OECD Reviews of Human Resource Management in Government

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in Government

Belgium

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Foreword

The *OECD Review of Human Resource Management in Government: Belgium* is the first country review to be carried out by the OECD in this field. The review builds on the work conducted over the years by the OECD Public Employment and Management Working Party (PEMWP, formerly the Human Resource Management Working Party, HRMWP), under the leadership of the OECD Public Governance Committee. The overall framework for the country review was discussed and agreed to by the PEMWP at its annual meeting at the end of 2006.

In parallel to this review, the Public Governance and Territorial Development Directorate of the OECD is also conducting a review of e-government in Belgium whose title will be *OECD e-government Studies: Belgium.* This study will be finalised in the fall of 2007.

The report on Government HRM in Belgium reviews the design and implementation of government HRM policies within the context of larger government values. These values are usually at least partially context specific. The report focuses on assessing: whether governments are managing the size, skills, and competencies of their workforce in a sustainable manner; whether HRM systems in governments are performance oriented; whether there is a balance between the flexibility and consistency of HRM rules within and across governments; and finally, whether the values promoted by government are consistent with the management rules and practices.

While policy options presented in this review are based on the lessons learnt from the experience of other OECD member countries, the review process has ensured a high level of consultation with multiple stakeholders so that policy options are relevant and attainable within the specific context and policy priorities of the governments under review.

Through the development of such reviews in the future in other OECD member countries, the OECD will not only help reviewed countries to think through their government HRM policy in a comparative perspective, but will also encourage and promote an improved sharing of experiences across countries on these important matters. This is achieved through the

involvement of a small number of high-level officials from different OECD member countries in the whole review process, through the official review by the Public Governance Committee, and by making an in-depth case study on a specific country, Belgium in this case, available to other OECD member countries.

ACKNOWLEDGEMENTS

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Government employment in Belgium seems relatively costly, highly regulated, and with some governance difficulties

The level of employment in general government[1] in Belgium, as well as the level of compensation costs,[2] seem relatively high among OECD member countries,[3] although this is not an indication of productivity or efficiency *per se*.[4] This is an area of concern as compensation costs per employee have grown more rapidly in general government than in the labour force at large, and staff numbers have also increased quickly over the past 10 years. In the context of the ageing population in Belgium, this certainly weakens the sustainability of public finances and will undoubtedly undermine the governments' fiscal positions.

Part of these costs might be transitory and may be mostly due to inefficiencies in the federalisation process. Indeed, overlapping jurisdictions across the different levels of governments, as well as reported difficulties in moving staff across levels of government, might lessen in the long run as the federal system is made more efficient.

Another part of these costs appears to be more structural and may be more related to systemic inefficiencies and governance weaknesses in the different employment and human resource management systems.

Personnel management systems are indeed highly regulated in Belgium, leading to high transaction costs, to major difficulties in the delegation of authority to managers and in the implementation of performance-based management, as well as in the management of the size of the workforce. It is also the source of tensions between the implementation of statutory rules and the new vision of performance-

based HRM. Finally, it leads to relatively low staff mobility. In addition, governments have developed inventive ways of bypassing too burdensome regulation, notably by increasing the use of contractual staff and politicising the workforce, and by doing so, have added governance problems. Finally, the high degree of regulation has resulted in the judiciarisation of the relationship between public employers and employees, with long and expensive court procedures to resolve any possible conflictual situations.

Reform in HRM is high on the agenda of all governments under review in Belgium

Since the country's economic difficulties of the 1990s, and the perceived significant decrease in public confidence following highly visible political scandals, all governments in Belgium have tried to reform their human resource management systems in order to improve their efficiency and governance. The governments have followed different paths of reform as they have been given increasing authority in the field of HRM.

Indeed, since the 1990s, the federalisation process has involved increasing autonomy to Regions and Communities in Belgium for the organisation of their own government. Originally with a rather rigid career-based system imposed by the Camus Statute, Regions and Communities are now free to organise their human resource management systems within the general principles established in the Royal Decree on General Principles (22 December 2000).[5] A revised Camus Statute is still in force at the federal level.

While some reforms are relatively similar, the pace and depth of reforms vary significantly across governments, reflecting different value systems, economic situations, and willingness to reform. It is also possible that the current perceived absence of a coherent post New Public Management theoretical framework at the international level may inhibit reform efforts in some governments, and force others to adopt pragmatic reforms that are adapted to their specific needs instead of implementing "template reforms".

Nevertheless, over the past decades, all governments in Belgium have started to review regulations in the HRM field (new codes, new job classification, rationalisation of ranks and grades, new pay scales), to simplify some rules in some areas of HRM, to introduce or implement competency based and performance-based management, and to give a special role to a reformed senior management. These HRM reforms have been implemented within the framework of wider management reforms (balanced scorecards, satisfaction surveys, process reengineering, performance measures, etc.). These reforms are broadly similar to general trends in OECD member countries, although in Belgium there is more emphasis than in other OECD member countries on the roles played by the "mandates" system for senior managers, and on competency based management.

The Flemish and Federal Governments seem to be in a relatively mature phase of reform implementation, with the Flemish Government having developed a somewhat more consistent set of management reforms, including the systematic use of a coherent cascade of performance targets and incentives, a certain degree of delegation of decision-making, and a consistent organisational structure. Both governments have taken steps away from the traditional career-based system of employment, through some broad-banding and the opening up of some posts to lateral entry. In the French Community and Brussels-Capital Region, the reform approach has been more incremental in nature, with no significant steps away from the traditional career-based system taken, but some emphasis put on performance measurement at the level of the organisation and on the management of competencies. The Walloon Region has taken the most cautious and incremental reform path with an explicit emphasis on retaining the distinctive traditions and attractiveness of public sector employment. It is presently reorganising to better adapt its organisational structure to the needs of strategic management.

Overall, the story of government HRM reforms in Belgium is that of a transition from a centralised, rigid and highly regulated HRM system, to a devolved system with some attempts at decentralising decisions on HRM within government. This transition has raised issues regarding the actual focus of governments' HRM on performance, as well as regarding the capacity of governments to avoid a fragmentation of HRM values, policies and practices both within and across governments. On all these matters, the situation varies significantly from one government to another in Belgium. However, some long-term difficulties seem to have remained in all governments, especially regarding increases in staff numbers and compensation costs, the blurred political administrative boundaries, some inconsistencies between regulation and actual practices on the use of employment formats, as well as the overregulation of the HRM systems.

All governments should pay special attention to staff productivity and efficiency…

In common with many other OECD member countries, Belgium is entering a period of fiscal and economic challenges arising from its ageing population and consequent increased demand for services coupled with a smaller economically active population. The government fiscal strategy is partly based on pre-funding these additional costs with growing budget surpluses.[6] This in itself is an important reason for paying special attention to staff productivity and efficiency, *i.e.* their costs compared to their outputs in the context of wider achievements in the various domains of public policy.

