

## Reformen des öffentlichen Dienstrechts im Vergleich / Public Service Reforms Compared

### • Public Service Reforms in the EU Member States – Evidence and Perceptions

by Christoph Demmke

*The discussion of what has been achieved in public service reforms throughout the last decades is most controversial. Often, the debate is negatively tuned and takes only sparingly account of positive experiences made in the reform process. In future, it seems important to develop empirically based and more accurate responses to the positive and critical effects of recent Human Resources (HR) reforms. Today, there is very little evidence on the impact of HR reforms on motivation, satisfaction, an improvement of working conditions, the general attractiveness of the public service, and HR policies as compared to private sector approaches. Moreover, little is known on whether certain categories of the staff (managers, older employees, women, minorities etc.) have benefited from ongoing reforms or not. This article tries to shed light on reform outcomes in the central public services of the EU Member States.*

*Der öffentliche Diskurs über die Auswirkungen von Dienstrechtsreformen ist äußerst vielschichtig und kontrovers. In der Regel wird diese Diskussion vor allem negativ geführt und nur selten über positive Auswirkungen oder – sogar – Reformertolge berichtet. Insbesondere gibt es bisher kaum empirische Evaluationen im öffentlichen Dienstrecht oder im Personalmanagement zu den Auswirkungen von Dienstrechtsreformen insbesondere mit Blick auf Vergütungsfragen, einen Abbau von Verwaltungslasten, Deregulierung und De-Bürokratisierung, eine Reform der Arbeitsbedingungen, das Leistungsmanagement, Beförderungspolitiken etc. Darüber hinaus bleiben vergleichende Erkenntnisse über die Einstellungen und Reformertfahrungen von unterschiedlichen Kategorien von Beschäftigten selten. In diesem Beitrag werden die Ergebnisse einer empirischen Untersuchung über Erfolge und Misserfolge von Dienstrechtsreformen in den EU-Mitgliedstaaten präsentiert.*

## I. Introduction: Successes and Failures in Public Service Reforms in the EU Member States

Today, the public discourse about the role and importance of the state and public services is about to change in the EU Member States.<sup>1</sup> The *New Public Management* hype seemed to have reached its peak already after the fall of the Berlin Wall, when many experts called for quick privatisation, outsourcing, delegation and decentralisation of the highly rigid, hierarchical and ineffective public services in Central and Eastern Europe. All these reforms had a strong “efficiency” focus. The discussions about governmental and public sector performance changed abruptly after the terrorist attacks in New York, Madrid, London, later the natural disasters in New Orleans and in South East Asia and – more recently – the financial crashes at Wall Street and elsewhere. New global security threats and new risks (e. g. avian flu), have also triggered renewed discussions about the need for strong public services and the protection of citizens. In the United States, two conclusions were drawn from the September 11 attacks: firstly, that the public sector is important, and indeed critical, for the nation’s well-being; and secondly, that defects in government operations are most readily discovered in events of crisis or scandal – all too often after the damage has been done.<sup>2</sup>

At the beginning of the 21<sup>st</sup> century, the public discourse on both sides of the Atlantic is becoming more pragmatic and (increasingly) less dominated by Anglo-American approaches to public management reforms.<sup>3</sup> Experts and citizens are no longer asking for “less state involvement” but for better services, higher quality, more effectiveness and efficiency, respect for equity and non-discrimination issues, a professional diversity management, effective instruments in the fight against maladministration, fairness and dignity, transparency and participation.

The shift in perception about the need for a strong and effective public service has also provoked new academic discussions about the nature and outcomes of national reform policies. In Europe, discussions about public sector performance are slowly moving away from rational choice theories and a naïve admiration of the one-size-fits-all-theories (“doing more with less”) towards path-dependency theories and neo-institutionalist approaches. In particular, concerns about the

1 Hurrelmann, A. et al. (eds.): *Zerfasert der Nationalstaat?*, Frankfurt/New York, 2008.

2 Davidson, R.: *Workways of Governance*, The Brookings Institution, Washington, DC, 2000, 2.

3 Kickert, W. (ed.): *The Study of Public Management in Europe and the US*, London et al., 2008.

emergence of new paradoxes<sup>4</sup>, dilemmas<sup>5</sup> and trade-offs<sup>6</sup>, new challenges (e.g. demographic developments), capacity problems, staff shortages (mostly in the IT, health and education sectors), more evidence about inefficiencies and programme failures as a consequence of privatisation, outsourcing and downsizing policies, and about the state's responsibility in fighting terrorism, climate change, stabilising financial markets, reducing levels of poverty and reducing growing income differences between rich and poor have all played an important role in the shift of the public management debate. With the changing focus in the debate, there is also a change in assumptions of what have been the likely outcomes of reforms during the last decades.<sup>7</sup>

However, the present trend towards new reforms, concepts and values seems to be highly ambivalent. "Long-standing taken for granted assumptions and orthodoxies no longer hold. Traditional public services are under pressure to change and seem to be evolving – but into what?"<sup>8</sup> Any observers feel strongly on what to conclude about public services failures even though it turns out to be very difficult to find clear answers. Also politicians and the media focus either on the implementation of reforms or on public services failures (and the identification of corruption, public scandals, waste of money, organisational and individual poor performance, organisational inefficiency, administrative burdens and red tape etc.) but much less on successful reform outcomes. One explanation may be that positive results of administrative reforms are less popular, difficult to communicate and more difficult to define because performance standards are not limited to economic as well as quantitative and customer satisfaction criteria. Instead they also include constitutional, regulatory and political standards, as well as the duty to serve the common interest.

Especially the field of Human Resources Management (HRM) is moving through a fascinating but also disorienting period. During the last decades, almost all national (and sub-national) public services have introduced major Human Resources (HR) reforms. Although New Public Management doctrines are confronted with more scepticism, traditional public service values (such as fair and

4 Hesse, J.J./Hood, C./Peters, G. (eds.): *Paradoxes in Public Sector Reform*, Berlin, 2003.

5 Emery, Y./Giauque, D. (eds.): *Dilemmes de la GRH Publique*, Le Mont, 2007.

6 Bouckaert, G./Pollitt, C.: *Public Management Reform*, 2<sup>nd</sup> ed., Oxford, 2004.

7 Bouckaert, G./Halligan, J.: *Managing Performance*, London/New York, 2008.

8 Ferlie, E./Lynn, L./Pollitt, C.: *Introductory Remarks*, in: Ferlie, E./Lynn, L./Pollitt, C. (eds.): *The Oxford Handbook of Public Management*, Oxford, 2005, 1–4, here 1.

standardised treatment, neutrality, stability, hierarchy and impartiality) are increasingly under pressure since they are considered to be “static” and “conservative” whereas the societal and private sector values are “fluent”, “modern” and call for efficiency, innovation, flexibility, accountability and performance.

