

Chapter 3

Using human resources management strategies to support strategic agility

Resource flexibility, one of the key elements of strategic agility, is not only about budgets, but also about ensuring that the right human resources can be acquired, developed, and deployed in line with shifting priorities. Recent reforms to downsize the public service workforce, coupled with constant pressures to contain costs and increase value for money, are leading countries to strive for leaner, more strategic public services. At the same time, it is important to ensure that budget cuts do not unduly compromise the quality of public services. This chapter looks at the various tools and strategies countries have been using to make the public sector more agile, including strategic workforce planning, skills and competency management, promoting greater mobility in the public service, targeted recruitment and hiring, using performance management and compensation as incentives, fostering diversity, and changing the public service culture.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

After the budget, human resources management (HRM) offers some of the key tools that policy makers need to ensure strategic agility in the public sector: that is, the flexibility to acquire, develop and allocate resources to meet shifting priorities. The successful management of human resources requires strategic workforce planning, attention to competencies in the workforce and the use of traditional HRM tools such as recruitment, compensation and staff development. Designed and implemented correctly, HRM policies have great potential to contribute to agility in the public sector.

While modernising public sector human resource management presents policy makers with many challenges, a number of OECD countries have made significant reforms to the management of their public sector workforce over the last 30 years. Very valuable lessons can be drawn from those reforms to support agility and strategic realignment of public sector resources. This improves government's capacity to adapt its workforce to shifting circumstances or priorities while maintaining or improving public service competencies and ethics and inspiring employees to strive for greater efficiency (OECD, 2012a).

This chapter presents options for countries to consider as they develop sustainable, long-term HRM policies to improve their capacity to anticipate and prepare for future challenges.

Current context: Policy responses to the financial crisis, government restructuring and agility

Many countries have used staffing and salary cuts as part of their recent reforms to adjust human resources in the public sector in response to the global financial crisis. Almost two-thirds of OECD countries surveyed in 2014 indicated that they had reduced staff numbers since 2008, and three quarters reported introducing remuneration reforms in the same time period.¹ While such adjustments demonstrate governments' determination to correct fiscal imbalances, if they are not managed carefully they can also have long-term consequences on the capacity of the public workforce to meet citizens' expectations. Wage cuts and staff reductions decrease the attractiveness of the public sector as an employer by lowering morale, damaging the perception of public service careers and limiting governments' ability to attract and retain high-qualified staff. Hiring freezes not only have an immediate impact on the capacity of the public sector to deliver public services, but they also have an impact on an organisations' capacity and agility over the long term, by limiting their ability to restructure and reskill.

Some downsizing measures may even have direct negative impacts on a country's finances. According to an assessment by the National Treasury Employees Union, a 6% reduction in staff at the US Internal Revenue Service could result in as much as USD 4 billion in uncollected annual revenues.

For these reasons, the repercussions in terms of capacity, as well as the incentives and internal prospects within the public sector, need to be addressed. However, if carefully managed and associated with innovative HRM policy tools, downsizing also presents opportunities to for governments to promote agility in the public workforce for years to come. These measures, and the constant pressures on governments to demonstrate efficiency gains and value for money, have contributed to a growing trend among OECD countries toward a leaner and more strategic public service. To achieve this, governments will need to be agile, focused on outcomes and results, and more flexible to adapt to changing needs and related human capital challenges. OECD countries are using strategic workforce planning to shape the size and profile of the public workforce to maximise the use of financial and human resources in a more efficient and effective manner. Strategic workforce planning is a process that ensures that an organisation has the right number of people with the right skills in the right place at the right time. Once limited to calculating the gap between talent supply and demand, workforce planning is now a far more sophisticated process that enables an organisation to adjust and respond quickly to immediate and future changes (Huerta Melchor, 2013).

Although the crisis – and governments' responses to it – has had a significant impact on public service capacity and morale, it has also presented an opportunity for countries to develop HRM policies that will enhance the agility of the public workforce, enabling it to better respond to future crises. Ireland's Public Service Agreement is one example of an HRM reform that recognises the importance of flexibility in a country confronting severe financial constraints (Box 3.1).

OECD countries have been using a range of strategic HRM practices to help them align their people management with the strategic goals of public sector organisations (Figure 3.1). These practices not only help governments meet strategic objectives, but also contribute to agility by increasing efficiency, responsiveness and quality in service delivery. Strategic HRM also encourages governments to look to the future, thinking strategically about the right mix of people and skills that will be needed to respond to changing societal needs (OECD, 2011b). Although nearly all OECD countries (30) use some degree of forward-looking planning, many countries do not consider issues such as civil service demographics, possibilities for

outsourcing or possibilities for relocating staff in this planning, suggesting that opportunities exist for more expansive planning.

Box 3.1. Ireland: Increased flexibility and mobility through public service reorganisation

Facing reduced resources and staffing levels, in 2010 the Irish government recognised the need to reorganise the Irish public service to continue its contribution to the return to economic growth and prosperity. As part of this effort, the government and sector unions signed the “Public Service Agreement 2010-2014”, aimed at building an increasingly integrated public service that is leaner and more effective, and more focused on the needs of citizens. The agreement directs public bodies and individual public servants to increase their flexibility and mobility to work together across sectoral, organisational and professional boundaries.

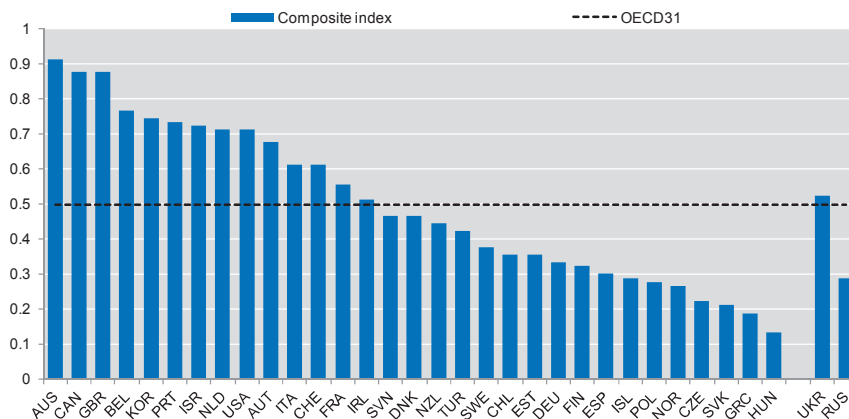
The core concern for the Irish government is to restore public finances and to reduce the deficit to less than 3% of GDP by 2014, in part by achieving sustainability in the cost of delivering public services relative to state revenues. The government has acknowledged that public servants have made a very significant contribution towards this goal and the recovery of the economy with over EUR 3 billion saved between 2009-10 from the potential public service pay and pensions bill. This contribution included: *i)* foregoing general round pay increases due in 2009; *ii)* a general moratorium on recruitment and promotion throughout most of the public service; *iii)* a pension-related deduction of an average of nearly 7% on all the earnings of all public servants; and *iv)* a reduction in rates of pay and allowances.

In order to sustain the delivery of excellent public services alongside the targeted reduction in public service numbers, the agreement recognises that efficiencies will need to be maximised and productivity in the use of resources greatly increased through revised work practices and other initiatives. The agreement commits the government to delivering an ongoing reduction in the cost of delivering public services without sacrificing the quality of those services. Specific commitments include:

- reduction in public service numbers
- redeployment in an integrated public service
- reconfiguration of the design and delivery of public services.

Source: Irish Government (2010), *Public Service Agreement 2010-2014*, Department of Public Expenditure and Reform, Dublin.