…by better monitoring their staff numbers and compensation costs…

Important measures need to be taken to ensure that employment policies are sustainable in the long run. All Belgian governments would gain from improving their workforce planning, reviewing their workforce size (with an emphasis on reassessing their functional needs by reviewing the government's tasks), the levels of compensation costs, as well as the possibilities for outsourcing in a cost efficient manner. In all governments, the budget constraints should be hardened, with new policy priorities being met with the clear understanding that it will be

without overall increases in staff numbers. In parallel, governments should devise a long-term workforce planning strategy that aims at improving cost efficiency and plans how to best take advantage of staff departures due to retirement, especially of lower ranking staff. These new strategies should all take into account the new public service challenges created by an ageing society, and changing demands on public services.

For efforts in this field to be sustainable, however, it seems crucial that the negative incentives created by the federal funding of regional and community governments' pension costs and social employment[7] be removed. In Belgium, subsidised social employment in government is both a general labour issue, as one may question the overall benefits of such measures, but it is also an issue of intergovernmental governance, as the subsidised costs fall disproportionately on the Federal Government which only employs some of the staff funded through these programmes.

Finally, in order to make sure that transitory increased costs due to the federalisation process do disappear as federalism is made more efficient, it is important that a cross-government dialogue on staff numbers and costs be initiated to better understand inefficiencies in the federalisation process, and find adapted solutions. This dialogue could focus on governments' functional overlaps, and on how to decrease the transaction costs of the federalisation process.

…by strengthening their HRM performance management systems and further delegating managerial responsibilities

Like many OECD member country governments, all Belgian governments have quite strongly indicated that they are moving towards a greater emphasis in their HRM systems on managing staff performance. In this regard, the following improvements could be made to their strategy:

i. Strengthen the consistency of the overall management framework with performance management

The assessment of staff performance management systems in OECD member countries has shown that one of the *sine qua non* conditions for systems to help achieve greater performance is that they are part of a wider strategic management approach, involving regular reviews of organisational objectives, delegation of authority and greater customer orientation.

Overall, many efforts have been made by all governments in Belgium in terms of implementing new strategic management tools such as balanced scorecards and the Common Assessment Framework, and there are signs that the cascade of targets is slowly taking place. The use of these tools, however, might be somewhat detached from the overall strategic management of organisations. This means that to a certain extent, these tools seem to remain stand alone management pieces, with few real linkages between target-setting and the assessment of objectives on the one hand, and decision-making on the other hand. For example, while some governments use programme budgeting (reclassification of the budget and appropriation of funds according to policy areas rather than kinds of input), the linkages between outputs/outcome indicators on the one hand, and budgeting on the other hand seem to be very limited. In addition, the organisational structure of governments might not be optimally configured to respond to the needs of strategic management, with only the Federal and the Flemish Governments having

extensively reorganised their institutions to better delineate responsibilities between policy-making, strategic thinking, target-setting on the one hand, and policy implementation and the achievements of results on the other hand (although there are some developments in this direction in the French Community and the Walloon Region). Finally, apart from the mandate systems implemented for senior management, there seem to be only a few linkages between the organisations' strategic management tools and staff management.

All governments, and especially the French Community, Brussels-Capital Region and the Walloon Region, could thus gain considerably by adjusting all public management processes and structures to the needs of performance management in order to have a consistent performance-oriented management framework.

In addition, apart from arm's-length agencies, the delegation of input control rules (and especially budgetary and establishment controls) on personnel seems to be limited, although relatively more extensive in the Flemish Government, with some interesting developments having taken place in the Federal Government and the French Community. However, whatever the levels of delegation of controls might be, the managerial room for manoeuvre is limited by very rigid overall employment frameworks for statutory staff, and rigid compensation levels. The managerial freedom that managers could have gained from the increased use of contractual staff has been limited by practices that have aimed at maintaining equity across different types of staff (see below on contractual staff).

While good staff performance management will not take place without a gradual further delegation of authority to managers, it should be noted that the relaxation of input control rules and the increase in managerial freedom require highly professional and well trained managers, as well as an adapted budgeting system and mature organisational and individual performance management systems. These

preconditions are probably closer to being met in the Flemish and Federal Governments, although all governments would also have to make an extra effort to better delineate administrative and political boundaries and to invest in leadership capacities (see below).

In parallel, and because policy-making and implementation in Belgium are already quite fragmented across governments, but also by ministry and by agency, it seems important that governments establish institutions and processes that increase horizontal and cross-sectoral co-operation in public service work. Indeed, the experience of other OECD member countries shows that otherwise, going further with performance management will strengthen the stovepipe approach to government, leading to inefficiencies and inadequate policies. This is especially important in governments like the Flemish Government which have created arm's-length agencies and are facing more difficulties with cross-agency co-operation.

ii. Use competency management as a strategic management tool

The role of competency management in HRM is particularly emphasised in all governments in Belgium, and comparatively more than in other OECD member countries. This is especially the case in the Flemish and Federal Governments, with the other governments moving in this direction as well.

Moving towards the greater management of competencies is a welcome development as it is a way of integrating the HRM function into the mainstream corporate goals of an organisation, as well as making the different parts of the HRM functions (recruitment, probation, induction, promotion, training, development, performance management, discipline rewards) more consistent. Governments which are just moving in the direction of competency based management including the French Community, Brussels-Capital Region and the Walloon Region are

strongly encouraged to continue developing their **competency** framework, and to make the use of competencies a reference for the development of staff throughout their careers.

It seems, however, that there is a tendency to give disproportionate attention to competencies in some governments, almost as if acquiring competencies was similar to achieving results. This is especially the case in the Federal Government, which has gone as far as to base most of its HRM incentives (training, salary incentives and career development) on competencies rather than on actual performance. It seems to also be a risk in governments which are starting to implement competency management.

Moreover, so far, competency frameworks have mainly been used as a basis for development dialogue between staff and managers, and not as part of systematic workforce planning.

The role and place of competency management could thus be reviewed so that competency management remains an input into the strategic management of organisations, and does not take the place of performance management and of a focus on results.

iii. Emphasise the two-way psychological contract in performance management

In all governments, there is evidence that a lot of attention is being given to staff development in the performance management systems. It is important, however, to use performance assessments for other core HRM decisions – promotions, rewards and sanctions. So far, however, although performance appraisals are now well developed in all governments, they remain weakly linked to the promotion systems. This situation is even more acute for contractual employees, who do not have career paths within governments. As for other rewards, the Flemish Government has implemented performance-related pay, albeit in a limited way, and the Walloon Region

is planning to introduce a degree of performance-related pay for mandated managers. The Federal Government has introduced merit-based bonuses, but based on the acquisition of competencies rather than on the achievement of performance results. Finally, there are almost no applied formal sanctions for poor performance.

