

# **Flexicurity Approach and Restructuring: Part of Strategic Management in Public Administrations in Europe?**

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## **ABSTRACT**

This paper is an attempt to assess how far strategic management is or can be used as a tool for implementing flexicurity related reforms in the civil services. Restructuring and reforming initiatives have already taken place for decades in the public sector with an objective to create more business-like and efficient public organisations. Newest restructuring trends focus on more flexible labour relations in the public administration, using elements of the flexicurity pathways, launched by the European Commission in 2007. The way to do so differs between Member States, in relation to their employment system, specific context and challenges, their history and culture. In this respect, they can choose a more strategic, long-term and future-oriented perspective for change or a short-term solution for current problems or challenges, like the crisis.

The management of public administrations, more specifically their top managers, play a crucial role in these choices. The way they are selected, assessed and developed and the competences they need to have are important.

In this paper a first analysis of the implementation of flexicurity elements in the public administration is given and related to the existence of strategic management competences in the profile of top managers in the European Member States. The empirical analysis is mainly based on two recent studies: 1. "Trends in Public Administration and the Healthcare Sector, as part of the project "Restructuring in the Public Sector: A Flexicurity Approach" (co-financed by the European Commission) and 2. "Top Public Managers in Europe" (for the French Presidency).

## **1. Introduction**

In these times of global recession, which has resulted in decreasing international trade and high levels of unemployment, all national, sector and organisational level policies focus on short-term solutions – how to solve current issues. Some countries, such as the Baltic States and Ireland, and some sectors such as the banking and car industry, are suffering more than others, but generally every European citizen is affected by this crisis. People look up to their national governments for a strategy, a solution for how to survive the economic downturn; nevertheless governments are often not prepared and do not have such a strategy. Many signs for economic recession were already visible earlier, however very few governments actually changed their policies in order to prevent the impact of a possible crisis. Due to the fact that politicians have to be re-elected every 4-5 years, they often do not think further than that and are afraid to take unpopular (in the short term) decisions. The introduction of performance related rewards and/or pay combined with higher mobility of (top) managers also supports their focus on short-term results.

Although government's policies influence all sectors, organisations and individuals, often public sector and its employees, as well as most vulnerable groups, such as the elderly, young graduates and unemployed, are the hardest hit. All these groups suffer from a decreasing state budget and dismissals in the name of saving costs. Moreover, governments very rarely think in long-term perspectives, e.g. what will be the labour market needs in 10-15 years time. While during economic recession it supports early retirement, high unemployment of young university graduates, reducing the number of civil servants and/or their salaries and other policies that allow saving budget costs, it often neglects the future competitiveness and challenges, like demographic changes and aging of global society, or migration trends and staff shortage in certain economic sectors.

In these times of global economic and social challenges, every country is looking for appropriate instruments with which to face them, i.e. by making labour markets more adaptive to quick changes. The European Commission (2007) has integrated into its policies the concept of flexicurity, which can be helpful in developing sustainable labour market strategies, and therefore avoiding such situations as inflexible staff or high levels of unemployment. Flexicurity approach is an integrated strategy, constructed for handling different types of challenges in organisations and the labour market, and therefore can also be adjusted to specific problems raised by the current economic crisis. The flexicurity concept emphasises the flexibility of labour markets whilst ensuring secure transition for employees during their life course: from school to work, from one job or position to another, between unemployment or inactivity and work, and from work to retirement. Security is more than job security: it is about enabling people to progress in their working life, helping them to find new employment; it is about adequate unemployment benefits to facilitate transitions and about life long training opportunities for all employees. It must be kept in mind that this concept refers to external, as much as internal flexibility and security.

Although the flexicurity concept was initially mainly applied to the private sector with an aim to increase its competitiveness, recently flexicurity elements are slowly also being adopted in the public sector, inter alia, public administration. In order to be in line with global developments and society's needs, more attention is paid towards restructuring public administration and changing employment conditions of civil servants. Different flexicurity elements can be applied depending on the civil service system or public administration traditions in each country.

In addition, strategic management can be an important tool for achieving better results of reform. Strategic management is the process of specifying the organisation's mission, vision and objectives, developing policies and plans, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programmes. Therefore, in this article it will be explored, how far strategic management is or can be used as a tool for implementing flexicurity related reforms in the civil services.

The article will examine the differences between countries but also between the short- and long-term goals with regard to changing employment conditions in restructuring public administrations. The main research questions will be:

- 1) How to achieve a good balance between short-term and long-term solutions in the public administration both in the role of an employer and of a manager?
- 2) What kind of new balances and new forms of flexibility and security can be developed in public administrations in the EU Member States, with regard to their specific characteristics?
- 3) Is this part of the strategic management of these organisations: what choices are or will be made and what kind of managers are at the top of the organisation?

We will end up with some conclusions and main topics to be addressed for future research.

## **2. Background and methodology**

Top managers in public administration have several roles:

- a. They are responsible for policy making in their department, in intense relation with the current politicians, therefore combining the long-term interests of society with the short-term interests of politicians;
- b. They are responsible for being an attractive employer at the moment but also for the future and therefore they have to take care of long-term availability in quantity and quality of employees over a longer period;
- c. They are responsible for the daily management and short-term availability of the right employees to competitive prices.