Consequently, concepts such as “Participation”, “Communication”, “Transparency”, “Change Management”, “Performance Management”, “Decentralisation of HR Responsibilities”, “Knowledge Management”, “Life-Long Learning”, “Total Quality Management”, “Value Management”, “Competence Management”, “Accountability”, and “Performance-Related Pay” have been introduced in almost all national public administrations. In addition, many public services have seen decentralisation trends, organisational structures and recruitment procedures have changed, budgets reduced, working time patterns modified, performance management systems adopted, (top) officials nominated on time, pay- and pension systems reformed and – more generally – alignments between the public- and private sector pursued. Also within the public services, civil servants have become more demanding and are asking for more responsibility, autonomy, transparency, pluralism, flexibility, diversity and involvement in decisions.

Consequently, the discussion of what has been achieved (or not) throughout the last decades remains most controversial. Yet, in the future it is important to find empirically based and more accurate responses to the positive and critical effects of (HR-)reforms. Still, there is too little evidence about the impact of recent HR reforms on performance, motivation, satisfaction, (un-)ethical behaviour, working conditions etc. Moreover, little is known on whether certain categories of staff (managers, older employees, women, minorities etc.) have witnessed improvements over the last years whereas other categories of staff have not.

In order to shed more light on both, negative as well as the positive effects of HR-reforms, the Slovenian EU-Presidency (2008) commissioned an international research team to evaluate the effects of a (selected) number of HRM-reforms in the Member States of the EU. Another objective in the Slovenian study was to isolate certain HR policies and to analyse whether progress could be achieved in these individual HR policies (and in which policy fields this is less the case). In the Slovenian survey respondents were asked questions regarding the development of remuneration policies (“do you receive better pay, fairer pay, motivational pay?”), job security, working time and working time flexibility, job responsibility, job autonomy, training, vacations, work-life balance, leadership, the

distribution of top positions amongst men and women, diversity and anti-discrimination policies, stress etc.<sup>9</sup>

This article discusses the main findings of the study (in the following called Slovenian Study) which were presented at the meeting of the Directors-General of Public Services on 28 May 2008 in Brdo (Slovenia).<sup>10</sup>

The survey could be carried out thanks to the official support from the EU-Presidency and 363 higher public employees and HR-experts from all Member States (from the central governmental level) who contributed to the study (by answering to a questionnaire).<sup>11</sup> Furthermore, the empirical findings were discussed and cross-checked in two additional workshops with HRM experts (mostly personnel managers) from all Member States.

Since all respondents to the study work for the central governmental level, this also put some restrictions on the scope of this study. Therefore, the following reflections should not be seen as representative for the public sector at large – especially not for the regional and local level. The participation rate to the survey and to the questionnaire (363 replies from higher ranking public employees from the central public services) allows to identify some general trends on the central level.

## II. Changing Public Service Structures and the Perception of Change

Analysing positive and negative reform outcomes in the public services of EU Member States involves some of the greatest challenges in legal, political and administrative science. To this should be added the difficulty in comparing various (legal, political, organisational and HR-) instruments in different legal and administrative traditions. Another challenge concerns the access to reliable data

9 Although many answers were received from employees from all administrative traditions the response rate from some administrative traditions were too low to allow for final conclusions. For example, concerning pay developments only 14 replies were received from the Anglo-Saxon countries and only 9 answers from Romania and Bulgaria. Since this response rate was very low it did not allow for statistical conclusions. Therefore, the following analysis will mostly focus on the analysis of the replies from the other cases.

10 *Demmke, C./Henökl, T./Moilanen, T.*: What are Public Services Good at? Success of Public Services in the Field of Human Resource Management, Study Commissioned by the Slovenian EU Presidency, European Institute of Public Administration, May 2008, available online at [http://www.eupan.eu/files/repository/document/Success\\_of\\_public\\_services\\_in\\_HRM.pdf](http://www.eupan.eu/files/repository/document/Success_of_public_services_in_HRM.pdf).

11 Among these were 198 higher employees, 122 line managers and 43 top managers.

(or how to obtain honest answers to sensitive questions) and information about reform outcomes across different units, departments, sectors and countries.

In addition, there are many methodological problems in measuring the impact of HRM reforms on performance, motivation, work satisfaction, efficiency and effectiveness. One important reason for the lack of knowledge on the effects of public service reforms can be found in the distinct tasks of public sector organisations. Almost 30 years ago, the now “classic” thinker in management theory, *Peter Drucker*, stated that “public service institutions always have multiple objectives and often conflicting, if not incompatible, objectives”<sup>12</sup>. Such diverse goals make it difficult for public organisations to develop performance standards that can serve as a basis for effective incentive systems.<sup>13</sup>

Another explanation can be found in the specific historical development of public service organisations. In the early 20<sup>th</sup> century, only few public organisations conducted public service- and HR-evaluations since people were not allowed to question government authorities at all. Since the notion of social services did not exist (until the 1950s only a few countries had anti-poverty programmes or initiatives in the field of food safety, social security or environmental protection), most existing “public services” were in the area of tax, transport, health, inspections, research, military, and police. Consequently, the most important task of the state sector was to control society, rather than to serve society and its citizens. The “Leviathan” stood above society and governments as well as civil servants were – until the 1970s – more concerned with regulation, control and the implementation of programmes than with evaluating their own policies.

Generally, the results of the Slovenian Study showed that different historical traditions and cultures<sup>14</sup> as well as different HR systems have a considerable impact on public management modernisation paths and on the outcomes of HR reforms. The relevance of context and diversity in European public administrations also has critical implications for the concept of mutual learning and the possibility to “import” so-called best practices from one country to another. Due to the prevalence of national economic, institutional, social and political differ-

12 *Drucker, P.*: What results should you expect? A User’s Guide to MBO, in: Shafritz, J.M./Hyde, A.C. (eds.): *Classics of Public Administration*, Oak Park, IL, 1978, 427–436, here 427.

13 *Baldwin, J.N.*: Are We Really Lazy?, in: *Review of Public Personnel Administration*, 4/2 (1984), 80–89.

14 *Schedler, K./Proeller, E.* (eds.): *Cultural Aspects of Public Management Reform*, Amsterdam et al., 2007.

ences identifying common successes, role models and best practices in the field of “successful HR management” remains a huge theoretical and practical challenge.