Figure 3.1. Utilisation of strategic HRM practices in central government (2010)



Source: OECD (2010c), “2010 OECD Survey on Strategic Human Resources Management in Central/Federal Governments”, OECD, Paris, unpublished.

The potential for strategic workforce planning to improve the agility of the public service

Doz and Kosonen (2008) have identified resource flexibility as one of the three mechanisms that form the basis of strategic agility. Resource flexibility is the ability to move resources (personnel and financial) to changing priorities if and as needed; to identify and promote innovative ways to maximise the results of the resources used; and to increase efficiencies and productivity for both fiscal consolidation and reinvestment in more effective public policies and services. A core aspect of government agility is the capacity to change the numbers, skills, competencies and allocation of the public workforce. Flexible employment frameworks contribute to this agility by enabling the redeployment of resources after they have been committed and the movement of staff to areas of strategic priority. Ensuring that public servants have the necessary capacity and capabilities to anticipate and respond to whole-of-government challenges, and that they can be deployed within the public service to effectively meet these needs, are another element of resource flexibility. The ability of governments to recruit, train, promote and dismiss employees is a key determinant of their capacity to obtain staff with the skills needed to provide public services that meet clients’ needs, and to face current economic and governance challenges. This requires both the use of workforce planning

and succession planning to determine capacity and capability, and a focus on workforce mobility measures (OECD, 2010a).

The misalignment between strategic intentions, resource allocation (both people and budgets) and performance management systems limits an organisation's ability to prioritise and (re)deploy resources as conditions change (Määttä, 2011). When properly aligned, however, performance objectives should cascade through the public administration, starting with whole-of-government objectives, through agency-wide and senior management performance goals, to individual employees' performance objectives. Strategic workforce planning can help governments better align these objectives. This alignment can also increase employee motivation and morale, by providing staff with a clear picture of how their performance contributes to the achievement of overall government objectives.

Linking workforce planning to budget planning is an important step in the planning process, especially in the current fiscal climate, as governments are undertaking significant consolidation measures that affect the size and allocation of the public workforce. Some OECD countries have begun to make this link through a combination of tools to manage the workforce, particularly through a better integration of HRM instruments – such as competencies and skills strategies, and compensation – with budgeting instruments such as automatic productivity cuts, performance management and spending reviews. In many countries, workforce and budget planning remain separated, and the central HRM body is not always included in budget discussions. As a result, HR managers may not have a complete understanding of business issues, complicating efforts to align current and future workforces to meet future product and service demands.

Several OECD countries have adopted performance budgeting to align the allocation of funds to measurable results. However, the workforces of individual agencies are not always considered in this process, and a lack of funding affecting staffing levels limits the ability of key agencies and ministries to achieve their missions. To help meet budget constraints, agencies are cutting their workforces through hiring freezes and attrition. However, as countries continue to cut budgets without scaling back agencies' missions, their ability to serve the public is compromised. Co-ordinating workforce planning, performance measurement and budgeting can help alleviate this problem and retain sufficient numbers of staff to achieve agencies' core missions without resorting to furloughs or reductions-in-force. Linking performance budgeting to workforce planning may thus provide a solid basis for determining the right number of people to be deployed in the right place, enhancing government's flexibility to allocate resources effectively (Huerta Melchor, 2013).

Workforce planning also helps governments operate in increasingly complex and uncertain environments. It prompts governments to consider the future and think strategically about the mix of people and skills required to respond to changing societal needs. By identifying existing competencies and skill gaps, governments can begin to determine the skills they need. Such efforts to map the capacity, skills and training in the public workforce are increasingly important in countries with ageing workforces. Doing so prepares them to redeploy resources to meet new priorities and acquire and develop new competencies, while also identifying obsolete or surplus competencies. Australia recently undertook a planning exercise aimed at increasing the public service’s agility in addressing emerging challenges (Box 3.2).

Box 3.2. Australia: Enhancing agility in the public service

In 2010, the Advisory Group on Reform of Australian Government Administration issued *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*. This blueprint is an effort to enhance the ability of the Australian public service (APS) to address challenges such as an ageing and growing population, shifting global economic relationships, pressure on education and skills, Australia’s vulnerability to environmental issues and national security. One of the reforms proposed in *Ahead of the Game* was strengthening the public workforce to address the challenges and concerns regarding workforce planning and capability requirements. Specifically, its vision for the future was “an agile, capable and diverse APS workforce equipped to meet future challenges.” To achieve this vision, *Ahead of the Game* recommended:

- a consistent approach to workforce planning that identifies systemic workforce challenges
- efficient, transparent and applicant-friendly recruitment processes that address agency skills gaps and issues of diversity, and distinguish candidates on the basis of merit
- a co-ordinated approach to learning and development to identify and respond to skill and capability gaps
- an effective and consistent performance framework
- a mobility strategy that encourages and assists employees to pursue diverse work opportunities to develop their capability.

Source: Advisory Group on Reform of Australian Government Administration (2010), *Ahead of the Game: Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra.

Emerging cross-cutting challenges require a whole-of-government perspective that encourages horizontal co-operation

Many challenges confronting governments today are not confined to neatly defined departmental boundaries and thus require a whole-of-government response. For example, responding to climate change can include Ministries of Interior, Environment, Energy, and Commerce, among others, while security challenges require a joint approach by Ministries of Defence, Foreign Affairs, Justice and Interior in addition to intelligence agencies. However, the structure of many governments hinders their ability to address such cross-cutting challenges, much less anticipate them, because they are comprised of strong departments operating relatively independently of one another. More agile governments can overcome this silo perspective by fostering a whole-of-government perspective among their workforces.

To achieve horizontal goals, governments should provide incentives for collaboration by linking horizontal programmes to the budget process. Without such a linkage, managers responsible for horizontal programmes may not have sufficient staff to accomplish programme goals and may not be able to compel other organisations to share resources. Strategic workforce planning that aligns whole-of-government objectives with human resources and budgets is an important mechanism to provide this linkage.

Workforce planning can help public administrations promote a whole-of-government perspective within the public service in a variety of ways. It facilitates better competency management, increasing government's ability to acquire skills that lead to agility such as risk-taking and innovation. An analysis of skills gaps in the public workforce can support policies to increase mobility and the government's ability to redeploy resources. Workforce planning also entails greater attention to performance management and rewards, which can provide incentives for inter-agency co-operation and sharing of intelligence and information. Finally, workforce planning can include diversity policies to develop a workforce with different backgrounds and experiences that is better able to approach challenges from multiple perspectives.

Attention to competency management can help create a flexible workforce

A key element of workforce planning that contributes to organisational agility is competency management. While change in the public service is a major factor behind the need to implement competency management practices, the reasons for introducing competency management in the public service vary by country. For example, Australia, Belgium and the

Netherlands cite a need to create flexibility while Korea indicates a desire to strengthen government competitiveness, among other reasons.

Box 3.3. What is competency management?

Competency management is a way of defining the abilities and behaviours employees need to do their jobs well and linking several HRM activities to ensure that an organisation is staffed by people who perform effectively. The use of competency management in OECD countries has increased steadily in recent years and has been linked to demands for increased flexibility and autonomy in workforce management.

For further details, see OECD (2011a).