In the first role, public administration makes policies regarding elements of flexibility and security such as on active labour market, lifelong learning, flexible working times and contractual arrangements, retirement age and pension schemes for all sectors. In the second role, public administration has to adapt these policies to the own sector and organisations within this sector, relate the general policies to their future needs and own strategies. In the last role, managers in the public administration have to deal with daily

challenges in respect to HRM as well as to implement policies and strategies on the higher levels, but also generate input for these policies and strategies from their own perspective. In all processes, other stakeholders are also involved in the decision making and implementation.

The interest and scopes from the three roles of public administration can of course differ due to the short- or long-term perspective. Regarding flexicurity, very often the Ministry of Social Affairs, Labour or Employment has the leading role as a policy maker and makes the national plans related to the Lisbon strategy. The Ministry of Public Administration, Finance or Interior has the lead or is coordinator in the role of public employer. All top managers in the public administration of course have the last role as manager, and very often the top management also has (part of) the role as employer. The link between several roles is therefore also a link between several different players in the field, each with their own perspective and interests. These links can be strong, weak or even missing. Furthermore, the qualification of these top managers and their capability of strategic thinking and management have a big impact on their choices and behaviour, and on their leadership in restructuring processes.

The aim of this article is neither to develop, nor to prove a theory, but to explore the state of affairs regarding implementation of flexicurity elements as part of restructuring processes in the public administration of European Member States from the perspective of public employers and managers, related to their focus (long- or short-term) and their management vision.

The empirical analysis (in paragraphs 3-6) of the state of affairs regarding flexicurity is mainly based on their labour law and/or civil service regulations as well as on information on their restructuring processes<sup>1</sup>.

Following the conception of strategy as “a set of strategic choices” and strategic management as a process (Boxall & Purcell, 2003), the focus of and strategy behind can be explored by the choices made or planned in respect of restructuring and flexicurity (e.g. long-run or short-run responsiveness). Choices are made by responsible managers, in this case mostly top managers in public administration. Therefore, competence profiles, used for recruitment, selection and development of top public managers in Europe<sup>2</sup> are explored (in paragraph 7) as an indicator for the management vision behind the strategic thinking.

### **3. Tendencies in restructuring public administrations**

Restructuring in public administration has been taking place for the past two decades with an aim to create more business-like and efficient public organisations that could deliver better service to their customers. However, modern public administration is not

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<sup>1</sup> See: Kuperus, H., Rode, A and Duta, R., *Restructuring in the Public Sector: A Flexicurity approach, Trends in Public Administration and Healthcare Sector*; EIPA, Maastricht, NL, 2009 (Co-financed by the European Commission).

<sup>2</sup> See: Kuperus, H. and Rode, A., *Top Public Managers in Europe*; EIPA, Maastricht, NL, 2008 (Study commissioned by the French EU-Presidency)

only about efficiency, it also has to be accountable. “There is a corresponding tension between the conception of people as consumers, in the context of relations between the state and the market; and the conception of people as citizens, in the context of relations between the state and society”<sup>3</sup>.

Newest restructuring trends focus on more flexible labour relations in the public administration: where traditionally civil servants have been a much protected group of employees, today in times of globalisation and economic developments they nevertheless have to be compatible with a fierce, demanding and dynamic labour market. The special status and role that civil servants had in regard to labour market regulations, granting them lifelong employment and special social security guarantees, have often been abandoned in favour of more general labour legislation. This has led to fixed-term contracts and less advantageous collective agreements than provisions of labour legislation for civil servants.

Following the restructuring of public administrations, some services are now contracted out or purchased from external providers. The productivity and efficiency of civil servants has started to play a very important role. However, although reform processes in public administrations in Europe have been taking place for long time and it might seem that, irrespective of their political and administrative systems, European countries have sooner or later embarked upon a similar type of public sector reform, Member States have nevertheless chosen different reform paths due to different historical background and administrative tradition.

Table No. 1: *Overview of type of reform and administrative tradition*

<b>Country tradition</b>	<b>Civil service tradition</b>
Continental	High status for civil servants, organised around corps, recognised as special group of employees
Anglo-Saxon	High status for civil servants, they are non-politicised
Nordic	Civil service is highly decentralised (agency model), and it is professional and non-politicised
Mediterranean	Civil servants have a low status and political intervention in their work is possible
East European	Each has adopted different system, but common tendencies are: low CS status & mechanisms to avoid political influence

<b>Type of reform</b>	<b>Countries where reform took place</b>
New Public Management	Anglo-Saxon countries
Welfare State policy	Scandinavian countries
Institutional reform (privatisation, decentralisation)	France, Belgium, Italy; to some extent also East European and Mediterranean countries.
Gradualist reform (step-by-step proceedings)	Germany, the Netherlands ('Dutch polder model')
Political & administrative reforms (following regime change)	Mediterranean and East European countries

<sup>3</sup> Minogue, M., “Changing the state: concepts and practice in the reform of the public sector” (p. 17 – 37) in Minogue, M., Polidano, C. and Hulme, D., *Beyond the New Public Management: Changing Ideas and Practices in Governance*; Edward Elgar: Cheltenham, UK, 1998, p. 17

Focusing on the labour relations, for example, while in Denmark most of the provisions for civil servants, such as contracts and pay, are the same as in the private sector, civil servants in France are still a much protected group with lifelong employment contracts. This shows how large the differences are in public administrations' organisation among the European Member States. However, it must be admitted that even in such a traditional civil service system as in France, the change process is beginning by slowly introducing more fixed-term contracts for special groups of employees.