The outcomes of the study show that, at the beginning of the 21<sup>st</sup> century, there is no longer a civil service model that could be described as a “classical career model”. Moreover, pure career systems (like the former French) or pure position models (like some features of the Swedish system) do not exist anymore. Instead of clear-cut categories, there seems to be a trend towards hybrid systems. An analysis of the different national HR systems on the basis of 17 indicators/characteristics (such as public law status, existence of lifetime tenure, specific pay systems adopted by law, specific pension scheme for civil servants, existence of careers, official nomination of the position, oath, specific recruitment procedure, specific ethical requirements, restricted mobility between the public and private sector, hierarchical organisational structure etc.) shows that there are considerable differences between the HR systems in the various countries but no trend towards a European Model of Public Administration.

*Table 1: Public Administration Tradition and HR System by Country in EU Member States*

<b>Public administration tradition and HR system</b>	<b>Countries</b>
Continental Career Systems	AT, BE, DE, FR, LU
Continental Position Systems	NL, SI
Mediterranean Career Systems	CY, EL, ES, PT
Mediterranean Position System	IT
Scandinavian Position Systems	DK, EE, FI, SE
Eastern European Career Systems	HU, LT, PL, SK
Eastern European Position System	LV, CZ
Anglo-Saxon Position System	UK
Anglo-Saxon Career System	IE, MT
South-Eastern Career Systems	BG, RO

*Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 11.*

Whereas specific employment rules (e. g. a public law status) still exist for public law civil servants (*Beamte, Ambtenaren* and *Fonctionnaires titulaires*), in almost all systems the classical features of career systems are slowly disappearing. For

example, in almost all public service systems general age limits (which are nowadays – at least principally<sup>15</sup> – prohibited by EU law and Directive 2000/78/EC) no longer exist or are maintained for only certain categories of staff. Moreover, in almost all countries (legal) responsibilities in the field of HR have become more decentralised and – mostly, in position system countries – the life-tenure of civil servants has been abolished. In addition, recruitment and access to the public service is no longer only possible to the lowest level of the career, services outside the public sector are more recognised than ever, salary schemes have been decentralised, seniority mechanisms abolished and mobility between the public and private sector enhanced.

Most respondents to the study evaluated these developments as overall positive. However, there are some important clarifications to be made. For example, top managers see the developments as more positive than other categories of staff. Whereas more than 80% of all top managers made a positive assessment, approximately 60% of the employees had a positive opinion.<sup>16</sup> Despite these differences the positive ratings from the employees are still considerably higher than the negative ratings.

Moreover, the overall positive evaluation of the reform developments differs amongst the different administrative traditions. Figures range between 85% (from Mediterranean countries) and 47% (from Eastern European Career Tradition).<sup>17</sup> In more detail, respondents from Hungary, Lithuania, Poland and Slovakia were less optimistic than their colleagues from the other countries. Surprisingly, the respondents from the Eastern European position countries (Czech Republic and Latvia) were much more positive than their colleagues from the other Eastern European cases.

### III. Progress and Failure in Selected HR Policies

Throughout the last few years almost all Member States (and the European Institutions) have been very active in fighting against different forms of maladministration.<sup>18</sup> In the meantime, core principles of good administration have been

15 *Sommer, R.*: Die Altersgrenze für den Eintritt in den Ruhestand – Probleme durch Europarecht, in: *Zeitschrift für Beamtenrecht*, 55/11 (2007), 368–371.

16 *Demmke, C./Henökl, T./Moilanen, T.*, op. cit., 52.

17 *Ibid.*, 53.

18 *Statskontoret*: Principles of Good Administration, Stockholm, 2005.

transformed into legally binding rules in almost all EU Member States such as the rights

- to have one's affairs handled impartially and fairly and within a reasonable time,
- to be heard before any individual measure is taken that would affect the citizen adversely,
- to have access to his or her file, regarding any individual measure that would affect him or her,
- the obligation to state reasons in writing for all decisions, and
- the right of access to documents.

The EU Institutions have also adopted a European Code of Good Administrative Behaviour, which includes substantive principles for establishing a good administration (lawfulness, non-discrimination and proportionality) as well as a number of obligations for the different EU administrations. On the national level, Member States have increased their efforts in order to support citizens in their fight against any form of maladministration (which includes issues like unreasonable delay in responding to citizen requests, impoliteness, failure to apply the law or rules properly, failure to provide information etc.). Moreover, the Member States and the European Commission have launched an ambitious Action Programme to reduce the administrative burden of existing regulation in the EU. As part of this, a reduction target of 25% was agreed to be achieved by 2012.

In the Slovenian study the national HR-experts were asked whether the public services had also become more transparent, more customer and citizen friendly, whether citizens' complaints are managed quicker and whether civil servants have become friendlier (towards citizens). Another question was whether HR reforms have improved within the last 15 years (administrative costs could be reduced, the public services have become less rule-oriented, anti-discrimination and ethics policies could be modernised etc).

The most positive outcome was the fact that more than 65% of all respondents believed that the public services had become more customer and citizen friendly. About 11% said that this was not the case. Another very positive result concerns the fact that citizens' complaints and requests are managed quicker than before.<sup>19</sup>

<sup>19</sup> Demmke, C./Henökl, T./Moilanen, T., op. cit., 54.

Paradoxically, whereas many citizens do not believe that public services have really changed<sup>20</sup> the public servants believe that the administrations have been very eager in strengthening citizen rights, facilitating access to information, increasing efforts to inform citizens about their rights in their fight against any form of maladministration (and against too many “administrative burdens”). Thus, many citizen-oriented changes seem not to have reached the public. Still, most people have perceptions about public services, civil servants and their working conditions that reflect the situation from a long time ago.

## 1. Positive Developments

From a general point of view, the respondents from all Member States observed improvements in the following HR policies:

- job security (only in the new Member States),
- development of qualification of civil servants,
- flexible working time,
- (some aspects of) pay policies,
- faster and more transparent recruitment policies (old Member States),
- knowledge management,
- job responsibility,
- job autonomy,
- work-life balance,
- vacations,
- top positions for women,
- equality,
- anti-discrimination,
- diversity,
- leadership,
- training, and
- ethics.