It is thus recommendable that performance appraisals do not become stand alone elements of staff management and are linked to the rest of the human resource management processes, *i.e.* recruitment, incentives, sanctions and dismissals. Carrying out performance appraisals on subordinate staff should, of itself, become part of the assessment of officials with staff management responsibilities. In other words, they should be appraised on the basis of their proactive and meaningful ongoing management of the staff resources which have been put at their disposal. International experience shows, however, that performance appraisals should probably be used both as a way of dealing with development and underperformance, with a focus on better developing and changing the allocation of responsibilities of underperformers, and as a way of rewarding good performance. In addition, as international experience has shown, governments in Belgium should continue to take a careful approach linking pay incentives with performance evaluation, as performance-related pay can be difficult to implement and potentially divisive. A very well functioning performance management system needs to be in place before performance-related pay can be implemented and have positive results.

Good governance in human resource management in government should be significantly enhanced…

For an HRM system to be well performing, a number of governance features need to pre-exist. These are not always present in governments in Belgium today. In particular, all Belgium governments under review could make employment regulation less complicated and rules more coherent, improve the consistency of evolving management systems with evolving core values, as well as the transparency and relevance of systems governing the

delineation between the political and administrative responsibilities.

…by deregulating personnel management systems…

Governments in Belgium have all started to simplify rules and procedures, and would gain considerably from continuing to do so. The deregulation of HRM systems (with necessary safeguards regarding the procedural rights of employees) will be core to the successful implementation of performance management in governments. Finally, deregulating will be necessary to rationalise the use of statutory and contractual employees.

…by rationalising the use of statutory and contractual employees…

Belgium appears to be a special case among OECD member countries regarding the large and increasing extent to which governments use (supposedly "temporary" or "mission specific") contractual staff. Indeed, some governments in OECD member countries have changed their employment statute so that all staff are employed under public law or private law "contracts", while other governments are purposely and openly replacing statutory employees with contract employees. Belgium is specific in that contractual staff are employed under rules that are clearly considered different from what should be general government employment rules, and their increasing number appears to have been unplanned, bypassing basic employment regulations too often, and resulting in a very large proportion of long-term employees not being properly managed.

Some governments in Belgium seem to be making some efforts in this area, with the Walloon Region having managed to slightly decrease the proportion of its contractual staff in central government, although the overall proportion of contractual staff remains high.

The situation is very unsatisfactory both from a governance and an equity perspective, although it is to be noted that governments are making specific efforts to improve the management of contractual employees. Officials from most governments (the Walloon Region being the exception) recognise that

contractual staff are often used as a substitute for statutory employment. This practice bypasses the conditions for the use of contractual employees in the 2000 Royal Decree on General Principles. In addition, contractual staff do not provide the flexibility their status would logically provide as most are on open-term contracts and there are very few cases of dismissals. It seems that the most important reason for hiring contractual staff lies in the cumbersome recruitment process for statutory staff, due partially to *ex ante* internal controls in each government and, although much less clearly, to the SELOR procedure. In addition, with a low level of outsourcing compared to other OECD member countries, governments have instead used a large proportion of contractual employment to fill in some of the lower skilled positions such as drivers, cleaning personnel and canteen personnel.

In the long run, there are two (mutually exclusive) types of reforms that governments could take in order to address this situation:

1. Reduce contractual employment to merely temporary employment necessitated by work congestion and replacement needs, and increase outsourcing for lower skilled government functions in order to improve efficiency. This, however, would require a more flexible employment format for statutory employees, combined with the simplification and streamlining of the procedures for creating, abolishing posts and recruiting.

2. Reduce statutory employment to a limited core civil service, primarily at the central level in the different governments, and use contractual employment for all other functions, including all employment at decentralised levels. This should be accompanied by measures to ensure that

recruitment for casual employees is fair, non-discriminatory and based on merit; that their career paths are well managed; and that their benefits (especially pensions) are realigned with those of present statutory employees.

In the meantime, there is an urgent need to provide contractual staff with a career path, without which their performance cannot be rightly managed.

…by clarifying political and managerial responsibilities, and investing in leadership capacity…

Among OECD member countries, Belgian governments under review also stand out regarding the lack of clarity in the political/administrative interface, resulting in structural difficulties in implementing performance management and unclear accountability of senior management. It is likely that this situation results from a mix of factors including the coalition nature of government (although some other OECD member countries with coalition governments have a clear political/administrative interface), the need to ensure responsiveness of public administration, and a historically weak senior management.

First, the large size of "cabinets" creates major difficulties in public governance. Cabinets are indeed used for more than the usual purpose of providing politically sensitive advice to ministers as they ensure the political oversight of executive bodies. This practice bypasses the usual HRM regulations, undermines the attempts made at increasing individual accountability of senior managers, blurs career paths for staff who would like to be able to reach senior managerial positions, and negates efforts to implement performance management.

Second, there seems to be a relatively high degree of politicisation of senior management positions, even in governments which have opened up their senior management positions and implemented a mandate system for senior managers. The experience of OECD member countries shows that politicisation is not necessarily a problem if and only if established for ensuring that the policies of elected governments are

implemented by a relatively "resistant" bureaucracy, and provided there is absolute transparency about the positions that are subject to the spoilage system. This is presently not the case in Belgium.

To respond to these difficulties, governments in Belgium have taken interesting measures consisting of the following: *i)* the integration of cabinet staff into strategic management especially in the Federal and Flemish Governments, as well as a reduction of the size of cabinets. Both of these measures seem not to have had long lasting results; *ii)* decreased resources allocated to cabinets (Walloon Region for example); *iii)* the professionalisation of the management of senior management, by opening up their recruitment, and implementing a mandate system (renewable contracts depending on the achievement of objectives). A well functioning mandate system should help ensure more responsiveness of public administration without unusual involvement of the political sphere, and thus help decrease the need for large cabinets and political appointments in senior positions.

It seems, however, that the only tangible result of these measures on the delineation of responsibilities between senior management and cabinets has been an increased collaboration between cabinets and senior management on technical issues in some governments. This is far from the needed clarification of roles and responsibilities between cabinets and senior management and the depoliticisation of senior management appointments.

Other conditions need to be met before there can be a clearer delineation of responsibilities: *i)* like other OECD member countries, governments need to invest in building "leadership" capacity in their senior management, that is the capacity for managers to make their organisations achieve results; *ii)* all governments under review in Belgium also need to improve their processes for co-ordinated horizontal work across departments and ministries at senior civil service level and below (so that cabinets do not necessarily have to do this horizontal work); *iii)* there

needs to be a strong political commitment to depoliticise.