The changes also influence the classification of civil service models. Traditionally civil services are divided into *career-based* and *position-based* employment systems. Career-based systems are characterised by the dominance of lifelong civil service careers, specific entry criteria, and a strong emphasis on career development with a high relevance of seniority and a relatively strong differentiation between private and public sector employment<sup>4</sup>. The career-based system is also characterised by a low level of delegation and individualisation: staff are recruited at the lowest level through a centralised competition procedure for a career in the civil service instead of for a specific post.

Position-based systems are characterised by a focus on selecting candidates for each position, more open access and greater mobility between private and public sector employment<sup>5</sup>. The position-based system is also characterised by a considerable level of delegation and individualisation: agencies define their own rules of HRM and employees' rights are related to their performance results. Individualisation is measured by the extent to which the rules and practices of management are applied directly to an individual, not to a group. This already implies that it is often much easier to implement changes in a position-based system than in a career-based system. Nevertheless, both types of civil service systems have their shortcomings and concerns when implementing the flexicurity approach.

In practice, there also exist hybrid models in which elements from both the career and position-based systems are mixed. Such employment systems are mostly present in East European countries, which are still in the reform process for public administration after the (re)gaining of independence. Hybrid systems are also present in Italy and Malta. *Table No. 2.* shows which of the three models each country adopts.

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<sup>4</sup> Kuperus, H., Turchetti, C., Rode, A., *Recruitment and Equal Opportunities Systems in National, European and International Civil Services*; European Parliament, Policy Department for Citizens' Rights and Constitutional Affairs, November 2008

<sup>5</sup> Kuperus, H., Turchetti, C., Rode, A., *Recruitment and Equal Opportunities Systems in National, European and International Civil Services*; European Parliament, Policy Department for Citizens' Rights and Constitutional Affairs, November 2008

Table No. 2: The Member States with career-based, position-based and hybrid systems<sup>6</sup>

	<b>Career-based</b>	<b>Hybrid</b>	<b>Position-based</b>
<b>Member States</b>	Austria Belgium Cyprus France Germany Greece Ireland Luxembourg Portugal Romania Spain	Bulgaria Hungary Italy Latvia Lithuania Malta Poland Slovakia Slovenia	Czech Republic Denmark Estonia Finland Netherlands Sweden United Kingdom

Restructuring also affects the special retirement regimes existing in many public administrations. The general trend is a change away from benefit-defined systems with a fixed retirement age, which are traditionally adopted in public administrations, towards modern contribution-defined systems with ensuring portability and improved flexibility with regard to retirement age. Although Member States are slowly trying to implement progressive retirement systems, in many public administrations, early retirement policies still exist. Especially in relation to the current economic recession, some countries support (directly or indirectly) early retirement policies due to the increase of general unemployment and decrease of work places. Other countries pursued early retirement policies in order to solve the problem of unemployment among young university graduates.

Such policies are focused on short-term goals and solutions for current challenges, without a strategic view of the impact of today's decisions on the future. Regarding labour force, need for strategic vision is especially significant because global demographic changes and migration will be a reality in the near future, and will have an impact both on the number of available employees, as well as their qualifications, skills and behaviour.

Nevertheless, despite the attempts to modernise public administrations in the European countries, they still represent a very specific group of employees within the labour market due to their role of being a mediator between the state and the citizen. Although their status and employment conditions may become closer to those of private sector employees, it is doubtful that they will ever completely lose their original features, as traditional staff arrangements were designed to protect "the core government administration from political interferences and thus ensure government by law"<sup>7</sup>. The traditional staff arrangements have been important for strengthening civil service values. Changes towards rules that are closer to general labour laws may weaken these elements,

<sup>6</sup> Kuperus, H., Turchetti, C., Rode, A., *Recruitment and Equal Opportunities Systems in National, European and International Civil Services*; European Parliament, Policy Department for Citizens' Rights and Constitutional Affairs, November 2008

<sup>7</sup> OECD, *The State of the Public Service*, 2008, chapter 2, p. 29

unless other arrangements are found that would protect government by law and support the desired core values.

#### **4. Strategic management and restructuring of labour relations**

*How to achieve a good balance between short-term and long-term solutions in the public administration both in the role of an employer and of a manager?*

The changing employment conditions in public administrations often refer to employer's short-term goals, such as recruiting the best suited candidates for certain posts or handling influence from outside. The changes that are being made often do not fit into any long-term strategy; decisions are instead taken on *ad hoc* basis. Often, even if strategic management is applied in public administrations' planning, it is neglected in situations of crisis or other short-term priorities. That is very particular for public administration whose agenda is partly set by the politicians; policies change on the basis of urgent issues or, for example, elections. Furthermore, when attention is focused on solving certain short-term goals, the strategic goals are often forgotten. For example, in some Member States new civil service laws should be implemented, but the implementation is postponed, due to a lack of money or fears for the impact in time of current crises.