Amongst these policies the strongest improvements could be noted in the field of flexible working time. In total 19% of all respondents reported strong improvements in this field and 55% of all respondents noted general improvements. However, the situation seems to be more positive in the “old” Member States. In

20 See e.g. *Social Research Institute: Survey of Public Attitudes towards Conduct in Public Life*, London, 2006.

this country cluster 66% of all respondents observed strong or some improvements compared to 45% of all respondents from the new Member States. Many national respondents (46%) also observed improvements in the fields of work-life balance, vacations and leave (45%). Another positive development could be noted in the field of recruitment policies (“Recruitment policies are faster and more transparent”). Especially the old Member States seem to have successfully introduced selection methods in order to achieve faster and more efficient recruitments (for example through the introduction of a “fast-track” system). The same is true for the ability to retain staff/leaders in the public services. Also here, the old Member States are more successful than the new ones. Again, top managers see the developments in the field of recruitment and training staff/leaders more positively than all other categories of employees.<sup>21</sup>

*a) Decentralisation of responsibilities, job autonomy and job control*

During the 1990s, New Public Management reformers and Good Governance enthusiasts claimed that the era of centralised, hierarchical, bureaucratic and rule-bound administration was over. Concepts such as “decentralisation”, “deregulation”, “devolution”, “outsourcing”, “delegation”, “public-private partnerships”, “networks”, “responsibilisation” and “individualisation” became popular. In the past decades many countries started to reform and to decentralise their public administrations as well as HRM structures and processes. Organisational structures were supposed to become “flatter” and line managers were given more responsibilities and (budgetary) discretion in carrying out their duties. Highly centralised, hierarchical organisational structures became increasingly replaced by decentralised management environments. Moreover, managers and organisational units were given greater freedom in operational decisions, and constraints in financial and HR management were increasingly removed. Although within the EU no general trend in decentralising was observable, many public administrations were pursuing strategies to replace highly centralised hierarchical structures by decentralised management environments. As a consequence decisions on resource allocation and service delivery were taken closer to the point of delivery. Senior officials and line managers were also given more discretion and responsibility in the field of HRM.

<sup>21</sup> Demmke, C./Henökl, T./Moilanen, T., op. cit., 61.

Thus, in the meantime many public administrations look considerably different than they did some years ago; HR issues are nowadays increasingly decentralised, partly outsourced or even privatised. In addition, former centralised HR offices have been dismantled and HR responsibilities have been decentralised to HR units within individual ministries and/or agencies. More and more, public employees no longer deal with central and distanced HR offices but with decentralised offices within their ministries, departments and agencies.

The replies to the Slovenian study also confirm an ongoing trend towards the decentralisation and delegation of HR responsibilities to line managers and public employees. As a result many employees observe strong or some improvements as regards the delegation of job responsibilities and the degree of job autonomy and job control. Overall 59% of all respondents believe that employees were allocated more job responsibilities.<sup>22</sup> Not surprisingly, employees from the Scandinavian countries are most positive about the degree of responsibilities at work. This result confirms the findings of a study which was carried out under the Austrian EU Presidency.<sup>23</sup> However, many employees also from Spain, Portugal, Greece and Cyprus (who formerly had relatively centralised HR responsibilities) observe strong improvements towards the delegation of more responsibilities.

Moreover, public employees are – generally – increasingly positive towards the degree of autonomy and the amount of job control. Overall, 71% of all respondents indicated that they are very positive or positive as to the degree of job responsibility and 61% with the degree of autonomy and job control. In addition, many employees observe further improvements in these areas. Not surprisingly, top managers are even more positive than other employees. However, all categories of staff evaluate the present situation as positive. These findings contradict the widespread perception that work in the public services is hierarchical and employees have little responsibility and control. In reality, many public employees are satisfied with the degree of decentralisation of responsibilities and the amount of job autonomy and control.

22 Demmke, C./Henökl, T./Moilanen, T., op. cit., 63.

23 Demmke, C./Hammerschmid, G./Meyer, R.: Decentralisation and Accountability as Focus of Public Modernisation Reforms, Luxembourg, 2006.

*b) Developments in the field of anti-discrimination and diversity*

Other areas where improvements could be noted include anti-discrimination, diversity management and ethics. The vast majority of employees who responded to the Slovenian study indicated that the equality between the sexes had improved (63 %).<sup>24</sup>

From a general point of view 60% of all respondents noted that improvements had taken place in the area of anti-discrimination. Overall, 73% of the respondents from the old Member States observe improvements (as opposed to 54% from the new Member States). Similar patterns can also be seen regarding the distribution of top positions between men and women. More in detail, Austria, France, Germany, Belgium, Luxembourg, Portugal, Spain, Greece and Cyprus noted progress in the area, whereas 55% of all respondents from the older 15 Member states observed that improvements are occurring, this percentage was “only” 47% in the new Member States. Mostly the respondents from the Mediterranean countries (Cyprus, Spain, Portugal, and Greece) and – to a lesser extent – from Austria, France, Germany, Belgium and Luxemburg indicated that more women were recruited in top positions. From these figures one may conclude that anti-discrimination is more advanced in the older than the new Member States. However, the general trend is positive in all Member States.<sup>25</sup>

*Table 2: Development of Equality between Sexes by Sex and by Position*

		<b>Improved</b>	<b>Same</b>	<b>Deteriorated</b>	<b>Total</b>
Employee	Male	62.1 (41)	28.8 (19)	09.1 (6)	100.0 (66)
	Female	57.3 (71)	23.4 (29)	19.4 (24)	100.0 (124)
Middle management	Male	66.0 (33)	22.0 (11)	12.0 (6)	100.0 (50)
	Female	46.3 (31)	32.8 (22)	20.9 (14)	100.0 (67)
Top management	Male	78.9 (15)	15.8 (3)	05.3 (1)	100.0 (19)
	Female	68.2 (15)	13.6 (3)	18.2 (4)	100.0 (22)
Total		59.2 (206)	25.0 (87)	15.8 (55)	100.0 (348)

*Note:* Absolute frequencies in parentheses.

*Source:* Demmke, C./Henökl, T./Moilanen, T., op. cit., 67.

<sup>24</sup> Demmke, C./Henökl, T./Moilanen, T., op. cit., 65.

<sup>25</sup> Ibid.

Another important difference has to be noted with regard to the differences in opinion between men and women. Overall, more men than women are of the opinion that the equality between the sexes has improved.

Almost twice as many women than men are of the opinion that the equality of sexes has not improved. These differences can also be observed in relation to the developments in the field of diversity policies.