…by promoting a coherent set of values

While traditional public service core values (fairness, loyalty, probity, equity, etc.) are enshrined in the different texts regulating the management of public servants in Belgium, the different governments under review in Belgium have recently made significant efforts to transmit new core values to their staff concerning efficiency, quality and customer orientation. This transmission has been made rather explicit in management codes and processes, with the Federal and the Flemish Governments as well as Brussels-Capital Region having made significant efforts in this area. In all governments, formal management and regulatory tools (strategic organisational management tools, staff performance management systems, etc.) seem to be in place to provide a supporting environment to these new core values.

The change of focus, however, has been somewhat undermined by the overregulated HRM processes that reduce flexibility in personnel management. In addition, there seems to be a disconnection between new core values and HRM regulation and practices.

On the one hand, as governments are moving towards greater flexibility in their HR systems, a major restatement of core values and changes in core regulation will be required. The Flemish Government may have already reached this stage, and all legislation (especially the Royal Decree on General Principles) should be made consistent with actual HRM practices. On the other hand, the changes in core values that all governments recognise will require traditional HR management systems and processes to evolve in governments where they have not yet evolved.

The inter-governmental governance framework could be reformed to remove rigidities and enhance flexible mutual co-operation and learning

While divergence in reform paths can be dynamic and creative in a federal country, it may also create difficulties and rigidities, resulting in multiple and small labour markets for governments and in increased transaction costs on shared government competencies. Divergence can also blur the governance system and make it too complex and incomprehensible to citizens, companies, and the government itself. These are issues that should be recognised in federal countries. However, like in many federal countries, there is no reason why HR systems in Belgium should not diverge across governments, as long as systems are understandable to citizens, mobility is not impeded by diverging rigid statutory systems, and co-operation is working.

A minimum convergence of systems is supposedly maintained today by the 2000 Royal Decree on General Principles. However, the convergence, if any remains, is increasingly minimal. Indeed, the principles of the Decree have been bypassed by many governments' practices, most importantly in the use of contractual staff (see below). In addition, the Royal Decree has not prevented the HRM systems in the different governments from going into different directions.

At the same time, formal and informal collaboration and consultation on HRM have been almost non-existent across governments (except between the French Community and the Walloon Region, but these have almost similar constituents).[8]

The scope of the principles set in the Royal Decree on General Principles could thus be significantly reduced in order to only maintain compulsory minimum common standards in governance principles (such as union rights, selection on merit, etc.). In this case, credible sanctions should be applied if governments do not abide by these basic principles.

In parallel, however, it is important that voluntary co-operation between governments be significantly enhanced through the institutionalisation of the ministerial conference of the ministers of the civil service, and increased collaboration at senior civil service levels. All governments could also gain from increased mobility of employees across governments, especially at senior management levels (through, for example, the development of a common competency framework for senior managers across governments). Mobility across governments could naturally be promoted and organised by SELOR,[9] whose governance, however, will likely have to be reviewed in the medium term. Increased mobility will also require specific efforts to be made on the issue of bilingualism, especially for senior managers.

Considering their overlapping constituency, the Walloon Region and the French Community could consider furthering their collaboration and even harmonizing their HRM rules in order to allow cross-government careers, especially at management levels.[10]

Notes

1.   The definition of general government comes from the System of National Accounts and encompasses all governments in Belgium.

2.   Both globally and per employee.

3.   One of the specificities in Belgium is that outsourcing in general government is relatively low and governments have probably retained in-house functions performed by lower paid staff.

4.   The data analysed do not include the quantity and quality of services delivered by general government.

5.   The general principles of the administrative and remunerative statutes for national public servants to staff of regional and community authorities and services. Importantly, this decree has played an important role in constraining how governments organise: *i)* statutory and contractual employment; *ii)* the rights and duties of public servants, including freedom of speech, of information, duty of loyalty, integrity, etc.; *iii)* key human resource management arrangements, including an objective recruitment process, disciplinary arrangements, annual and other types of leave, redeployment, and pay maxima and minima.

6.   *OECD Economic Survey: Belgium*, OECD (2007).

7.   Most of the pension costs of all government employment in Belgium falls on the Federal Government. In addition, the Federal Government retains competence on unemployment policy and compensation. As part of its strategy to reduce unemployment, the Federal Government promotes employment in the different governments for those who have never been employed, by paying some of their remuneration.

8.   In the Dutch-speaking part of the country, the Region and the Community have been merged into a single institution.

9.   SELOR is the federal selection agency for statutory personnel for the central governments of the Federal Government, Brussels-Capital Region, the Flemish Government, the French Community, and the Walloon Region.

10.   This issue does not arise in the Dutch-speaking part of the country, as the Region and the Community have been merged into a single institution entitled the Flemish Government.

Introduction

1. The federal context for human resource management

In Belgium, the federalisation process has been gradual, with major reforms in 1970, 1980, 1988, 1993, 1998 and 2003. Regions and communities were given constitutional autonomy in 1993. Previously, staff in all regions and communities were employed under the Camus Statute, originally passed in 1937. The Camus Statute had established a career-based civil service that was applied across regions and communities.[1] A revised Camus Statute is still in force in the Federal Government.

Although regions and communities have constitutional autonomy, they are still required to comply with the Royal Decree (RD) of 22 December 2000 on the applicability of the general principles of the administrative and remunerative statutes for national public servants to staff of regional and community authorities and services (replacing a previous RD of 26 September 1994). This Royal Decree on General Principles aims at maintaining a distinctive balance between Belgian governments' autonomy and consistency, promoting the convergence of HRM regulations to "*preserve what is essential and common*".

This Royal Decree has played an important role in constraining how governments organise:

1. statutory and contractual employment;

2. the rights and duties of public servants, including freedom of speech, of information, duty of loyalty, integrity, etc.;

3. key human resource management arrangements, including an objective recruitment process, disciplinary arrangements, annual and other types of leave, redeployment, and pay-scale minima and maxima.

In addition, the Special Law (SL) of 8 August 1980 on the reform of the institutions, amended by the SL of 8 August 1988, establishes the recruitment of statutory public servants through the services of the federal

recruitment office (SELOR). A 9 December 1974 law provides legal provisions regarding trade unions and organises the relationship between governments and unions.

Compared with many OECD federal countries (see Chapter 4), the legal requirements in the intergovernmental legislation concerning the civil service are thus quite extensive.

2. The emerging reforms in human resource management

In the 1990s, two major political affairs (the "Dutroux" and "Dioxine" affairs) that spread over all public administration seem to have been core to the new willingness to reform public management. In addition, Belgium had large public deficits at the beginning of the 1990s and was preparing to enter the Euro zone in 2001. In 1993, the debt to GDP ratio reached its highest point at more than 130% of GDP. In 2006, this ratio was 90% of GDP. Reforms were also motivated by the need for efficiency gains in order to face this fiscal crunch.

Since then, in all Belgian governments, HRM systems and practices have been evolving.