Increasing diversity and Europeanisation as well as more mobility from workers inside and outside the European Union will bring new challenges for culture, values and ethics in European public administrations. New generations and longer working elderly generations ask for other, different work-life combinations, lifetime learning and working arrangements. These trends, combined with other tasks and demands of stakeholders for products, services and citizen-involvement have to be part of a future-oriented strategy of each public organisation. A new balance between flexibility and security should be part of this strategy.

The Flexicurity matrix (see *Table No. 3* below) designed by Wilthagen (2004) establishes elements for further and deeper analysis of flexicurity policies in the Member States. The matrix illustrates different combinations and modalities of forms of security and flexibility. Sometimes a "trade-off" might occur which signifies that something must be traded for something else. Thus accepting less job security can be balanced by providing other forms of security instead, for instance, income security. Very often only a package deal will be acceptable for social partners involved to balance the interest of all stakeholders.

Table No. 3: *Flexicurity matrix of Wilthagen*

Flexibility	Security	Job security	Employment security	Income security	Combination security
External numerical flexibility		<ul style="list-style-type: none"> <li>■ Types of employment contracts</li> <li>■ Employment protection legislation</li> <li>■ Early retirement</li> </ul>	<ul style="list-style-type: none"> <li>■ Employment services/ALMP</li> <li>■ Training/life-long learning</li> </ul>	<ul style="list-style-type: none"> <li>■ Unemployment compensation</li> <li>■ Other social benefits</li> <li>■ Minimum wages</li> </ul>	<ul style="list-style-type: none"> <li>■ Protection against dismissal during various leave schemes</li> </ul>
Internal numerical flexibility		<ul style="list-style-type: none"> <li>■ Shortened work weeks/part-time arrangements</li> </ul>	<ul style="list-style-type: none"> <li>■ Employment protection legislation</li> <li>■ Training/life-long learning</li> </ul>	<ul style="list-style-type: none"> <li>■ Part-time supplementary benefit</li> <li>■ Study grants</li> <li>■ Sickness benefit</li> </ul>	<ul style="list-style-type: none"> <li>■ Different kind of leave schemes</li> <li>■ Part-time pension</li> </ul>
Functional flexibility		<ul style="list-style-type: none"> <li>■ Job enrichment</li> <li>■ Training</li> <li>■ Labour leasing</li> <li>■ Subcontracting</li> <li>■ Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>■ Training/life-long learning</li> <li>■ Job rotation</li> <li>■ Teamwork</li> <li>■ Multi-skilling</li> </ul>	<ul style="list-style-type: none"> <li>■ Performance related pay systems</li> </ul>	<ul style="list-style-type: none"> <li>■ Voluntary working time arrangements</li> </ul>
Labour cost/wage flexibility		<ul style="list-style-type: none"> <li>■ Local adjustments in labour costs</li> <li>■ Scaling/reductions in social security payments</li> </ul>	<ul style="list-style-type: none"> <li>■ Changes in social security payments</li> <li>■ Employment subsidies</li> <li>■ In-work benefits</li> </ul>	<ul style="list-style-type: none"> <li>■ Collective wage agreements</li> <li>■ Adjusted benefit for shortened work week</li> </ul>	<ul style="list-style-type: none"> <li>■ Voluntary working time arrangements</li> </ul>

Boxall and Purcell make a distinction – with regard to goals for organisational flexibility – between *short-run* responsiveness and *long-run* agility<sup>8</sup>. Short-run responsiveness includes financial and numerical flexibility (costs and numbers of employees), flexible pay and working time arrangements as well as functional flexibility (multi-skilled workforce).

For long-run agility they focus on the learning ability of the organisation. We interpret this as e.g. employability and lifelong learning, self-reflection and learning from experiences, motivation and on sustainability of the organisation (e.g. adaptability, creativity, change of culture, values and ethics). This definition of agility differs a bit from Boxall and Purcell, as the public sector does not face the problem of viability in the way private companies do, but still has to compete on the labour market.

Flexicurity approach can be implemented on all levels – national, sector and organisational – focusing on achieving balance between contractual flexibility and transition security, while restructuring labour market. Many changes can be implemented internally on the sector and organisational level. External changes might be effective, but reaching a solution among all the involved stakeholders on the national and sometimes on the European level, is not an easy task. Therefore, national administrations could start with a focus on their sub-sector and organisational levels and start implementing internal

<sup>8</sup> Boxall, P. and Purcell, J., *Strategy and human resources management*; Hampshire and New York, 2003, page 10

changes from there. The internal flexibility includes such policies as, e.g. internal mobility, flexible working conditions and work-life balance.

In the long term a strategy for structural changes on sector, national or European level has to be developed and the implementation has to be planned carefully. For example, the introduction of fixed-term contracts, in order to replace lifelong or permanent employment for civil servants, would help to respond quicker to labour market demands. However, the roots of some of the civil service systems are very deep, based on laws or regulations and cannot be completely changed over a day. The same applies for, e.g. retirement policies and pension systems.

This suggests that first steps in restructuring civil service systems can be very small, but there has to be a broader strategy behind these small steps. It is obvious that reforms take time and resources are scarce and, especially in public administration, there are always other urgent issues; nevertheless, every move has to be made according to plans and implemented as closely as possible to the schedule.