## 2. Critical Developments

From a general point of view, respondents from all administrative traditions believed that deteriorations could be noted in the following fields:

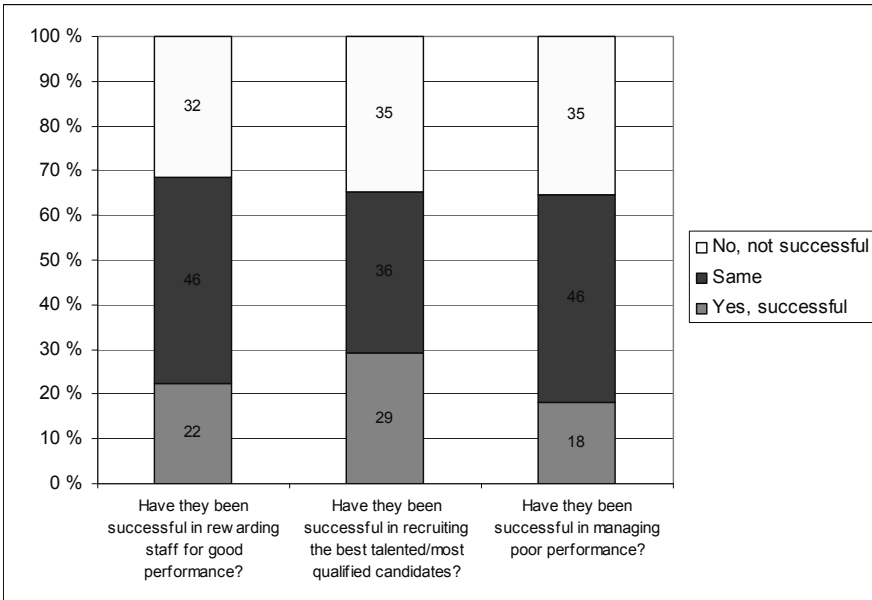
- stress and time pressure,
- pay policies (fairer pay, motivational pay),
- performance assessment,
- rewarding staff for good performance,
- poor performers policies,
- promotion policies,
- recruiting potential talented candidates,
- retention policies.

One of the most critical developments seems to be the fact that stress levels are rising and time pressure is increasing. More than 42% of all respondents indicated that stress-related developments and “time pressure” were negative and that the current developments led to deteriorations.

The respondents were also highly critical of the current developments in the field of performance management and promotion policies. Especially poor performance policies (and to a lesser extent rewarding policies) are seen as not successful. The findings regarding recruitment policies are quite ambivalent. A third of all respondents believed that recruitment policies are either successful or not successful.

The greatest problems could be found in the field of promotion and performance assessment. As regards both policy fields, a relatively broad majority of respondents noted that promotion policies have not become fairer and performance assessment not less subjective. As regards both issues less than 22% of all respondents were positive about the developments in these fields.

Figure 1: Developments in Performance Management and Recruitment Policies



Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 69.

Table 3: Attitudes towards Promotion and Performance Assessment Procedures

	Promotion procedures fairer	Performance assessment systems less subjective
Fully agree	4.0 (13)	3.8 (12)
Agree	17.0 (55)	18.2 (57)
Neutral	45.5 (147)	41.9 (131)
Disagree	21.1 (68)	20.4 (64)
Fully disagree	12.4 (40)	15.7 (49)
Total	100.0 (323)	100.0 (313)

Note: Absolute frequencies in parentheses.

Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 70.

The situation seems to be particularly worrying in Austria, Germany, France, Belgium and Luxemburg as well as in a number of Mediterranean countries. Many respondents from these countries did *not* believe that promotion procedures had become fairer. Only the respondents from the position-based systems, i.e. Scandinavian countries (DK, EE, FI, SE) and Eastern European Position System (CZ, LV) were slightly positive.

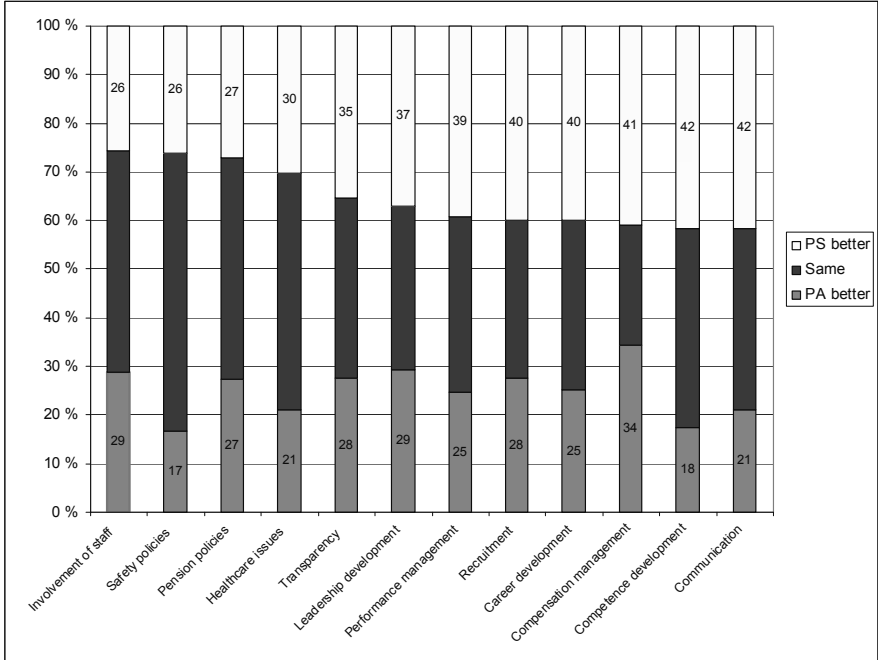
In particular, the developments in the field of performance assessment are not seen in a positive way. Only 19% of all respondents agreed that performance rewards are more transparent than before and are allocated quicker. Overall, most respondents from almost all countries did not agree that performance assessment systems have become less subjective. Only the respondents from the Scandinavian countries evaluated performance assessment systems less critically than their colleagues from the Mediterranean and some continental career-system countries. Other critical developments concerned the development of promotion procedures. In total, only 22 % agreed that present performance assessment systems are less subjective. Again, top managers were much more optimistic than employees on whether the public services are successful in rewarding good performance. Whereas 40% of all top managers responded that the developments have been successful only 21 % of the employees shared this opinion. Top managers were also much more optimistic than employees regarding the successes of poor performers' policies. However, positive figures are very low. Overall, only 18% of all respondents believed that managing poor performance has been successful. From these were 26% of top managers but only 14 % of employees. Especially replies from the Mediterranean countries showed a particularly high percentage of dissatisfaction with existing poor performers' policies.<sup>26</sup>

#### *a) Perception of HR policies in the public and private sector*

Although a vast majority of respondents considered that some HR policies have improved during the last years, this does not mean they are regarded as competitive with HR policies in the private sector. Concerning almost all HR policies, the respondents considered the working conditions in the private sector better than those in the public sector.

<sup>26</sup> Demmke, C./Henökl, T./Moilanen, T., op. cit., 71.

Figure 2: HR Policy Performance: Private Services (PS) vs. Public Administration (PA)



Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 79.

