the private sector before taking hold in the public is systems thinking. This is not an entirely new concept, as it underpins the quality management systems taken up by a growing number of public bodies across the EU, but it is increasingly seen as a technique which helps organisations to understand better how they operate from an outsider's perspective – in this case, the citizens, businesses and others that are served by the administration. The **value in systems thinking comes from the willingness to make changes**, and hence overcoming the tendency to inertia.

What should remain constant over time is the concept of serving the public good. Each organisation needs to attain and retain a 'Weberian' identity as a values-based and rules-based

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[94] Y. Emery et al (2016), *Towards Innovative Public Services: A framework for the development of the innovation capability of European public administrations*, p. 15, see also annexes

entity that serves democratically-elected officials and ultimately the public. This is not guaranteed, and has been hard won over many years. While civil services have existed around the world for thousands of years (originally in China and Mesopotamia, later in ancient Athens and Rome), the status of civil servant across most of history was in the gift of the nobility - conferring the right to serve the most powerful, not the people. Public officials were dependent on the monarch's goodwill and largesse for their position and pay. The modern 'Weberian' institution emerged over time, and often out of crisis, from the failure of this favouritism, due to its inefficiency, abuse of authority and ultimate ineffectiveness.

"This historical role … explains why later civil service concepts focused so much on rules, procedures and rationality. In fact, the objective was to make civil servants independent from particular and personal interests. Traditionally, a hierarchical and formalised organisational structure, clear and rigid career paths, lifetime tenure, full-time employment, seniority, advantageous pension systems and rigid remuneration systems were introduced … to reduce as far as possible the risk of too much political influence, corruption, misconduct, the exercise of private interests and instability of government. Christoph Demmke & Timo Moilanen, op. cit., 2010

It is worth flagging the risks that can arise in administrative systems without a well-established 'public service' ethos, a settled tradition of merit-based employment, and structures that ensure impartial and rules-based decision-making. In highly politicised or patronage-based institutions, where jobs and prospects depend on party affiliation or personal relations, greater flexibility in terms and conditions (including length of contracts), and use of management techniques such as performance appraisal and pay can be open to abuse. In these cases, **more 'classical' models of HRM might be more appropriate**, focusing on security of tenure and clear progression, strengthening management capacity and building professionalism and expertise. The case remains for agile administrations that are responsive to changing circumstances, but such flexibility relies first and foremost on the robustness and resilience of a highly competent civil service.

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