## **5. Applying flexicurity approach to public administration**

*What kind of new balances and new forms of flexibility and security can be developed in public administrations in the European Member States, with regard to their specific characteristics?*

Due to these existing and abiding differences between the public and private sector, the flexicurity approach and its elements also have to be modified in order to fit the public administration's specific characteristics. This section will show which flexicurity elements are most relevant for the public administrations and how they can be used in different employment systems.

First of all, reforms and implementation of the flexicurity approach in public administrations will differ among the Member States with a career-based employment system and countries with a position-based employment system. The main reason is that in each of those systems different employment conditions apply to civil servants.

Secondly, although public administration structures and employment conditions differ per country, certain similarities in civil service organisations can be seen among geographical country clusters divided into Continental, Mediterranean, Nordic (+ the Netherlands) and East European countries.

According to the European Commission<sup>9</sup>, flexicurity policies can be designed and implemented across four policy components (see *Box No. 4* for details). The implementation of these components into public administration is more difficult and challenging than in the private sector due to the different organisational structures and

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<sup>9</sup> European Commission, (COM (2007) 359), *Towards Common Principles of Flexicurity: More and better jobs through flexibility and security*; Brussels, 27.6.2007

traditional values. That also implies that differences will exist among different types of employment systems.

**Box No. 4: FLEXICURITY COMPONENTS**

1. *Flexible and reliable contractual arrangements* (from the perspective of the employer and the employee, of “insiders” and “outsiders”) through modern labour laws, collective agreements and work organisation;
2. *Comprehensive lifelong learning (LLL) strategies* to ensure the continual adaptability and employability of workers, particularly the most vulnerable;
3. *Effective active labour market policies (ALMP)* that help people to cope with rapid change, reduce unemployment spells and ease transitions to new jobs;
4. *Modern social security systems* that provide adequate income support, encourage employment and facilitate labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare.

**\* Contractual agreements**

Until now, it seems that the Member States have focused on introducing more flexibility in their civil service systems through non-standard contracts, mainly for a fixed term. However, there are still great differences concerning contractual flexibility in position-based and career-based civil service systems. Whilst it can be argued that in countries with position-based systems, both standard (for permanent term) and non-standard contracts (for fixed term) exist, in countries with a career-based system mainly permanent and lifelong employment is pursued and development towards non-standard contracts is very slow.

In the cases when non-standard contracts are used in public administration they mostly refer to the two extremes of the job ladder: either at the lowest grades, for manual or blue-collar occupations; or at the highest level, for top managerial positions. The introduction of fixed-term contracts at the highest civil service grades allows the best-suited candidates to be employed either from within or outside of the civil service. The term of employment is often linked to performance assessment and regular, steered mobility.

That is especially true in career-based civil service systems where civil servants are recruited at a young age for a career in civil service and asked to have general skills; while in position-based systems specific skills are required when a candidate is recruited for a particular position. In several Member States with a career system this creates the problem of a lack of qualified and experienced candidates conforming to the new requirements for top management positions; recently there has been a tendency to open up the system and recruit also from outside.

**\* *Lifelong learning***

Lifelong learning is a flexicurity component that needs to be further developed in the Member States. Institutional needs analysis for future qualifications has to be balanced with individual development needs and opportunities in a strategic view. In fact, only Nordic countries link civil servants' training with a lifelong learning policy, which is viewed as a measure to increase the inclusion of civil servants in the labour market. In contrast, most of the other Member States only focus on training civil servants (in the scope of their current or next position) and sometimes lifelong learning may arise as a consequence of the restructuring of public administration; for example in Portugal, legislation literally contains provisions for lifelong learning.

In career-based systems, lack of lifelong learning possibilities links with the traditional job security that is ensured to every civil servant. Civil servants traditionally have been trained in general skills for working in public administration, and some specific skills if required for fulfilling certain positions. However, as it is often seen as a career for life, no other learning possibilities that are not related to current work are offered.

Lifelong learning programmes are also not common in position-based and hybrid systems. There the main concern is that employees are hired for a specific position on the basis of their existing skills and knowledge and there is no need to train them. Furthermore, it can be seen as a risk that after following training, employees will move to another organisation and another employer will benefit from this training investment.

Employers are reluctant to invest in their employees, and therefore lifelong learning should be included in nations', sectors' and organisations' long-term strategies; although in the short term it does not seem the best way to invest money in the employees, in the long term it contributes most to their employability in other positions and/or organisations.

**\* *Active labour market policies***

The type of employment system largely determines active labour market policies at sub-sector and organisational levels. Administrations with a career-based employment system mainly adopt internal mobility programmes and policies in order to find new job positions within public administration for their civil servants, whereas administrations with a position-based employment system focus both on internal and external mobility programmes, stipulating that civil servants are to find a new job position in the event of restructuring either within public administration, the public sector or in the private sector.

Recently, in several Member States internal (and external) mobility for top management positions has been facilitated through the introduction of performance contracts for a fixed term. So far mostly internal mobility in career systems is taking place. More efforts should be made towards the exchange among civil servants and private sector employees; the main problems in this case are structural differences and the salary levels. Nevertheless, in terms of flexicurity, internal mobility guarantees first steps towards

ensuring both lifelong learning and employability of these people. In future, exchanges between the sectors and organisations should be organised in more structured way.