Competitive advantages of the public sector are only seen in the field of working time, involvement of staff in management decisions as well as pension policies (and partly health policies). However, as regards the pension policies, the situation differs enormously between countries. Whereas most pension systems in Cyprus, Greece, Spain and Portugal are seen as competitive with the private sector, this cannot be said for the public pension systems in Central and Eastern Europe which are seen as (much) worse than those in the private sector. Here, 25% of all respondents replied that the pension systems would not be competitive with those in the private sector.<sup>27</sup> Compared to these figures, only 8% of all respondents from the above mentioned Mediterranean countries believed that the pension systems are not competitive. As regards the latter group, 81% of all respondents indicated that the pension systems are competitive (compared to

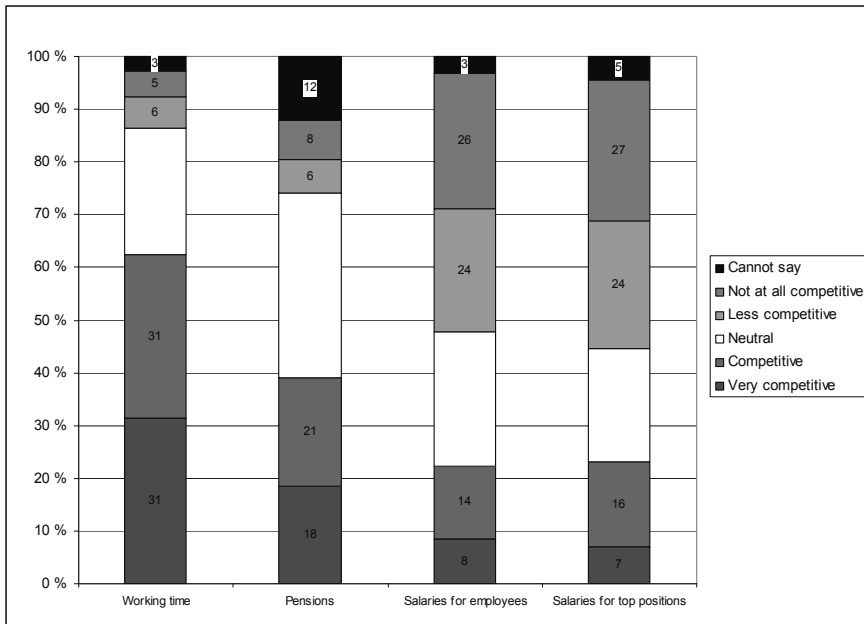
<sup>27</sup> Ibid., 79.

32% in the Eastern European countries and 33% in the Scandinavian countries).<sup>28</sup> From an individual point of view the data also suggest that public pensions for top- and middle-level managers are more competitive with private sector pensions than those for employees.

b) Public versus private pay

As regards pay issues, the Slovenian study reveals no surprising “news”. As can be seen, the great majority of respondents replied that salaries in the public services are not competitive in relation to the private sector.

Figure 3: Public Services’ Competitiveness in Relation to the Private Sector



Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 84.

However, it is interesting to make some geographical distinctions. 38% of all respondents from Eastern European countries believed that salaries for employees are not competitive at all. This is in striking contrast with the situation in

28 Ibid.

Austria, France, Germany, Belgium and Luxemburg where only few respondents regarded the salaries of employees as not competitive.<sup>29</sup>

In addition, different categories of staff had also different perceptions of whether the salaries of public employees are competitive with those in the private sector. Mostly, top management had a much more positive attitude than public employees. Whereas only 7% of all top managers believe that the salaries of employees are not competitive at all, this figure was almost 30% among employees.<sup>30</sup>

The situation was slightly different as regards the salaries of top managers. Overall, only 24% responded that salaries of top managers are competitive with those in the private sector. Most respondents replied that salaries are less competitive or not competitive at all. However, also here, important geographical distinctions must be made. Only 8% of all respondents from the Mediterranean countries indicated that salaries of top managers are competitive, the figure is much higher for the Eastern European countries (36%). In total 73% of all respondents from the continental European countries believed that salaries for top managers are not competitive compared to only 38% of the respondents from the Eastern European countries. A European-wide comparison as regards the developments in the field of pay (better pay, fairer pay, and motivational pay), job security, working time and flexible working time reveals that pay developments are slightly positive. Mostly Scandinavian employees at all levels are relatively happy with the development of pay. In the continental European countries top managers are less satisfied with their pay developments. However, satisfaction levels drop when asked about the “fairness of pay” and the development of “motivational pay”.<sup>31</sup>

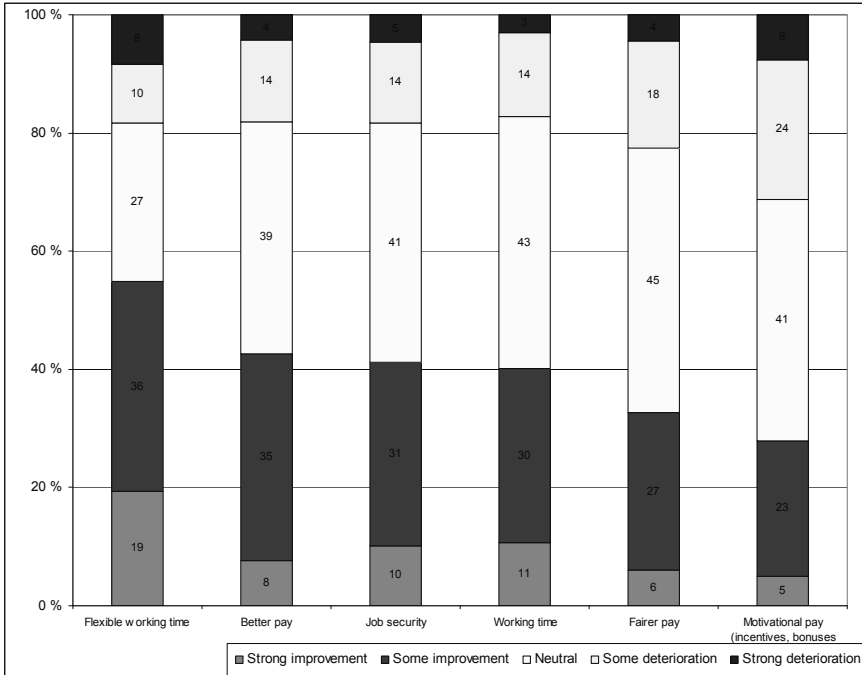
Whereas pay is mostly not seen as competitive with the private sector, the public services seem to be very competitive concerning working time developments and working time flexibility. Most respondents to the study indicated that working time arrangements in the public services are very competitive or competitive. The highest degree of competitiveness could be found in the Mediterranean countries with a career system (Spain, Portugal, Cyprus and Greece).

29 Ibid., 84.

30 Ibid., 86.

31 Ibid., 88.

Figure 4: Developments of Working Conditions



Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 89.