Competencies are often defined as the combination of knowledge, skills and behaviours that result in good performance. The behavioural aspect is crucial: employers understand that, for example, communication, teamwork, flexibility and interpersonal skills are closely related to employee performance. Many countries see competency management as a vehicle for bringing about cultural change and injecting more flexibility, adaptability and entrepreneurship into organisations. Competencies can improve workforce planning and recruitment and selection processes, so that these critical activities are based on an analysis of the competencies needed by public services. In France, for example, the Employment, Workforce and Competency Planning (*Gestion prévisionnelle des emplois, des effectifs et des compétences* – GPEEC) initiative introduced the notion of competencies in the French civil service. The GPEEC explored how recruitment methods might incorporate competencies without abandoning the established principle of selection through competitive examinations (OECD, 2011a).

What competencies are needed?

As part of workforce planning, governments should consider what competencies they will need both to deliver public services in the future service delivery and to promote agility in the workforce. By examining demographic trends, governments can anticipate how the supply and demand of competencies will change in the future. For example, countries with ageing populations will need more healthcare workers and staff able to administer social security and pension programmes; they will also need to develop policies to mitigate the loss of capacity due to retiring public employees. In addition, developing solutions to horizontal challenges will require the ability and willingness to work across organisational boundaries. Managers will also need to know how to mobilise resources and competencies that may be distributed among several organisations (Määttä, 2011).

Several OECD countries have begun to identify the critical competencies they will need in the future. For example, Australia explicitly puts an emphasis on two global competencies for the future: strategic thinking and agility. The Australian Public Service Commissioner notes that “leaders need to ensure their organisations have the strategic and operational agility to change direction when necessary as circumstances dictate, including in current and future ‘tight times’” (Sedgwick, 2012). Other countries have identified competencies related to agility such as “innovative and creative capacity” and “flexibility” (Belgium); “initiative and creativity, including experimenting with new ideas” and “network collaboration” (the Netherlands); and “collaborative mindset,” “flexibility” and “seeking alternative viewpoints” (the United Kingdom). Based on this list, the OECD has grouped eight key future competencies clustered into four meta-competencies: creative thinking, flexibility, co-operation and strategic thinking (OECD, 2011a).

An agile organisation also requires staff capable of identifying and promoting innovative ways to maximise the use of resources and managing increased complexity and uncertainty. Developing these competencies will require a change in the culture of the public service to become less risk averse. Training managers and employees to manage risk will facilitate this change, but governments will also have to establish explicit guidelines for staff to clarify what levels of risk are acceptable. In creating these policies, governments should recognise that some level of uncertainty will always be unavoidable.

Admittedly, changing the culture of the public service and introducing values such as innovation and risk-taking may be particularly difficult when governments are freezing or reducing the size of the public workforce. If fewer staff are expected to do the same work with fewer resources, they will concentrate their effort on implementing their programmes and will have little or no time to develop creative solutions or think strategically. Staff may even resist new ideas that are intended to increase agility or productivity, especially if they see these ideas as a distraction from the organisation’s core mission or as threats to their positions.

Competency management and mobility are interdependent. On the one hand, governments can use mobility to give employees a wider, whole-of-government perspective on policy challenges and to develop new competencies. On the other hand, mobility within the public sector is effective only when employees possess transferrable competencies that can be applied to multiple positions. As Hämäläinen et al. (2011) note, gaps in competencies can inhibit resource transfers if the workforce cannot take on additional tasks. Organisations should thus consider mobility in their competency planning in order to maximise their agility; indeed,

organisations can use mobility as a means of providing on-the-job training in specific skills as well as in broader public service values.

Greater mobility in the public service, especially among senior management, can increase agility

Identifying the type and location of competencies of the public service is a key element of workforce planning, but without policies that enable mobility within the public service, governments cannot allocate these competencies effectively. Although mobility is not normally a primary goal of workforce planning, it can contribute to it by promoting generic competencies and increasing internal flexibility. Greater mobility within the public workforce fosters a corporate, whole-of-government perspective on new challenges. It can help prevent employees from identifying too strongly with a single organisation, reducing the likelihood of department-based silos developing within government. A mobile workforce is more likely to recognise the value of collaboration among different organisations to address challenges and thus to contribute to the agility of government. In addition, employees with experience in different positions are more likely to be able to act quickly in complex environments where resources are scarce (GAO, 2009). Mobility also has benefits for recruitment and retention, as varied job experiences are often attractive to applicants and keep employees motivated.

Certain baseline conditions are required to enable internal mobility in the public workforce. In particular, centralised workforce planning, uniform employment and pay regulations can all facilitate public servants moving from one position to another. In recent years, many OECD countries have seen an increase in internal mobility, and several more have plans to increase mobility in the future. As shown in Table 3.1, ten OECD countries reported a trend toward increased internal mobility in 2010, while only three reported that mobility was decreasing. Sixteen countries have plans to increase internal mobility in the public sector, through publicising open positions more, establishing staffing pools, increasing the incentives for mobility. France, for example, has reported that it is planning to increase mobility through all of these actions.

In addition to setting these conditions, governments can actively promote mobility. Organisations can establish job rotation, either within the organisation or across other organisations, as a requirement for promotion for both management and staff. For example, following the 11 September 2001, terrorist attacks, US intelligence agencies established a “Joint Duty Program,” which made service in more than one agency a requirement for promotion into certain senior positions. This programme is intended to help

create a culture of collaboration within the intelligence community, improving its ability to share information and respond to threats. In Austria, new civil servants are obliged to rotate through another organisation for two months during their initial training. While a job rotation scheme can help an organisation redeploy skills, it has to address the challenges the organisation faces by not hiring additional employees and requires the organisation to have sufficient data on employees' skills and competencies.

In some countries' public sectors, however, the OECD has found that the culture and legal framework do not provide any incentives for individual initiative. This so-called legal formalism reflects the excessive use of internal administrative processes to frame the work of the administration, so that more attention is paid to these processes than to underlying policy work, including HR policies. In Greece, for example, this situation has generated a framework which is both very detailed and very inflexible. As a consequence, the mobility of personnel across ministries is seriously compromised and there is an aversion to mobility among many civil servants, especially among older staff (OECD, 2011c). In the case of Greece, the OECD has recommended that the government promote mobility by: reducing the number of job categories in the public administration; harmonising service requirements (for salaries, pensions, leave, allowances, etc.); extending the system of secondments to the general government; publicising job openings; and organising open competitions for every post.

External mobility – movement of employees outside of the public service to gain experience in the private sector – is promoted by OECD countries in a variety of ways. Eleven countries actively encourage mobility by: granting staff the right to return to their previous post or a similar one when they rejoin the public service (Japan, Portugal, the United States and others); considering external mobility in promotion decisions (Austria, Norway, Switzerland and others); and/or implementing secondment and training programmes (Finland, France and the United Kingdom). Eight countries, including Belgium and Estonia, accept external mobility without actively promoting it, while another eight countries, such as Germany and Slovenia, neither promote nor accept external mobility. In half of OECD countries, employees are not penalised if they leave the public sector and do not return. In the others, public servants' pension rights and/or future career prospects may be affected by not returning to the public service, which may decrease their willingness to take a position in the private sector, even temporarily.