In some countries with career-based employment systems and strong *corps* presence, private contracts are sometimes introduced for external staff (e.g. Spain), including for management positions; however these persons do not become civil servants. The reason for such an approach could be the strong traditionally built career system for civil servants, which individuals can only enter almost exclusively at the lowest level and with special education credentials. This system does not allow skilled and experienced managers from the private market to enter the civil service; however, in view of the need for a new flow of ideas, management contracts have been introduced. Such an approach also increases external mobility between public and private sectors, which is especially needed in career-based systems. Nevertheless, it is important to take necessary measures to ensure that employees with private contracts in public administration also have the same or similar employment protection guarantees as civil servants.

#### **\* *Modern social security systems***

The last flexicurity component is the modern social security system, which includes such policies as pensions, unemployment benefits, health care, childcare and work-life balance. It is very important in a flexible labour market to ensure transition security for employees. This involves ensuring secure transition from a job to education or another job, or from a job to family leave or unemployment by means of income or employment guarantees during the transition period. If there are no such guarantees, people stick to their current job position and resist mobility and flexibility. They may also have difficulties finding a new job following a dismissal or a career break. In addition, active labour markets and lifelong learning policies are needed in order to support the transition.

Transition security is very low in most of the career-based systems, because they traditionally have high job security and the need for transition security seems unnecessary. The situation is different in position-based civil service systems, where there are more similarities in labour regulations with the private sector and job security is lower. In such situations, transition security arrangements are crucial. There are two different tendencies in the EU Member States with position-based systems: firstly, transition security is higher in those countries where flexibility and security tend to be well balanced (Nordic countries); and secondly, for the rest of the countries with position-based systems, the trend is to give up flexibility and ask for more or other forms of security.

Flexicurity concept differentiates between four types of security: job, employment, income and combination securities. In order to create a more flexible labour market that is able to cope with increasing global competitiveness, all economic sectors and organisations should change not only flexibility measures but also their security policies. The current tendency that can be seen is that Member States, especially in relation to their public administrations, focus on increasing flexibility, while neglecting security measures; nevertheless the best way to achieve balance between flexibility and security is to introduce both flexibility and security measures in parallel. Such practice will ensure

that a long-term strategy is developed differentiating between priority areas and less important flexicurity elements to be implemented. Such a strategy will also ensure continuity and compatibility of flexicurity policies.

## **6. From job security to other security types**

One of the main consequences of inflexible contractual agreements in public administrations is high level of job security for civil servants. *Job security* means protection against dismissals and major changes in working conditions. It is one of the most traditional and least flexible forms of security. In terms of flexicurity this is also the type of security that should be avoided if possible, as it makes the labour market very rigid and inflexible; however, this is often the only type of security that employees see for themselves in order to secure their job, employment or income.

With the introduction of more flexible forms of contracts and labour force better fitting the needs of the labour market, job security should be decreased to a minimum and replaced by or supplemented with employment, income and/or combination security.

*Employment security* refers to the degree of certainty of a worker to remain in work, even if the worker does not necessarily stay with the same employer. This means equivalent vacant jobs, training and work-to-work transitions, guaranteed by the employer in cooperation with state or other employers. This offers the employer the possibility of adjusting better to changing market demands, whilst at the same time guaranteeing employment for the employee.

The main methods of ensuring employment security are active labour market policies, increasing the notice period before dismissal to allow the employee more time to find a new job, reintegration and lifelong learning. However, very few European countries have used these methods in public administration so far.

*Income security* relates to the protection of income in case of such occurrences as illness, unemployment or maternity, which may all involve a break in paid work. It refers to the risk of not being able to maintain the same standard of living in the event of non-employment. The main methods of ensuring income security are unemployment compensation, sickness benefit and paid leave.

The Danish model is an example of high-income security where unemployment benefit is high and guaranteed for everyone. At the same time in Denmark, high-income security is combined with ALMP and lifelong learning programmes, to facilitate the unemployed to find new employment as soon as possible.

*Combination security* is associated with the opportunity for workers to combine paid work with their private life and social responsibilities, such as family duties or recreational activities. Combination security refers to the risk of not being able to reconcile work and family life; it especially comes into focus with regard to the employment of women.

One of the main problems with introducing more flexibility in public administrations and therefore taking away job security which is the only security measure employees have, is that often no other security measures are immediately put into place. It is very important to introduce both flexibility and security elements in parallel, ensuring balance between the two. When introducing more flexible contractual agreements or later retirement schemes, employees have to be offered more mobility and exchange possibilities, lifelong learning programmes and better work-life balance policies.

An advantage that public administration traditionally had over the private sector was the guarantee of better conditions for various leaves, e.g. maternity leave, sick leave, etc. However, that is slowly changing due to growing competition for best employees. Therefore public administrations have to keep up with the developments in the private sector, which allow part-time work on the basis of flexible working patterns and with good childcare facilities. Combination security could be a strategic answer to more flexibility in public administrations.

## **7. Main flexicurity trends among the European Member States.**

There are three labour market trends seen in the public administrations of the EU Member States. They represent three types of countries, categorised on the basis of their employment system.