### 3. HR Management – Bound by too Many Rules?

To most people, rules and red tape have entirely negative meanings (the term “red tape” derives from the nineteenth century British practice of binding official governments in red tape). Also bureaucratic rules and procedures are often criticised because they imply the image of a slow-moving bureaucracy, control and standardisation (although in many respects, the expectation of standard treatment should also be considered as a great advantage and strength). All of these are unsatisfying to individuals because “[p]eople are unique. Routine or disinterested treatment is not generally what we wish. If we have to stand in line for thirty minutes to obtain an automobile registration we find little consolation in the fact that others must stand in line for the same period.”<sup>32</sup>

32 Bozeman, B.: Red Tape and Bureaucracy, New Jersey, 2000, 1.

As *Hugh Hecl* wrote more than 20 years ago, the term *civil service* has come to mean cumbersome personnel rules rather than civic institutions. An abundance of research has shown that public organisations seem to have more extensive formal, written rules for employment, which reflects the stronger tendencies for such provisions in public service systems.<sup>33</sup> Yet, one may distinguish between red tape, rules and formalisation of procedures. In fact, many rules and procedures are necessary and provide benefits in terms of control, accountability, equality, public safety, security and non-discrimination. Similarly, one may distinguish between rules and procedures which are necessary and beneficial, and unnecessary red tape. Experts in the area also differ between red tape (excessive and unduly expensive rules) and formalisation (important and necessary rules and procedures). Or, as *Bozeman* does, one may differ between red tape and red tape as pathology. The OECD also applies a distinction between red tape and smart tape.<sup>34</sup>

Many studies have indeed shown that too much red tape and a too high degree of formalisation may lead to reduced workplace autonomy, the feeling of powerlessness and reduce the inherent meaningfulness of work. “Red tape [...] may inhibit self-expression and the ability to positively affect clientele [...] and suppress natural desires for self-expression, responsibility, growth, and achievement.”<sup>35</sup> Also, “centralised decision-making mechanisms, in and of themselves, reduce organisational commitment and job satisfaction”<sup>36</sup>, and may lower morale of public managers. “Most important, when surveys have asked government and business managers about the extent of red tape in their organisations, the public managers have consistently reported higher levels than the business managers.”<sup>37</sup>

More concretely, detailed rules and red tape in public organisations tend to concentrate in the area of personnel management. *Bozeman* and *Rainey* report that managers in government, compared to business managers, would prefer their

33 *Maranto, R.*: A Brief Against Tenure in the U.S. Civil Service. Praising Civil Service but not Bureaucracy, in: *Review of Public Personnel Administration*, 22/3 (2002), 175–192.

34 *OECD Observer, Policy Brief*: From Red Tape to Smart Tape: Administrative Simplification in OECD Countries, June 2003.

35 *DeHart-Davis, L./Pandey, S.K.*: Red Tape and Public Employees: Does Perceived Rule Dysfunction Alienate Managers?, in: *Journal of Public Administration Research and Theory*, 15/1 (2005), 133–148, here 136.

36 *Ibid.*, 144.

37 *Rainey, H.*: *Understanding and Managing Public Organizations*, San Francisco, 2003, 206 f.

organisations to have fewer rules.<sup>38</sup> This contradicts the view that managers in government generate excessive rules.<sup>39</sup> As *Rainey* and *Han Chung* note, there is “substantial evidence of greater concerns among public managers, compared to their counterparts in business firms, about complex administrative rules and ‘red tape’. The public managers perceive, for example, more problems with personnel administration, such as complexities in the rules about pay and discipline.”<sup>40</sup> *Rainey* concludes that public organisations generally tend towards higher levels of internal complexity, centralisation, and formalisation – especially in such areas as personnel and purchasing – than private organisations.<sup>41</sup> “Government organisations may not have more formalised and elaborate rules than private organisations of similar size, but they often have more centralised, formalised rules for functions such as personnel and procurement.”<sup>42</sup>

The results of the Slovenian study also indicate that the situation in the EU-Member states seems to be characterised by “taking one step forward and one step back”.

About 45% of all national respondents replied that public services were successful in reducing administrative costs. In many Member States, this is seen a very positive development since reducing administrative costs and easing administrative burdens figure high on the political agenda of all countries (and also at EU level in the context of the Lisbon Agenda). However, there exist great national differences. Whereas 54% of the respondents from the old Member States indicated that the national public services were successful, the figures for the new Member States are at only 30%. 59% of all respondents from the Continental Career-system countries agreed that administrative costs were reduced (24% from all Eastern European countries). Some 28% of the respondents from Eastern European countries even believe that their countries are not successful in reducing costs.<sup>43</sup>

38 *Bozeman, B./Rainey, H.*: Organizational Rules and the “Bureaucratic Personality”, in: *American Journal of Political Science*, 42/1 (1998), 163–189.

39 *Rainey, H.*, op. cit., 208.

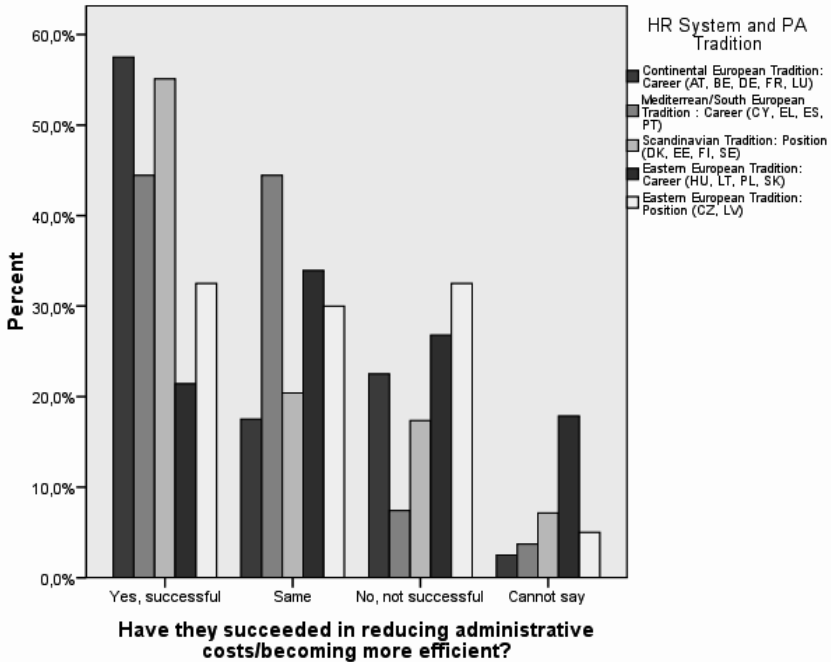
40 *Rainey, H./Han Chung, Y.*: Public and Private Management Compared, in: *Ferlie, E./Lynn, L./Pollitt, C.* (eds.): *The Oxford Handbook of Public Management*, Oxford, 2005, 72–102, here 91.