Table 3.1. **Mobility trends within the public service in OECD countries (2010)**

	Trends concerning mobility within government			Plans to increase or reduce mobility within departments/ministries				
	Up	Steady	Down	Increase publicity of available positions	Increase establishment of pools of available staff	Increase incentives to staff and recognition of benefits of mobility for staff	Reduce mobility	None
Australia	-	-	-	●	-	-	-	-
Austria	●	-	-	-	●	-	-	-
Belgium	●	-	-	-	-	-	-	●
Canada	-	-	-	-	-	-	-	●
Chile	-	●	-	-	-	-	-	-
Czech Republic	-	●	-	-	-	-	●	-
Denmark	-	●	-	-	-	-	-	●
Estonia	●	-	-	●	-	-	-	-
Finland	●	-	-	●	-	-	-	-
France	●	-	-	●	●	●	-	-
Germany	-	-	-	●	-	-	-	-
Hungary	-	●	-	-	●	-	-	-
Iceland	-	-	●	-	-	-	-	●
Ireland	-	●	-	-	-	-	-	●
Israel	-	●	-	●	-	-	-	-
Italy	●	-	-	●	-	●	-	-
Japan	●	-	-	●	-	-	-	-
Korea	-	●	-	●	-	-	-	-
Mexico	-	-	-	-	-	-	-	●
Netherlands	●	-	-	-	●	-	-	-
New Zealand	-	-	-	-	-	-	-	●
Norway	-	-	-	-	-	-	-	●
Portugal	●	-	-	●	●	-	-	-
Slovak Republic	-	-	-	-	-	-	-	●
Slovenia	●	-	-	-	-	-	-	●
Spain	-	-	●	-	-	-	-	●
Sweden	-	●	-	-	-	-	-	●
Switzerland	-	●	-	●	-	●	-	-
Turkey	-	-	●	-	-	-	-	●
United Kingdom	-	-	-	●	-	-	-	-
United States	-	●	-	-	-	-	-	●

Table 3.1. **Mobility trends within the public service in OECD countries (2010)** (*cont.*)

	Trends concerning mobility within government			Plans to increase or reduce mobility within departments/ministries				
	Up	Steady	Down	Increase publicity of available positions	Increase establishment of pools of available staff	Increase incentives to staff and recognition of benefits of mobility for staff	Reduce mobility	None
Brazil	-	●	-	-	-	-	-	●
Russian Federation	-	●	-	-	●	-	-	-
Ukraine	-	-	-	-	-	-	-	●
Total	10	12	3	12	6	4	1	16

Source: OECD (2010c), “2010 Survey on Strategic Human Resources Management in Central/Federal Governments of OECD Countries”, OECD, Paris, unpublished.

Private sector companies actively promote mobility, as their experience has shown that rotating managers through different units early in their careers can contribute to a company’s success. When new business opportunities emerge, these companies can more easily reassign managers, whose experiences in diverse areas have made them more versatile.

Countries that have separate systems for managing senior civil servants can use these systems to focus on mobility at top-level positions. Promoting mobility with the senior management cadre strengthens coherence and cohesion by instilling shared values and a whole-of-government perspective in this group. In addition, policies that allow external recruitment into top management positions help create a more dynamic management culture. OECD (2008) identified three general reasons given for establishing a formal senior civil service system, two of which contribute to the overall agility of the public sector:

1. overcoming fragmentation into silos or compartmentalised ministries by creating a corporate culture and allowing better mobility across ministries and departments
2. enabling flexibility in recruitment and employment conditions
3. clarifying boundaries between politics and administration.

However, even when the goals of establishing a senior civil service include sharing a broad perspective of government and a public service commitment, such systems do not guarantee increased mobility at the top. In the United States, for example, a 2012 report on mobility within the senior executive service found that only 8% of senior executives had changed

agencies, whereas 48% had never changed positions (the remainder had changed positions within the agency or subcomponent) (Partnership for Public Service and McKinsey & Co., 2012). When managers themselves are resistant to change, they are unlikely to be prepared to manage change within their organisation. The report described several barriers to mobility, both at the agency and individual levels:

- many agency leaders value technical expertise over leadership skills
- agencies tend to hoard talent
- agencies are unprepared for transitions
- executives often see mobility as punishment, not advancement
- mobility, especially across agencies, goes unrewarded
- there are neither consistent standards nor adequate financial assistance for geographic relocation.

OECD (2010a) also found that mobility is limited when organisations prioritise technical specialisation over general management skills. In Finland, it noted that many leaders are experts in their field but did not have a good cross section of experience and thus lacked horizontal and whole-of-government skills. A government committed to strengthening agility in its workforce, especially among senior managers, should consider how the incentives it currently provides might reinforce these barriers, and how it might overcome them. France, for example, has undertaken significant HRM reforms to restore flexibility and mobility in the civil service (Box 3.4).

Performance management and compensation as incentives for agility

Encouraging agility in the workforce requires developing the right incentives, both through individual performance management systems and compensation. A first step in this process is establishing clear government-wide and organisational objectives, then linking individual employee's performance goals to these objectives. In a 2006 survey of business executives, nearly 40% of respondents indicated that linking company strategy and individual performance objectives was the biggest contributor to agility in their organisation (McKinsey & Co., 2006). As noted above, making this link explicit can help employees change the way they approach their work, as they have a clear understanding of how their performance contributes to the whole-of-government mission. It also helps build a collective commitment within the public workforce to shared

outcomes, which Doz and Kosonen (2008) identified as a key component of strategic agility.

Box 3.4. France: Fostering mobility in the public sector

In 2007, the French government launched an unprecedented reform initiative known as the “General Review of Public Policies” (*Révision générale des politiques publiques*, RGPP). The RGPP has made the modernisation of human resource management one of its priorities, both as a way of supporting the optimisation reforms and as a means of reinforcing the structural conditions essential to government flexibility.

Among the reforms accompanying the RGPP was the Law on Mobility of 6 August 2009, which removed legal obstacles to secondment and integration into corps and job frameworks of the same category and the same level. It also instituted the right to integrate after five years of secondment to another corps or framework, the possibility of direct integration into another corps or framework, and recognition of the advantages acquired during a secondment. Lastly, this law offers new guarantees for employees assigned to a unit that is being reorganised, in support of the RGPP restructuring reforms.

This stress on mobility gives the French career system the means to function better. Continued efforts in this direction could bring the system closer to the degree of responsiveness and flexibility found in some other OECD civil services. An employee should be able to be much more mobile, and the pool of employees from which a position can be filled should be expanded, thus promoting a better allocation of positions and personnel. Today, although geographic mobility is fairly high in the central civil service (around 5%) and category mobility (among the three broad levels of the civil service, C, B or A)¹ is also high, mobility between ministries is very low, at 0.3% in 2007-08.²

Mobility is also favoured by a new online tool introduced in France in 2008, the *Bourse inter-ministérielle de l'emploi public* (“Inter-ministerial Jobs Platform”) which offers vacant positions for government units, with a counterpart at the regional level. Many OECD countries have had similar services for many years and they encourage not only mobility but also transparency in careers and transfers.

Lastly, the efforts made since 2006 to introduce an “inter-ministerial catalogue of occupations” (*Répertoire inter-ministériel des métiers*) is part of this new approach for improving mobility in the central government and encouraging a common human resources language among the different spheres of government.

Notes: 1. Category A civil servants are those performing functions corresponding to policy making, supervision and management; those in Category B have functions corresponding to policy application and drafting; and those of Category C have functions corresponding to execution (a higher education degree is not an entry requirement). 2. Figures obtained during interviews with the *Direction générale de l'administration et de la fonction publique*.

Source: OECD (2012), *OECD Public Governance Reviews: France: An International Perspective on the General Review of Public Policies*, OECD Publishing, <http://dx.doi.org/10.1787/10.1787/9789264167612-en>.

To be effective, individual performance management objectives should also be tied to the key competencies that organisations have identified to address emerging challenges. For example, to encourage horizontal performance, competencies such as collaboration and corporate thinking should be included in performance plans as a means of strengthening commitment to whole-of-government objectives.