The *first* type of country has a very secure employment system and mostly pursues a career-based employment system. The biggest concern with this country type is the high level of job security, which comes from lifelong and permanent employment contracts, ensuring high level of job security for its employees. The first steps of how to improve the flexibility of this country type is by increasing internal mobility within the public administration organisations, and later ensuring exchange programmes, secondments or other mobility possibilities outside own public administration, e.g. moving for a while to the private sector or other Member States. In order to accommodate such exchanges, lifelong learning programmes have to be implemented and the rigidity of lifelong and permanent contracts should be reduced in order to more easily dismiss badly performing civil servants.

External mobility can also be improved through introducing more fixed-term contracts and/or also hiring from outside the civil service for certain positions. Implementation of such practices may take some time as structural reforms and new regulations will be needed, but it should be a long-term strategic goal. Without such reforms public administration in these types of countries will never be competitive enough with the private sector or other Member States' public administrations.

Such countries are: Austria, Belgium, Cyprus, France, Germany, Greece, Ireland, Luxembourg, Romania and Spain. Although Italy and Malta have a hybrid system, there are still many elements from a career-system; therefore they belong to this country type. Portugal is an example of a country that had a career-based system but has slowly changed into a position-based system by introducing relevant flexicurity elements.

The *second* type of country has an employment system with a better balance between flexibility and security, but there is lower internal mobility within the civil service, which is often the case in position-based employment systems. Civil servants in position-based systems mostly have fixed-term or open-ended contracts and are recruited for a particular position, thus having little chance of moving within the organisation either horizontally or vertically. In order to create more internal mobility and career perspectives for well performing employees and to cope with demographic change by active ageing strategies, special attention should be paid towards the lifelong learning possibilities for civil servants. Such programmes will help civil servants gain more skills which they can use in other positions within public administration, and will therefore increase mobility between public administration institutions. It would also help to better balance the short-term need to reduce the number of civil servants and the long-term shortness of availability of employees. Some Member States have already started creating special institutions to facilitate transfers between different employment situations.

Such countries are: Denmark, Finland, the Netherlands, Sweden and the United Kingdom.

The *third* type of country has neither a secure nor a flexible employment system. Such a system is present in many East European countries with a position-based or hybrid civil service system. Often, when more flexibility is introduced for employers to recruit and dismiss employees, the corresponding increase in transition or combination security for employees is forgotten, leading to a very insecure position for employees. In order to create a work environment which is more flexible whilst at the same time being more secure, investments should be made to develop part-time work and flexible working arrangements, such as flexible working time, job sharing and teleworking. These types of arrangements allow employees to be more flexible and to balance their work and private life better. At the same time, it can be a way for employers to replace some of the job security elements with arrangements for combination security. In addition, investments need to be made towards lifelong learning programmes, social security systems and active labour market policies in order to facilitate more secure transfers.

Overall, the increase of fixed-term contracts in position-based and hybrid civil service systems is an alarm indicating that security for this group of employees must be increased in one way or another. A challenge for employers is to offer their employees a modern and future oriented security system that will keep them motivated enough to work under fixed-term contracts.

Such countries are: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

In all cases, the involvement of social partners is very important to equally balance the interest of both employers and employees.

## **7. Top public managers: qualified for strategic thinking?**

The policy on labour relations and working conditions in public administration is mostly developed together with social partners in the public sector, and decided by top management or even by the political level. The top or high-level managers mostly take the decisions in public administration. The core values of this group as well as their main qualifications are therefore very important. In some European Member States (UK and NL), the recruitment, selection and development of these top managers are done by a special HR/MD group or unit on the central level, in some there are special regulations (e.g. BE, BG and IT) or conditions (e.g. EE, DK and ES) for this target group, but in some others – there are no exceptional rules for this group (e.g. CZ, HU and LT).

Different ways of selecting and organising top public managers also indicate whether central competence frameworks and related training & development programmes for the (future) top managers exist. The way top managers are organised also differs among the centralised and decentralised public administrations. Sometimes, there is no central competence profile, but each organisation can instead have their decentralised competence profile. In the case of Denmark, for example, top managers of all public administration levels compiled a “Code for Chief Executive Excellence” which describes common values and requirements for top managers. Each organisation can define their own competence profile and training needs, built on this common code. Below is an overview given for the European Member States.

But what do these central competence profiles look like? Which skills or knowledge or behaviour is requested from top managers? General management skills (often including HRM, finance and managing relations) are part of competence profiles in most of the Member States; result-orientation is also widely spread. A group of countries still focus on knowledge for top managers; another group of countries instead focus on strategic vision and leadership. Rarely mentioned in profiles, but highly needed for good leaders are competences such as awareness/sensitivity, integrity/ethics, innovation, self-reflection/learning ability and EU-orientation.

Moreover, diversity and multicultural competences were not mentioned in competence profiles at all. Nevertheless, when looking at the strategic challenges of the future for the public administration, such as increasing diversity by ageing, migration, Europeanisation and globalisation, such skills may be the most valuable.