2.1. Common goals

Although reforms are being carried out at very different paces across governments, many of the human resources reforms have been relatively similar in two key areas:

- *Flexibility*: Reform of regulation with a view to simplifying rules (new codes, new classification, rationalisation of ranks and grades, new pay scales, etc.) and implementation of competency based and performance-based management;

- *Leadership*: Reform of senior management.

These reforms have been implemented within the framework of wider management reforms in the fields of organisational reform and organisational performance management (balanced scorecards, satisfaction surveys, indicators of performance measures, etc.).

While some of the reform paths seen in governments in Belgium reflect broadly similar developments across OECD member countries, others are distinctive to Belgium and stem from the particular institutional features of the HR systems. In particular, the central role in the reforms played by the mandate systems for senior managers, which is essentially a position-based

overlay to an essentially career-based system, and by the development of competency oriented workforce planning and management, offering the potential for maximising internal capacity in the context of continuing rigidity in recruitment, is not so common. Some challenges also are distinctive to Belgium, including a continuing difficulty in restructuring cabinets, and an increasing reliance on contractual staff.

2.2. Federal diversity

This convergence, however, remains limited to specific, albeit important, policy areas. In many other aspects of HRM, approaches differ between governments, and sometimes dramatically. The use of performance targets and incentives, and the introduction of competency based workforce planning vary significantly across governments. Delegation of decision-making, specifically regarding workforce planning and recruitment, has been taken further in the Flemish Administration, less in the Federal Government, the French Community and Brussels-Capital Region, with very little action on this in the Walloon Region.

In sum, the impact of federalism on the administrative apparatus of the different levels of government as it is experienced today is relatively new within Belgium (1993) although a process of devolution has been taking place for a long time. The full significance for human resource management is perhaps still emerging. Although fiercely independent politically, the governments show a certain level of similarities in institutional and managerial arrangements. This is unsurprising given their common origins, but an interesting diversity of administrative approaches is developing. The different approaches seem to reflect different views about the type of HRM systems governments want to promote and, more generally, different core values about government.

3. Distinctive reform paths and common challenges

This distinctive federal structure and history has allowed the peer review to offer expert comparisons and policy recommendations along two dimensions reflecting the strengths and challenges of diversity and commonality. First, it places the developments taking place at the level of individual governments, as part of an emerging and potentially creative federal diversity within Belgium, in a wider OECD context. Second, it provides an OECD perspective on the common challenges faced across all levels of government in Belgium.

3.1. Distinctive paths

Differences between the federal, regional and community governments provide trial approaches and experiences in one government setting that can provide some powerful real-life lessons in others. This distinctive gain from cautious diversity can of course only be gained within a spirit of openness and willingness to share.

3.1.1. Federal Government

The Federal Government implemented the Copernicus reforms[2] across the whole administration in 1999, with the intention of making government a better service provider and a better employer.

1. a new organisational structure, introducing a matrix organisation of ministries and services, and a reform of the cabinet system;

2. a new management culture, with the establishment of mandates for senior managers with fixed-term assignments, a greater emphasis on management plans covering business process re-engineering and introducing balanced scorecards and the use of the Common Assessment Framework,[3] and greater *ex post* administrative and financial control procedures through the introduction of "financial envelopes";

3. a new focus for human resource management (with a different role of the central HRM body), moving away from a centralised personnel administration to the provision of strategic guidance to assist local managers in implementation. The new HRM framework envisaged new possibilities for career development and mobility through new job classification, a new competence framework, new pay arrangements, and new training opportunities;

4. a new emphasis on redesigned working processes with a view to developing user-friendly services, better responding to users' demands and simplifying regulation.

It is widely acknowledged that the Copernicus reform did indeed change the HRM culture. HRM is more competency oriented, more performance-oriented, and managerial accountability is seen as the cornerstone of good management. However, there are some significant criticisms. A study undertaken by the Catholic University of Leuven[4] found that HRM rules and processes remain complex, that individual and organisational objectives are not yet well aligned, that pay and grade policy is not entirely supportive of the other objectives of Copernicus, and that individual performance management remains limited. The 2006 Policy Note of the minister in

charge of the civil service notes that much remains to be achieved, and emphasises the implementation of the business process reengineering plans and the need to go further with user-focused approaches, reforming *ex ante* controls and entrenching the HRM reforms.

Overall, the federal reform story has been one of ambitious cultural and organisational change, with a strong emphasis on competencies, and some determined steps away from the traditional career-based system. This has been achieved through the mandate system, with its distinctive position-based fixed-term arrangements building on the underlying career structure, through the opening up of posts for lateral entry at senior grades, and broad-banding for A-level employment.

3.1.2. Flemish Government

In 2000 the Better Administrative Policy ("BBB reform") was launched to simplify the organisational structure and achieve cultural change. The former government organisational structure was amended to introduce a distinction between departments in charge of policy preparation and agencies[5] assigned to policy implementation in 13 policy areas. An external independent agency was created for the recruitment and selection of all public servants of the Flemish Government. A particular emphasis has been placed on the development of agency-specific risk management and control processes.[6]

In addition, since then, six-year mandates have been introduced for senior managers, whose roles have been redefined to provide an interface between the political level and the administration, partly through the introduction of management contracts between ministers and managers.

New performance tools have also been introduced, with a significant emphasis on users-orientation and delegation of responsibilities to departments and managers. This has entailed the development of indicators, objectives and targets at many levels through a major new programme of required annual reports.[7] Individual departments have spearheaded the introduction of balanced scorecards, new tools for strategic resource planning and allocation (PIP/PEP), staff satisfaction surveys, user satisfaction surveys (every two years), and quality assurance arrangements.

The HRM field has seen significant simplification and consolidation, with the merger of the three former personnel statutes in 2006. Individual performance management cycles have been introduced together with a new rewards policy. The middle management selection process has been revamped, accompanied by the introduction of new competency frameworks[8] and the introduction of an ambitious plan on diversity.

The Flemish Government points out that the BBB and associated reforms have achieved significant cultural change, but in a frank assessment they note that major challenges remain. The cabinet reform has stalled, leaving large groups of politically-appointed staff with ambiguous managerial relationships in place. Career mobility remains limited, although it is reported that some 30% of staff wish to change position. Performance management arrangements need further strengthening. Relevant indicators of HR practice need to be developed to support the introduction of the new Management Code fully, and personnel costs need to be controlled. Finally, coordination between departments and agencies is recognised as very difficult to achieve.

In tackling this outstanding agenda, the 2006 Policy Note indicates that efforts will be made to improve the implementation of Management Agreements and to rationalise HRM regulations. The overarching objective remains to shift towards a more position-based system, with simplified administrative procedures, increased managerial delegation, and improved co-operation with local governments and other states and regions.