Incentives need to be built into workforce planning to ensure that behaviour supporting agility is encouraged. Simply providing opportunities for collaboration across organisations, or for increased mobility within the government, is not enough. The competencies gained from a diversity of experience must be valued and publicly recognised as a priority by the government. Making promotion contingent upon job rotation, as described above, is one way of doing so. Staff in line ministries often do not see how horizontal co-operation will benefit them, and therefore lack incentives to collaborate (OECD, 2010a). One province in Canada has begun to incentivise this behaviour, starting with senior managers (Box 3.5). As this example demonstrates, a degree of flexibility in pay schemes helps governments provide efficient incentives for collaboration.

Box 3.5. Canada: Incentivising agility and collaboration in Alberta

In Alberta, Canada, officials agreed that getting departments to work together is the biggest challenge to public service and that achieving this depends on the behaviours of senior officials in the departments. The most effective incentive to joining up has been to explicitly link the performance pay of senior officials to horizontal policy initiatives. For deputy ministers, the heads of the departments, 20% of their remuneration package is based on performance, and 75% of this is based on their performance in horizontal issues. For the assistant deputy minister, 50% of his/her performance pay is based on horizontal initiatives. This has created a meaningful incentive to focus on the success of the government's horizontal initiatives, even if it requires reallocating resources away from achieving the goals in the department's business plan.

Source: Määttä, S. (2011), "Mission possible: Agility and effectiveness in state governance," *Sitra Studies*, No. 57, Finnish Innovation Fund, Helsinki.

Countries can also consider how their compensation systems contribute to agility in the public sector. As noted above, the wage freezes and cuts taken by many countries in response to the financial crisis have undermined the ability of governments to restructure and reskill. One of the key lessons from past experience in the public and private sectors is that when pay cuts and freezes are deemed necessary, it is suggested to assess the savings relative to the costs – such as the loss of institutional knowledge, the time

that will need to be devoted to reorganisation and the retraining of staff (OECD, 2012d).

The Canadian government, for example, has not provided funding for wage increases since 2010-11, requiring departments to fund any increases through internal efficiency gains. Departments have been granted the flexibility to fund wage increases in the way that best suits their specific situation, either through reduced employment levels, reallocation from other spending to personnel or a combination of both. Departments can determine how best to address these constraints while maintaining their programmes. This policy aims to avoid the potential disruptive impact of a hiring freeze, as recruitment for specific skills can continue where needed.

Countries can also develop more flexible compensation systems by aligning public salaries with the overall labour market. OECD countries like Canada, Japan, New Zealand and the United States have policies to consider prevailing market pay levels in planning pay adjustments (OECD, 2012d). However, the public workforce includes a wide range of occupations and governments thus compete for talent in multiple labour markets. The labour market puts different values on different skills at different times, thus the relative balance of supply and demand for labour governs compensation increases. For example, several OECD countries have responded to shortages in teachers by adjusting pay: Denmark and the United Kingdom, among others, have concentrated salary increases early in teachers' careers; Austria, Japan and Portugal have provided comparatively larger increases to mid-career teachers; and Hungary and New Zealand have focused their efforts on more experienced teachers. These different approaches indicate a targeted and market-sensitive approach (Buchanan and Black, 2011). The heterogeneity of government positions suggests that differentiated pay increases, aligned with external market rates by occupation, may be an effective way to retain skills in high demand while staying within constrained budgets.

Japan and Portugal have introduced reforms to their compensation systems over the last several years (Box 3.6) which have resulted in more flexible compensation systems by, for instance, linking wages to local conditions and to employee performance.

Box 3.6. Japan and Portugal: Developing more flexible compensation systems

Japan introduced changes to its remuneration system in 2005. To promote efficient personnel management while maintaining the morale of employees, Japan built a remuneration system that would restrain seniority-based remuneration increases and ensure appropriate compensation based on each official's duties and responsibilities or performance results. The main points of the reform were:

- To reflect local wage levels in public employee remuneration. The Japanese government lowered the average salary level by 4.8% and introduced Area Allowances to increase the salary levels of public employees in high-income regions. This reform was gradually implemented between FY2006 and FY2010.
- To reflect performance in pay step increases. The government divided the only existing pay step into four steps to make increases more flexible. In addition, the government consolidated the regular step increase and the special step increase into one step based on performance.

Portugal introduced changes to its remuneration system as one of the pillars of the public administration reform in order to rationalise the number of pay scales, pay steps and remuneration supplements, which had prevented transparency in the compensation system. The new remuneration system included three main parts:

- Basic remuneration: There is a single pay scale that includes 115 pay steps. Each category of careers includes a variable number of pay steps. For example, single category careers have a minimum of eight pay levels, and for multi-category careers the number of steps varies according to the number of categories.
- Remuneration supplements: Supplements are no longer automatic or permanent in nature; however, they have been maintained for positions with demanding conditions, assuming functions are being performed well on an ongoing basis.
- Performance bonuses: Workers and middle managers are now eligible for performance bonuses based on the Integrated System of Public Administration Performance Assessment. However, bonuses should be based on a predefined credit which should be distributed successively by category, career, activity, academic qualifications and professional groups; all decisions regarding bonuses should be made public.

Source: Presentation given by Bunzo Hirai and Yuki Yokomori, Japanese delegates to the OECD Public Employment and Management Working Party, and Teresa Ganhão, Portuguese delegate to the OECD Public Employment and Management Working Party, during the annual meeting in December 2010.

Changing the culture of the public service to enhance agility

Creating a more agile workforce will require a change in culture in the public service from one based on rules and regulations to one based on creativity and collaboration. Shifting from departmental culture to a

whole-of-government culture with shared values will help reduce the tendency for governments to operate in silos. Strengthening the collective values of the public service can enhance government's capacity to respond to problems that require co-ordinated action by different organisations. For example, issues such as urban renewal, social inequality and environmental pollution do not fall neatly within the purview of one government department or agency. OECD countries are addressing the need to build the collective culture of the public service through various initiatives, including more cohesive senior executive groups, articulation of common values, promotion of networking, mobility initiatives and incentives for co-operation (OECD, 2010b).

Changing the bureaucratic culture to achieve an agile, responsive government also requires an innovative and risk-taking workforce, where employees are given space to fail. These skills are echoed by officials in the US Department of Defence, who have stressed that the key to promoting agility is to encourage competition, including the competition of ideas, which requires innovation, creativity and the willingness to take risks (Katz, 2012) (Box 3.7). Organisations can encourage and facilitate the development of these skills by soliciting creative solutions to workplace challenges and by involving employees in identifying improvements (GAO, 2009). However, developing a culture that encourages responsible risk taking requires increased trust by management in its employees.

The success of efforts to change the culture of the public workforce will depend in large part on how well organisations manage change and on the receptivity of employees to change. Previous OECD work has found that many countries underestimate the importance of managing change while designing and implementing policy reforms (Huerta Melchor, 2008). Finland's experience with Finwin – a change management programme developed to help the government manage the challenges associated with its ageing civil service – provides several lessons for countries implementing change initiatives. These lessons include:

- The need for a vision that gives managers and staff a sense of direction and for a communication strategy designed in parallel to the reform policy in order to provide timely information to all stakeholders and avoid misunderstandings and negative perceptions.
- The importance of dialogue among all stakeholders during the whole change process. Communication and dialogue are two interlinking factors, fostered by well-functioning communication channels.

- The relevance of leadership in facilitating change – even when senior managers are not necessarily the authors of the reform initiatives – and the need for managers to understand and be committed to lead the change process.
- The need for senior civil servants to be both managers, to minimise risk in implementing the new programmes, and leaders, to create the basis for a new culture in the public service.