Table No. 7: *Grouping of Member States according to common elements in central competence profiles in public administration*<sup>10</sup>

COMPETENCES	EE, BG, IE, UK, EC	RO, FI, NL, ES	BE, CY, IT, PT, SI
Leadership	Yes	Yes (except RO)	No (except BE, SI)
Strategic vision	Yes	No	No
Achieving results	Yes	Yes (except NL)	No
Communication	Yes	No (except RO)	No (except SI)
Managing relations, people, HRM	Yes	Yes	No (except BE)
General management	Yes	Yes	Yes
Knowledge	No	No	Yes
Awareness/sensitivity	BG, IE,	NL	BE
Integrity/ethics	EE, IE, UK	NL	-
Judgement/decisional	EE, IE, EC	RO, NL	-
Innovation	EE	FI	-
Self reflection/learning	UK	NL	-
EU-orientation	CY	-	SI
Diversity/multicultural	-	-	-

Source: *Top managers in Europe*, Kuperus and Rode, EIPA, 2008

The competence “**Leadership**” is mostly defined by elements including:

- establishes a vision
- can steer a group towards realisation
- leads the management of change
- builds and encourages the team
- develops networks of cooperation
- ensures staff development and motivation
- displays integrity and ethics
- committed to continuous learning and improvement.

These elements and the competence ‘strategic vision’ indicate that in the selected countries top managers are selected and developed to think strategically. Of course, the creation of competence profiles and training programmes do not guarantee that managers will become strategic leaders, but it is a good starting point. Besides this restricted group of European Member States with a central competence profile, some other Member States have these strategic elements in their decentralised profiles.

<sup>10</sup> Kuperus, H. and Rode, A., *Top Public Managers in Europe*; EIPA, Maastricht, NL, 2008, page 34

According to the strategy definition as “a set of choices”, their real behaviour has to show strategic thinking. Very often the main measures taken are on reducing the number of civil servants and public employees, easier dismissal, more fixed term contracts and lowering of salaries in order to cope with the current crisis. In very few cases these measures are accompanied by training and development activities in order to achieve better re-integration.

In some Member States, retirement ages are or will be raised because of future labour shortages. This policy was already started before the current crisis and has not been changed because of it. From a strategic point of view, it would probably be better to postpone the raise of the retirement ages or to find more differentiated and creative ways to still allow (part time) earlier retirement for some years or some groups, in order to minimise the unemployment of youth and new attendees to the labour market. Very often costs are only taken into account on the organisational level and not for the whole society. Other innovative solutions can possibly be worked out in order to combine the challenges of demographic change such as ageing, with those of migration (diversity) and other arrangements for work-life balance and lifelong learning.

Restructuring and reforming processes in many public administrations, driven by changing needs in society or the change of old systems to more competitive systems after their access to the European Union, aim to increase efficiency, effectiveness and productivity. Very often this means doing the same, more or different work with fewer people. At the same time the labour market changes permanently: new groups with different competences and from different cultural backgrounds enter the national labour market of each Member State. To compete with other organisations, the public administration has to offer attractive working conditions, especially where they mostly cannot compete with salaries, and less job security. Given that public administrations can plan their restructuring processes (even better than private organisations), it is remarkable that they still follow the labour market changes instead of anticipating them.

Therefore, real strategic management would require an “**Anti-cyclic labour market and personnel policy**” of the public administration as a sector and of each individual public organisation. In this respect, top managers should show leadership in not only having a vision on the future of their policy areas and ways of involving stakeholders, but also on their organisational and HR strategy for the future related to relevant labour market developments. This includes labour (market) policies at the national level as well as on the sector and organisational level. In that case, the flexicurity approach could be used in a positive and future-oriented and above all strategic way to balance flexibility and security in favour of employees and employers, all social partners and all groups in society.

The specific role and situation of the public administration can be taken into account in conditions for employment and work that fit and are sustainable for a longer period in order to be more adaptive to permanent change. High flexibility together with combination security could be promising for the future. Strategic plans for the

implementation should help to use the right moment and way to bring policy into practise.

Top managers and leaders in the public administration should be selected, developed and rewarded not only for short-term results but also and more for innovation and anticipation in steering the organisation, as well as for long-term outcome or achievements, both in their role as policy maker and as employer and manager.

## **8. Conclusions**

Although the integrated flexicurity approach is launched by the European Union and has been implemented in many European Member States on the national policy level and in national plans in the framework of the Lisbon Strategy, this is not the case within most of the national public administrations in their role as employer and manager.

First, analysis of the flexicurity elements implemented and the trends in groups of Member States are related to some characteristics of their employment systems and restructuring processes, and combined with the competence profiles of their top management. Initial results show that more long term flexicurity elements are (going to be) implemented in position-based systems with Anglo-Saxon or Nordic (incl. NL) traditions, which also have strategic competences in their profile. Recently, some of the newer accessed Member States with a position-based or hybrid system (e.g. BG, EE) introduced a competence profile for their top managers with strategic competences and have planned to implement some of these flexicurity elements, as well as only very few of the career-based, Mediterranean systems (PT, ES). Most hybrid and career-based systems with a Continental tradition focus less on strategic competences for their top management and do not implement flexicurity elements, or they are only very limited and for short-term solutions.

In order to increase the long-term responsiveness of public administration to change and to avoid short-term solutions in cases of crisis, public administrations should consider an '**Anti-cyclic labour market and personnel policy**' in their role as employer and manager.

Further research is needed to develop better and more measurable indicators to monitor the implementation of flexicurity elements in national public administrations of European Member States as well as to further research the relationship between the strategic choices of top managers, their competences and behaviour and the long-term strategy for the restructuring of labour relations in the public sector.

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