The 2007 Policy Memorandum on administrative affairs indicated that 2006 was a "pivotal year" regarding HRM issues. It highlights the concern to keep the HRM reforms moving, with some emphasis put on the strengthening of middle management, the introduction of job families and job weighting with a view to changing the reward policy, introducing an age-conscious personnel policy, and improving career paths. The transition from contractual to statutory employment is a priority, entailing changing current regulations on recruitment and selection, and a new policy on integrity will be launched with the planned publication of a code on ethics in 2007.

In sum, the Flemish reform path, like that at the federal level, has entailed significant cultural and organisational change. The movement away from the traditional career-based system has been similar to that at the federal level, with a mandate system coupled with some opening up of posts for lateral entry at senior grades. The emphasis on interlinked performance targets has been particularly strong, and the development of a competency framework opening up possibilities that are perhaps not yet fully realised in terms of enhancing mobility and workforce planning.

3.1.3. Walloon Region

Public administration reforms in the Walloon Region, although influenced by the Copernicus reforms at the federal level, have been more incremental than in other governments. In addition, public administration

reforms have been linked to a broader economic reform (*Plan Marshall*), in which public administration is considered as key.

In common with the other governments, reform concerns have focused on cultural change with some emphasis on performance orientation and users focus. Many reforms have taken place at the level of individual agencies and departments, and since March 2005, operational plans with key indicators for monitoring implementation are negotiated between the government and mandated senior management, and a formal group of senior management has been institutionalised to work on strategic issues. Balanced scorecards have been introduced, along with the greater use of the Common Assessment Framework,[9] quality assurance arrangements,[10] and user satisfaction surveys. In addition, the Region has made some efforts in the field of administrative simplification. Finally, by its Decision of 6 December 2006, the government has started to reorganise its administrative structure to better adapt it to the needs of strategic management, with the grouping of the two ministries into services designed according to government's missions, and the separation of services between operational services and cross-government common departments (HR, budget, etc.). Each department would be headed by a manager under a mandate contract.

Mandates for top managers have indeed been introduced with a view to increasing managers' accountability and to clarifying the delineation of responsibilities between political and administrative functions. The Region is also planning to give managers more managerial flexibility with the allocation of budget envelopes and to establish a certain degree of performance-related pay for managers.

In terms of HRM, the region has harmonised regulation for employment conditions, statutes and remuneration between statutory and contractual employment, as well as to a certain extent between central and local sub-regional governments. A new competency framework has been designed linking individual functions to organisational objectives, and personal and informal experience is now more routinely assessed in recruitment and promotion decisions. Finally, the Region has placed a special emphasis on performance assessment.

Officials from the Walloon Region emphasise that the civil service remains a very attractive employer, and that the process of simplification of HRM rules and procedures has facilitated personnel management. They also note that the culture change towards a more output or consumer focus has begun to take root. They noted that the reform agenda must now address the following:

1. Workforce planning is still considered rather weak, with a somewhat cumbersome recruitment process resulting in an unplanned increase in outsourcing and in the use of contractual staff.

2. The competency framework is not yet fully responsive to the workforce planning needs of the public service.

3. Agencies and departments have resisted balanced scorecards, regarding them as a top-down imposition.

4. Performance contributes only modestly to career advancement.

5. The level of financial and administrative delegation is still very low.

The Walloon reform path is thus characterised by a more cautious and incremental approach, with an emphasis on retaining the distinctive traditions and attractiveness of public service employment.

3.1.4. French Community

A number of initiatives have been taken to promote a more performance-oriented and user-focused public service. Organisational reform took place in 2004 with the creation of autonomous agencies regulated by performance agreements concluded between ministers and agency managers. One-stop shops were created to rationalise the provision of services. The role of the HRM central body[11] now primarily focuses on strategic guidance to agency and local managers. Finally, the French Community has recently generalised the use of the KAFKA test that aims at measuring the potential administrative burden involved in new regulation and conceived by the Federal Agency for Administrative Simplification.

Following a 2001 audit, reforms have also aimed at creating better capacity for strategic thinking by making the *Conseil de Direction*, composed of the 50 most senior managers, a key strategic planning body.

In terms of performance management, balanced scorecards have been introduced along with specific efforts made at implementing the CAF and satisfaction surveys. Finally, external and internal audit processes have been substantially reinforced. Audits on internal control processes have been conducted, which have not yet resulted in a lightening of *ex ante* controls.

In the HRM field, following an audit carried out in 2001, a quality plan for 2003-2005 was launched, with competency management as one of the key planks. In addition, specific career paths for contracted experts have been created and a new evaluation cycle for staff has been launched. The government has also placed a special emphasis on the simplification of regulations and the need to reinforce rules and processes around ethical

standards (through the introduction of an ethics code). Finally, better delineating administrative and political responsibilities has been a priority, and mandates for top managers are in the process of being introduced in 2007.

Recent audits and external assessments have underlined some difficulties resulting in an uneven distribution of capacity, and an associated lack of training. Today, in addition to improving evaluations, simplifying administration (structures, procedures, policies, including a key effort on e-government) and strengthening the user-oriented approach (on-line procedures, one-stop shops, etc.), improving HRM is a key priority which the government is planning to focus on, through the improvement of the competency framework, the performance appraisal system and through more flexible working arrangements in some services.

The reform path for the government of the French Community is somewhere between that of the Walloon Region on the one hand, and the Flemish and Federal Governments on the other. It is incremental in its approach to changing career paths, with only very tentative steps away from a career-based system. However, its structural reforms with the introduction of agencies and performance agreements mark a very distinct break with tradition.

3.1.5. Brussels-Capital Region

Like in other governments, the objectives of the different reforms have been to make the government more user- and performance-oriented. Administrative simplification is seen as key to these goals, with the introduction of one-stop shops, better access to administrative documents, the creation of a mediation service, and the unification of statutes and rules between ministerial departments and agencies, etc. Departmental performance objectives based on outputs have been implemented since 2002, and balanced scorecards were introduced in 2004 along with a self-evaluation framework and user satisfaction surveys.

On HRM more specifically, a new competency framework has been designed including a management matrix redefining competencies by functions and working processes, and several initiatives have been implemented to improve diversity. Finally, as with other governments, re-delineating responsibilities between political and administrative boundaries has been a key priority. Brussels-Capital Region staff note that the structure and employment conditions of the Executive Senior Civil Service are to be redesigned to increase managerial accountability. The creation of a mandate system for senior managers was passed in June 2007.

Officials mention that not implementing the mandate system has led to weaknesses in leadership and has prevented organisational reforms. Measures on performance and evaluation are seen as having provided visible progress, but without having an effect on individual career paths and individual performance appraisals.

Current strategic objectives are to continue ongoing incremental reforms and more specifically:

1. Create a simplified and user-oriented administration through e-government procedures and the creation of one-stop shops.