Box 3.7. United States: How agility and employee creativity contributes to improving an organisation’s resilience to crises

The United States government has developed the concept of organisational resilience to help assess agencies’ agility following a crisis. Although this concept is used primarily in emergency preparedness, it can be applied to several areas of government planning and includes elements that can contribute to an agency’s broader strategic agility. The US Government Accountability Office (GAO) defines organisational resilience as “the quality that would enable an organisation to restore itself or thrive following a disruption, by which we mean a sudden and externally imposed circumstance that has the potential to substantially compromise an organisation’s ability to accomplish its mission. A highly resilient organisation is identified by the speed and agility it demonstrates in achieving a return to its normal state (or new normal state) and its resulting enhanced ability to respond to future disruptions.”

An agency’s ability to respond to disruptions with flexibility and agility relies, in part, on employee creativity and innovation. Specifically, employees who can think independently and use creative problem-solving skills will likely be more resourceful and able to improvise after a disruption. The GAO has identified several steps that organisations can take to encourage and facilitate the development of these skills in its workforce, including:

- creating opportunities for employees to propose solutions to workplace challenges
- involving employees in the identification of improvements
- offering related training
- developing job descriptions or competencies for employees that set performance expectations for their ability to think creatively and apply new ideas
- recognising employees who introduce new processes and ideas with awards that are visible within the organisation.

Source: GAO (2009), IRS Management: IRS Practices Contribute to Its Resilience, But It Would Benefit from Additional Emergency Planning Efforts, US Government Accountability Office, Washington, DC.

Fostering agility through diversity in the workforce

Several countries have included policies on diversity as part of their workforce planning. While the goals of such policies generally relate to enhancing public service values, improving representativeness and creating equal opportunities, increased diversity can also contribute to a more agile workforce. Diversity of thought and experience can lead to new ways of tackling old problems. The combination of different types of knowledge can lead to strategic insights through the co-operation of staff with different backgrounds and diverse expertise. When managers surround themselves with staff with similar backgrounds and values, the risk of “groupthink” increases, inhibiting the organisation’s ability to anticipate emerging challenges or find creative solutions to existing ones. Policies that promote mobility, both within and between the public and private sectors, can break down narrow, departmental loyalties and limit the risk of groupthink by increasing diversity among senior management. Experienced leaders can learn new skills and perspectives through the challenges that come with assuming new responsibilities (Hämäläinen et al., 2011).

Governments have taken a variety of approaches to increase diversity and improve gender balance in the public sector. In addition to developing flexible employment frameworks that allow more casual and part-time work (see below), many countries have increased workplace flexibilities to improve the work-life balance in the public sector. For example, variable working hours, opportunities for telework, equal parental-leave entitlements and access to affordable childcare can all lead to increased female participation in the labour force (OECD, 2012c). Opening recruitment to a more diverse talent pool can also help countries address the challenges associated with an ageing workforce.

Using HRM tools and processes to promote strategic agility

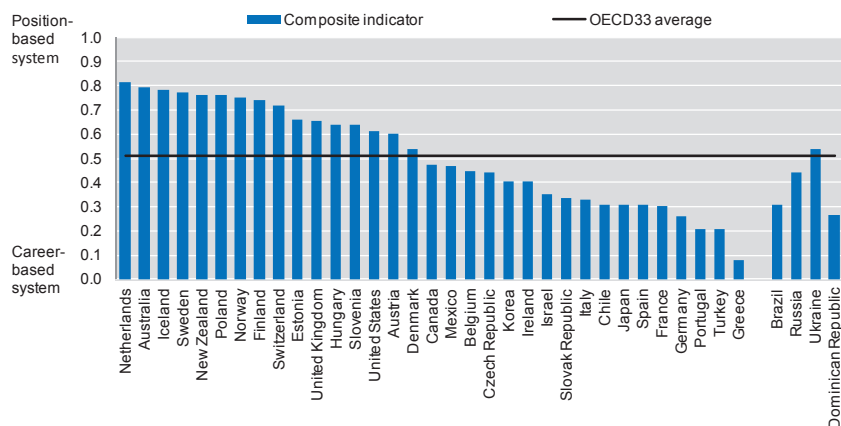
Recruitment and hiring strategies to acquire targeted skills

While workforce planning can help governments foster agility among existing public servants, governments can also use their hiring process to inject new skills and staff into the public service. There are two basic models for recruiting staff into the public service: one based on careers and one based on positions. In career-based systems, public servants are selected competitively early in their career, and higher-level posts are open to public servants only. In position-based systems, candidates apply directly to a specific post and most posts are open to both internal and external applicants. Most OECD countries reflect a mix of these two models. Figure 3.2 shows the level of openness of OECD countries’ recruitment

systems, including their openness to applicants from outside the public service.

Each system can contribute to agility in the public workforce in different ways. Countries with career-based systems may have more flexibility to reallocate resources within the government and may be able to facilitate mobility more easily. In position-based systems, governments can hire targeted skills for specific positions more easily at all levels, resulting in a better match between candidates and the needs of the position. Position-based systems are also more likely to have staff with a diversity of experience and thinking at all levels, which can facilitate agility. In general, recruitment systems that are open to external candidates at any point in their careers provide managers with the possibility to adjust their workforce more quickly in response to changing conditions. Countries with more position-based recruitment systems also appear to grant line ministries more authority to take HRM decisions, leading to greater flexibility (OECD, 2010a). Over the years, some OECD countries have moved towards more position-based systems. For example, both Italy and Poland have recently done so in order to increase flexibility.

Figure 3.2. Type of recruitment system used in central/federal government (2012)

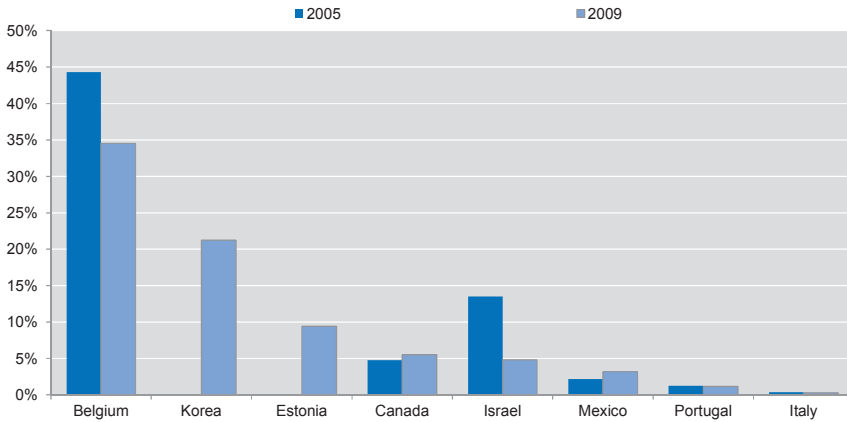


Source: OECD (2010), “2010 Survey on Strategic Human Resources Management in Central/Federal Governments of OECD Countries”, OECD, Paris, unpublished. Data revised in 2012.