41 *Rainey, H.*, op. cit., 210.

42 *Rainey, H.*, op. cit., 210.

43 *Demmke, C./Henökl, T./Moilanen, T.*, op. cit., 56.

Figure 5: Reduction of Administrative Costs by Public Administration Tradition and HR System

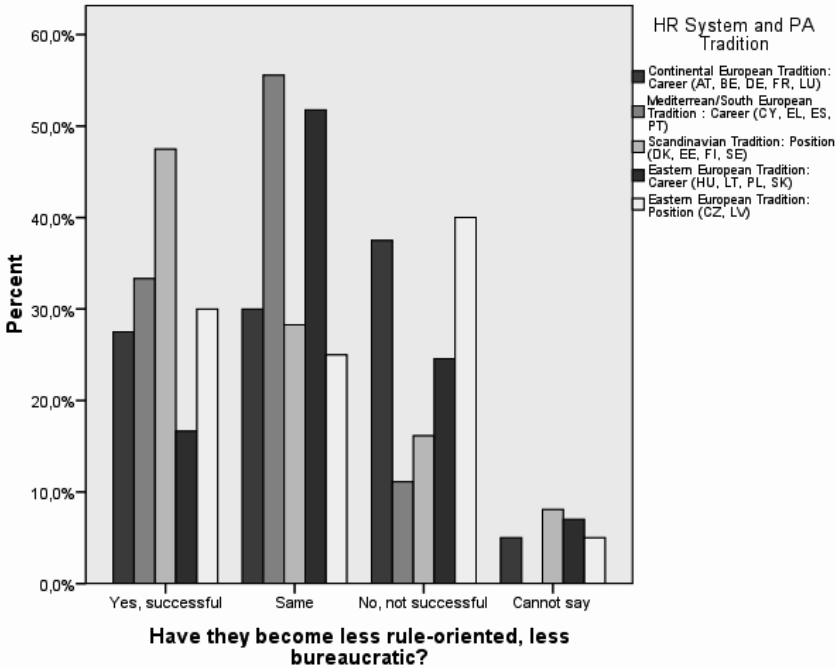


Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 56.

One should also note, however, that the attitudes of top managers (62%) from all Member States were more positive than mid level employees (36%). Next to the overall positive evaluation of the cost developments in the public services 44% of the respondents from the old Member States and 25% of the new Member States also believed that rules and bureaucracy could be reduced. A cluster analysis shows that percentages range from almost 52% (in the Scandinavian countries) to 22% (in the Eastern European countries). In the latter, 31% of all respondents indicated that rules and bureaucracy had even increased. Especially the respondents from the career-system countries (Austria, Belgium, Germany, France, Luxemburg, Hungary, Lithuania, Poland and Slovakia) were less positive whereas the position countries (Denmark, Estonia, Finland and Sweden) believed that rules and bureaucracy could be reduced.<sup>44</sup>

44 Ibid., 57.

Figure 6: Reduction of Bureaucracy by Public Administration Tradition and HR System



Source: Demmke, C./Henökl, T./Moilanen, T., op. cit., 58.

In sum, the answers to the question as to whether rules and bureaucracy could be reduced are less positive than those concerning the overall cost developments and cost reduction. These mixed results can be explained by the almost paradoxical developments in the continental career system countries, which seem to be very successful in reducing administrative costs. On the other hand, these countries are much less successful in reducing rules and “bureaucracy”. The situation is even more problematic in some Eastern European states that have not succeeded in lowering costs. The most positive developments have taken place in the Scandinavian countries where costs and rules/bureaucracy could be reduced.<sup>45</sup>

Another important question referred to customer and citizen satisfaction. In the Slovenian survey the national experts were asked whether the public services

45 Ibid., 56–59.

have become more citizen- and customer friendly. The answers were (mostly) positive. 60% of all respondents believed that the public services have succeeded in becoming more customer/citizen friendly. When analysing the figures in more detail, the positive percentages are slightly higher for the old Member States. Again, top managers were more positive than other public employees, and women were more positive than men.<sup>46</sup>

These findings again indicate that different public service systems and administrative traditions produce different reform outcomes. Moreover, different categories of staff have sometimes very different perceptions of the impact and effects of HR reforms. As such, perception levels are very much linked to gender and hierarchical issues; top managers are almost always more positive than other public employees.

However, more national respondents believed that the existing rules have become clearer and more transparent. Also in this field, the old Member States seem to be more successful than the new ones. Another interesting feature is the fact that position system countries face fewer challenges than career system countries.

#### IV. Conclusions

The topos that public services are not innovative and suffering from reform inertia is clearly wrong. Apart from this, HR-reforms seem to produce as many positive as negative reform outcomes. Moreover, customer and citizen orientation, as well as transparency, have increased and many working conditions have been aligned to those in the private sector. Nowadays the differences between public and private employees in status, working time, pay, pensions, holidays, recruitment and competency requirements are less significant than they were before. However, perceptions prevail that working conditions are better in the private than in the public sector.

As the results of the Slovenian study show, the nature and effects of public service reforms must be seen much more in the context of administrative traditions, geographical and cultural specificities as well as given organisational structures. Some findings of the study give a fascinating insight into the differences and similarities of the public service systems in Europe. Whereas in some areas similar trends and effects can be observed, in other fields differences prevail or are

46 Ibid., 59.

even increasing. Still, continental and Eastern European, Scandinavian, Anglo-Saxon, South-Eastern and Mediterranean countries “produce” their “own” successes and failures as a result of public service reforms. However, many Eastern European countries face (more) challenges that do not exist in the “old” Member States.

It is also difficult to assess whether career-system countries face more or less challenges than position-system countries. What is clear is that both systems face different challenges. Another interesting result is that continental career-system countries seem to be successful in reducing administrative costs. On the other hand, career-system countries face more challenges with (a too high number of) rules in the field of HRM. Other findings in the Slovenian study (which could not be presented here) reveal that “civil servants” are (mostly) satisfied with their work. In most cases, they are ready to take over new responsibilities and enjoy more job autonomy and job control. In this respect, the traditional image of the “public executor” is a thing of the past.

However, the results also reveal an interesting paradox: whereas most respondents considered that HR policies have improved over the last years they are not happy with career development policies, performance assessment, performance management issues, stress developments, pay policies and – to a lesser extent – their leaders. Thus, although the modern public service world is much less “dull and boring” than is commonly acknowledged much more needs to be done in order to call public HR policies a “success”. This also concerns the need to invest more in “perception management” as most public officials believe that HR policies are not competitive with those in the private sector. Whether this perception reflects the reality is a totally different issue.