2. Implement a top management mandate system.

3. Strengthen the competencies framework, to underpin recruitment, mobility and facilitate career paths.

4. Reinforce the linkages between organisational and individual objectives to develop an integrated evaluation process.

5. Improve bilingualism and implement the diversity plan.

The reform path for the Brussels-Capital Region, like that of the French Community, is at a midway point, with a cautiously incrementalist approach that has, to date, focused on performance measurement at the agency or departmental level. There have been no significant steps away from a career-based system.

3.2. Inter-governmental dialogue

There is a significant potential gain from this creative diversity within the federal structure of Belgium. Given a spirit of openness, practical lessons can be shared.

The Constitution puts procedures in place to support consultation and co-operation between governments:

- ordinary inter-ministerial conferences composed of ministers of the Federal Government, regions and communities;

- co-operation agreements[12] (voluntary or mandatory) can be proposed by different governments and adopted by the respective parliaments to develop common initiatives, to create and manage services collectively and to implement collectively some competences that would otherwise be held by individual governments. Overall, there are few co-operation agreements in public administration matters. One was reached in September 2006 to establish principles and services for integrated e-government;

- mandatory consultation procedures, where governments share competence for a specific area of responsibility.

Overall, in terms of the management of the public service, constitutionally based consultations and agreements have been strikingly limited.

The three main unions (the General Union of Public Service ACOD-CGSP, the Free Union of the Civil Service VSOA-SLFP, and the Federation of Christian Public Sector Unions CCOD-CCSP), have national and sub-national sections. Trade unions could, in principle, fill the information-sharing gap left by the governments. The "A committee", comprising union representatives of all government entities from central and local levels, has an important official role to play, but discussions in this forum seem to have had a relatively limited influence in recent years.

However, union dialogue has focused somewhat narrowly on terms and conditions of employment in the public service.

In addition, some dialogue has taken place at the ministerial level through ministerial conferences. For example, 16 interministerial conferences were established in September 2004 to strengthen intergovernmental co-operation through informal discussions, and one of them was specifically devoted to administrative affairs.

The result has been a patchwork of intergovernmental agreements involving governments that volunteer to cooperate in particular areas. These show the potential for intergovernmental learning and collaboration. For example, during the inter-ministerial conference in September 2006, nine different cross-governmental issues on public service modernisation were discussed.[13] Some agreements have been reached:

1. Informal agreement to create joint recruitment reserves (each government will open its own recruitment reserves to other governments) between all governments.

2. Informal agreement to encourage staff mobility across governments.[14] A working group has been created with a view to defining practical modalities of a new intergovernmental mobility system. Trade unions will be associated to the discussions of the working group. A co-operation agreement is expected to be made as soon as possible to address two issues: establishing a way of making grades equivalent across governments and defining the role that SELOR could play in the management of cross-government mobility.

3. Increased sharing of information across governments on administrative simplification (regarding data collection, one-stop shops and call centres).

4. Creation of a working group to look at concrete measures to enhance acquired competencies (with a view to changing recruitment procedures).

However, there does not seem to be fora for regular discussions of public management matters between senior civil servants of the different governments.

The coordination of HRM policies is more developed between the French Community and the Walloon Region,[15] which would be expected considering that they mainly have similar constituents (the issue does not arise in the Dutch-speaking part of the country as the Region and the Community have been merged into a single institution entitled the Flemish Government). Most of the voluntary agreements or coordination processes seem to involve the Walloon Region, the French Community and the Federal Government. Voluntary co-operation agreements, or intergovernmental integrated policies between the Flemish Government and the French Community/Walloon Region are rare.

3.3. Common challenges

Over-arching these diverse reform paths and different focus areas for reform, some challenges are clearly held in common across all the governments that participated in the review. These challenges are summarised here but will be further developed throughout the various thematic chapters in the review.

3.3.1. Staff numbers and compensation costs[16]

Although the analysis of the data of employment in and financial flows from general government (all governments included) (see Annex 3) does not provide any indication on efficiency or productivity of the workforce,[17] it concludes that the level of employment (number of employees) in general government compared to the labour force seems relatively high compared to other OECD member countries, as do compensation costs.[18] Indeed, considering that there seems to be comparatively less outsourcing of general government services in Belgium than in other OECD member countries, and that in most countries outsourcing concerns to a large part lower skilled services, it is likely that Belgian governments have retained in-house many of the functions that are performed by lower paid staff. In that sense,

compensation costs per employee should be relatively low among OECD member countries, and, in fact, are not.

Compensation costs in general government across Belgium have remained relatively stable as a percentage of GDP, but this owes considerably to GDP growth. In addition, compensation costs per employee in general government have grown compared to compensation costs per salaried employee in the general labour market over the past 10 years. Finally, it seems that a large part of employees in government work on tasks related to general administration.

While it can be argued that the apparent policy of high remuneration in the public sector will stand government in good stead as it faces problems of attracting workers in an increasingly tight labour market in some parts of Belgium (although officials note public organisations do not currently have any problem attracting workers), there are some considerable risks in such a compensation policy if it is also associated with high employment levels. Staff numbers have increased in general government by approximately 8% in the last 10 years. Similar to many OECD member countries, Belgium is entering a period of fiscal and economic challenges arising from ageing populations and as a consequence, an increased demand for services coupled with a smaller economically active workforce. If this is combined with an overburdened public sector, the fiscal challenges will be harder to meet.

With a high unemployment rate, however, the direct effect on economic growth of significant government employment within a reduced labour market will be delayed or softened.

The increase in staff numbers has taken place in regions and communities, with however a small decrease in staff numbers over the past five years in the central government of the Walloon Region. The small decreases at federal level have not compensated for the increases at the region/community levels.

In examining the sectoral composition of the public sector workforce, the data show a relatively high number of staff working in core general administration compared to other OECD member countries, with large increases over the past 10 years in regions and communities, as would be expected following federalisation, but also, interestingly, some (minor) increases at the federal level.

These increases in staff numbers are probably due to a number of factors:

- The devolution process: some of the increases could only be transitory, due in part to the difficulties in reducing staff numbers at the Federal level, and in reorganising staff across levels of

government. The federalisation process has involved the transfer of many staff from the Federal Government to regions and communities, with major consequences on workforce planning and remuneration in the regions and communities, and with difficulties in harmonising pay across employees. In addition, some officials note that a relatively large number of staff (some officials report approximately one out of four or five staff) have refused to move to another government, thus driving staff levels and compensation costs up.

- Inefficiencies created by some current ambiguities in the federal structures, with some shared competencies likely contributing to duplication of effort, and some staffing rigidities. This seems to particularly be the case in the health and employment sectors where competencies have been shared across different governments, while the number of staff in the education and cultural sectors (entirely devolved to communities) have remained relatively stable over the past 10 years.

- Weak incentives for governments to reduce their wage bills as they are partially compensated for additional employees through federal funding of pension costs and social employment.