In some OECD countries, governments have the authority to hire temporary, or casual, workers outside of traditional employment frameworks to meet emerging challenges.² Such a “just-in-time” workforce is generally

not subject to the same rigid hiring policies as other public servants are and allows governments to increase or reduce the numbers and skills of an organisation's workforce relatively quickly. New arrangements for government employment can help countries avoid some of the weaknesses of traditional employment frameworks, such as their tendency to generate a risk-averse culture that inhibits innovation and limited flexibility in arranging a varied skills mix (OECD, 2008). Currently, however, few OECD countries report using casual staff, and the proportion of such staff outside of the general employment framework remains low (Figure 3.3). For example, both Chile and Mexico have increased flexibility in their public workforce in recent years, through the increased use of *contrata* (Chile) (Weber, 2012) and *confianza* (Mexico) (OECD, 2011d). In addition, several countries, including Denmark, Estonia, Germany, Israel and Sweden have made all or some of their public sector staff subject to general labour laws in order to increase flexibility.

Figure 3.3. **Proportion of casual staff in government employment in selected OECD countries**



Source: OECD (2010), “2010 OECD Survey on Strategic Human Resources Management in Central/Federal Governments”, OECD, Paris, unpublished.

Table 3.2. **Part-time employment in the public service**¹

	Total for all employees under the general employment framework (2009)	Number of part-time workers (2009)
Australia	162 009	23 252
Austria ²	47 300	8 855
Belgium ²	33 567	26 060
Canada	255 572	9 669
Denmark ²	32 266	10 938
Estonia	16 055	747
Finland	121 923	10 524
France ²	1 940 011	214 117
Germany ²	192 694	26 370
Hungary	21 901	477
Iceland ²	12 251	5 158
Ireland ²	37 424	5 564
Israel	63 147	14 133
Italy	490 605	21 564
Japan	-	148 162
Korea ²	154 317	21
Netherlands ²	115 294	32 779
New Zealand ²	44 672	3 473
Norway	143 747	23 177
Poland	120 908	-
Portugal	519 348	-
Slovak Republic	2 525	-
Slovenia	18 101	779
Spain	525 204-	7 898
Sweden ²	47 582	5 145
Switzerland ²	32 280	4 996
Turkey	1 776 412	-
United Kingdom ²	489 400	106 860
United States	2 038 183	-
Russian Federation	2 089	-

Notes: 1. Number of part-time employees in central government in relation to total government under the general employment framework. 2. GEF data provided as FTEs. 3. Data for Spain are from 2011. Information not available for Chile, Czech Republic, Greece, Mexico, Poland, Portugal and Slovak Republic.

Source: OECD (2010), “2010 Survey on Strategic Human Resources Management in Central/Federal Governments”, OECD, Paris.

Nearly all OECD countries have policies allowing the employment of part-time workers in the public service (Table 3.2). The availability of part-time work increases the flexibility of both the employer and its employees. For many employees, part-time work ensures greater labour market participation because it allows them to combine work with family or other non-work activities; however, part-time employment often leads to lower pay and fewer career opportunities in the long run. Increasing opportunities for part-time work may affect the diversity of the workforce, as 70% of part-time workers are women in OECD countries, but it may also have a significant impact on the pay gap between women and men. Policies enabling casual and part-time workers contribute to agility by enabling the government to tap into a broader, more diverse labour pool and help mitigate the loss of skills by encouraging older employees to transition gradually from work to retirement.

Dismissal, rehiring and retraining policies

The ability to restructure and reduce staff numbers, even during periods of financial stability, is also a key indicator of agility in the public service. However, traditional employment arrangements in the public sector tend to include greater protection against dismissal than in the private sector. For example, public servants in 15 OECD countries have guarantees in favour of life-long employment, compared to 5 countries with similar protection for private sector workers. Among countries that allow the dismissal of public employees, only six report doing so regularly. In countries with more flexible dismissal policies, dismissed public employees are often entitled to minimum periods of notice (e.g. 2-12 months in Sweden) and access to professional or vocational training. As part of Canada's Work Force Adjustment Agreements, employees whose positions have been eliminated can opt for either a priority consideration for open positions elsewhere in the government or a cash-based transition support measure of up to one year's salary. Retraining and education assistance are also available. Such policies give governments greater flexibility to control staff numbers and improve mobility, while retaining some protections for employees.

However, the loss of too many employees at once, such as through an increased number of retirements resulting from an ageing workforce, can decrease agility due to the loss of critical skills. In response, some countries have developed policies to retain older workers and transfer their skills to younger employees, which may involve changes to retirement rules and pension programmes. In the United States, some government agencies are allowed to rehire recent retirees without the employee losing his or her annuity. At a time when a government is facing challenges in hiring and retaining talented workers, which is exacerbated by an increasing number of

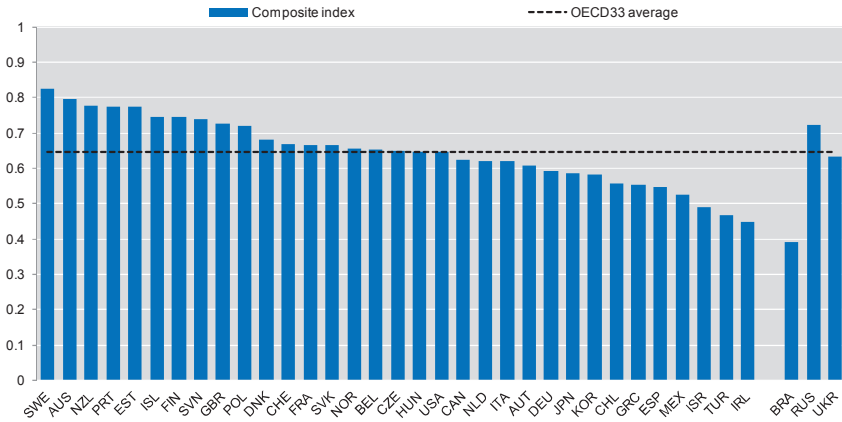
retirements, the authority to provide so-called “dual compensation” enables agencies to fulfil certain mission-critical functions more easily. Senior officials in the US Department of Health and Human Services report that this authority provides two primary benefits – appointment agility and compensation agility – which have enabled them to hire scientists and other skilled professionals to quickly fill competency gaps to respond to medical emergencies (GAO, 2012).

Governments can also mitigate the loss of skills and create a more flexible workforce by developing retraining programmes, allowing employees whose skills are obsolete or whose positions have been eliminated to remain in the workforce. Under the terms of the Work Force Adjustment Agreements in Canada, retraining is made available to facilitate the redeployment of employees. Portugal has designed training courses to help older employees acquire new vocational skills, particularly ICT skills, which has helped modernise the workforce without excluding older staff. Retraining policies can help shift the focus of restructuring measures away from the overall size of the public workforce toward facilitating change to achieve greater organisational efficiency and effectiveness.

How decentralisation of HRM authority affects agility

In many countries, recent reforms have included the decentralisation of HRM authority, as governments give line managers more flexibility to adjust the size and composition of their staff. Countries like Australia, New Zealand and Sweden have decentralised HRM practices by increasing the role of line ministries in determining the number and types of positions in the organisation; the allocation of the budget between payroll and other expenses; staff compensation levels; and employment conditions, among others (Figure 3.4). By doing so, these governments have attempted to allow managers to tailor their HRM practices to meet their organisation’s specific business needs. Previous OECD work (2010a) has shown that greater levels of HRM delegation to managers in line ministries can provide greater flexibility in moving staff quickly in response to changed environments. Such delegation is common in the private sector, where managers are held more directly accountable for the performance of their unit. Indeed, a 2006 survey of business executives found that pushing decision-making authority as far down the organisation as possible was one of the most important contributors to agility (McKinsey & Co., 2006).

Figure 3.4. **Extent of delegation of human resource management practices to line ministries in central government (2010)**

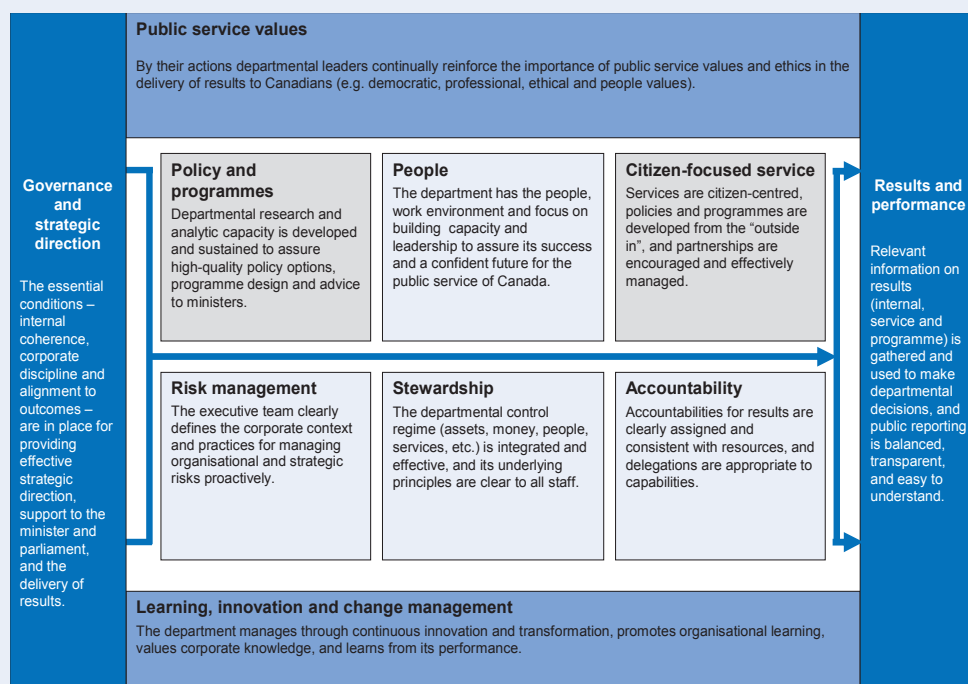


Source: OECD (2010), “2010 OECD Survey on Strategic Human Resource Management in Central/Federal Governments”, OECD, Paris, unpublished.

Decentralisation in the public sector should be accompanied by a sound accountability framework to ensure consistent application of HR policies. Furthermore, managers need sufficient HR expertise within their unit to execute delegated responsibilities effectively. Developing and implementing a management accountability framework and ensuring an adequate distribution of HR skills can help improve the effectiveness of the government’s workforce planning. Canada has developed such a framework that helps to ensure accountability in a delegated environment (Box 3.8).

Box 3.8. Canada: Using management accountability frameworks to enhance HRM decentralisation

In the context of increased emphasis on results and performance management and delegation of management functions to departments, the Canadian government has developed a Management Accountability Framework (MAF) to ensure departmental accountability for management results, including human resources. The MAF is structured around ten key elements that collectively define “management” and establish the expectations for good management of a department or agency. It sets clear indicators and measures that can be used to gauge performance over time to help managers, deputy ministers and central agencies to assess progress and to strengthen accountability for management results. The MAF is part of the government’s efforts to move away from prescriptive rules and heavy central regulation to focus on risk-based monitoring and accountability for results. The government uses annual MAF assessments to identify management strengths and weaknesses in individual departments and agencies and ultimately government wide. The assessment process leads to a joint agreement on specific management improvement action plans and ultimately public reporting on the state of management. The MAF assessment now also factors into deputy ministers’ performance appraisals.



The “people” component of the MAF provides a common structure for assessing HRM in departments and agencies. It sets out a vision, expectations, key performance indicators and associated measures for sound HRM. It centres on key workforce, workplace, leadership and HR infrastructure outcomes, and associated measures. The outcomes are:

Box 3.8. Canada: Using management accountability frameworks to enhance HRM decentralisation (*cont.*)

- a workforce that is talented, professional, representative, engaged and productive, with the required competencies and values to meet current and future needs
- a workplace that is healthy, safe and fair and enables employees to work effectively in a supportive environment and a culture of excellence
- strong leadership and management capacity to effectively lead organisations and people in a complex and dynamic environment
- effective infrastructure, which facilitates effective organisational planning supported by strategic and enabling HRM and achieves high levels of client satisfaction.

The key “people management” performance indicators provide a solid foundation on which managers at all levels, including deputy ministers and human resource professionals, can build their accountability regimes for quality HRM and assess their organisation’s business and human resources outcomes. Every department and agency (except for small and micro agencies) in the federal public service is assessed in each component of the MAF. Each MAF component is further subdivided into areas of management (AoM), each of which has lines of evidence with associated rating criteria and definitions to facilitate an overall rating by AoM. The four-point assessment scale measures each AoM as either strong, acceptable, opportunity for improvement or attention required. The annual performance assessment of deputy ministers takes their department’s MAF performance into account.

The MAF assessment process is performed annually by the Treasury Board Secretariat (TBS) (OCHRO performs an assessment of the “people” component of the MAF), based on evidence submitted from departments and agencies to support the defined quantitative and qualitative indicators within the framework. Assessments are completed by TBS representatives, including a quality assurance process to ensure results are robust, defensible, complete and accurate.

Source: OECD (2010), *OECD Reviews of Human Resource Management in Government: Brazil 2010: Federal Government*, OECD Publishing, <http://dx.doi.org/10.1787/10.1787/9789264082229-en>.

Conclusion

Even during times of fiscal austerity, strategic HRM has the potential to help governments develop a more agile public sector. This does not simply mean reducing and replacing staff to create a leaner, more efficient workforce that does “more with less”. It involves reviewing the current policies and skills of the existing workforce and determining how to use those to address emerging challenges. Strategic workforce planning provides the overall framework for governments to identify, acquire and develop the competencies it needs now and in the future; it provides a tool for allocating resources where they are most needed; and it helps align individual performance management with overall strategic objectives. By facilitating mobility to develop a whole-of-government perspective in the workforce and to diversify the experiences and skills of its staff, government can enhance flexibility within the public sector and improve its ability to develop creative solutions to cross-cutting challenges. In addition, by providing incentives for risk taking and innovation, governments can foster a culture that is willing to accept change and is not scared by the risk of failure.

Governments can also use traditional HRM tools to increase the flexibility of the public workforce. The experience of many countries suggests that across-the-board staff reductions and hiring freezes are often detrimental approaches to fiscal consolidation. If workforce reductions are needed to meet savings goals, workforce planning can help governments make targeted cuts that limit the impact of staff losses on future capacity. More open recruitment systems in which governments can hire new staff at all levels allow employers to acquire specific skills when they do not already exist in the current workforce. Similarly, employment frameworks that include casual and part-time workers also increase governments’ agility by allowing them to increase, decrease or reallocate staff quickly as conditions change.

These lessons could be further enriched in the future through case studies, as more countries are experimenting with innovative practices to facilitate strategic change and adjustment in their public sectors.

Notes

1. Responses to the “OECD Survey on Managing Budget Constraints: Implications in Central Government HRM Policy” (OECD, 2015 - forthcoming).
2. Casual workers can include short-term employees, students or contractors.

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From:

Achieving Public Sector Agility at Times of Fiscal Consolidation

Access the complete publication at:

<https://doi.org/10.1787/9789264206267-en>

Please cite this chapter as:

OECD (2015), "Using human resources management strategies to support strategic agility", in *Achieving Public Sector Agility at Times of Fiscal Consolidation*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264206267-5-en>

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