- General inefficiencies arising from centralised *ex ante* control arrangements in HRM within governments, and rigidities in employment frameworks, combined with pressures for improved services.

3.3.2. A highly regulated HRM environment

All government organisations in OECD member countries use a mix of statutory instruments and levels of delegated managerial authority for their governance. The statutory elements form the skeleton or framework that provides the organisation with a legal personality. The spectrum of arrangements in OECD member countries ranges from an extensive use of statutes to a very limited use, and managerial discretion is thus correspondingly smaller or larger.

At one extreme, *governance by statutes* means that many of the basic rules governing management decisions are pre-determined – either by a superior level or by the organisation itself – and documented. The resulting organisational focus is not on outcome or even output, but on standardised structures and procedures. The opposing extreme can be called *governance by managers*. The scope and volume of statutory rules are reduced, resulting in a sphere of managerial discretion bounded by mission statements, policy

frameworks, different types of goals, and accountability mechanisms. The result is a more flexible, some would argue too flexible, set of arrangements that can more easily be adapted to focus on performance.

Governments in Belgium rely extensively on governance by statutes, and at the same time, are developing managerial systems in order to increase managerial responsibility for results and provide managerial room for manoeuvre for managers. The cultural bias for governance by statutes is explained in literature[19] as necessary to eliminate the scope for discretionary decisions, and thus to reduce or even eliminate the risk for misuse of public authority and public resources. Statutes provide better transparency and predictability through standardised, prescribed procedures. Statutes ensure that all Belgians have equal access to public employment and adequate protection against misuse of public authority through political patronage. In addition, it seems that inter-administration statutes have been the preferred way of ensuring consistency in basic values (continuity of the public service, equality of public service delivery and transparency), structures and procedures across all public administrations in Belgium, within or across governments.

Like in many OECD member countries, including in countries with career-based systems such as France or Portugal, a number of initiatives that focus on performance and outcomes have, however, been launched by different Belgian administrations, somewhat tilting the balance away from management by statutes. All governments are putting some efforts into simplifying rules and procedures. More attention has also been given to the selection and training of public managers during the last decade. Nevertheless, in all the Belgian governments studied, public employment conditions are governed to a significant degree by statutes or codes falling under public law (all sub-national governments have their own statutes in addition to the rules prescribed in the 2000 Royal Decree on General Principles). It means first that the specific employment conditions in the public sector are distinct from those in the private sector. In all Belgian governments, the civil service codes or statutes impose a specific recruitment process, provide guarantees about job protection and against dismissal, and special benefits including pensions and social protection. They also underpin the pay scales and the basic classification of functions. Additionally, they prescribe procedures for the delegation of authority.

The extensive use of statutes for HRM has several important consequences. First and foremost, it leads to difficulties in delegation and in accountability for meeting performance targets, issues which are seen as a strategic objective in all governments (see Chapter 2). Moving towards a performance- (output and outcome) based government has proved to be a difficult process in all OECD member countries that have started such a

change, not least because the definition and measurement of objectives in government is difficult, especially in departments that do not deliver a clearly definable output. However, in the case of Belgium, aligning HRM incentives with higher level agency performance targets is particularly difficult because of the statutory rigidities.

The reliance on statutory controls creates additional problems:

1. There is a significant amount of tension between the implementation of statutory rules and the new vision promoted by human resource management. Indeed, for example, at the Federal level, the overall statute for the employment of statutory staff has only evolved marginally, while management priorities have changed and many reforms in public management have been implemented. This creates difficulties in applying a coherent personnel policy, a difficult understanding of the core values between different players, including possibly between employers and administrative court.

2. Legal procedures in administrative court are possible for almost any administrative decision involving the management of individuals. The length and details of the legal rules are such that it is reported that public employers very often lose in court. Officials note that public employers have developed a preventive attitude by refraining from official negative decisions (starting with negative employee evaluations).

3. It enshrines the primacy of *ex ante* administrative and financial control procedures, preventing additional delegation of HRM decision-making.

4. Since processes are somewhat cumbersome, to meet the various statutory requirements, governments establish ways of bypassing statutes requirements (see next section). For example, *de facto* flexibility has been achieved by recruiting an increasing number of contractual staff, and by the establishment of agencies.

5. The multiplicity of inflexible statutes undermines mobility of staff within and across governments (see Chapter 4). For this reason, maintaining a large multiplicity of statutes in career-based civil services may be a costly choice in a highly devolved environment.

3.3.3. Managerial informality

The rigidities described above lead to a practice of managerial informality – with senior staff relying on legal but inappropriate mechanisms to bypass cumbersome procedures. There are two particularly

common types of informality – the somewhat excessive use of contractual employment as an alternative to the rigidities of statutory employment, and the very significant numbers of political appointees as an alternative to more formal systems of political accountability.

Contractual employment seems to be used as a method for creating some *de facto* flexibility in recruitment and staffing decisions – even for tasks that might be considered to be core government. All regulations and statutes regarding personnel mention that statutory employment is the rule and contractual employment the exception. In all of the Belgian governments the specific public status only applies to statutory employees, but usually not to contractual staff (with the exception of the mainstreamed regulation done in the Walloon Region). Despite legal limitations on the use of contractual staff, all the governments in Belgium have increased the proportion of contractual employees, reaching almost half of the global workforce in the Flemish Community (including local governments and teachers and professors); and in Brussels-Capital Region; slightly less in the French Community (44% of contractual staff in 2005, excluding teachers and professors), and more than a third of staff in the central government of the Walloon Region and more than a quarter of staff in the Federal Government. Compared to other OECD member countries, this proportion of employment outside the general employment framework is very significant.

Political appointees in cabinet positions are used, it would appear, for more than the usual purpose of providing politically sensitive policy advice. They seem, *de facto*, to be used as a method for ensuring political oversight of executive bodies. The difficulties of this informal mechanism are that: *i)* employment in cabinets bypasses the usual HRM regulations and statutes which provide clear rules about staff appointment mechanisms, including at the highest levels, in order to ensure merit appointments, transparency and prevent patronage and corrupt behaviour; and *ii)* strong cabinets undermine the efforts made at increasing individual managerial accountability. Ministers have more room for manoeuvre for the appointment of members of cabinets and strategic units (in the Federal Government). The consequences are a distinctive lack of delineation of responsibilities between the political levels and senior management. As the recent report by the Court of Audit[20] on personnel policy for strategic units and ministerial secretariats in the Federal Government underlines, the accountability of strategy units is unclear when they are in reality part of ministerial secretariats, with negative consequences for budget transparency. On the other hand, there is a risk of perceived patronage as appointment mechanisms for these staff lack transparency. Finally, as cabinets seem to also be used as a training platform for future political staff and even politicians, officials report they are

sometimes filled with relatively junior staff who exercise powerful oversight over the most senior managers. These points are examined further below.

3.3.4. Blurred responsibilities at the political/administrative interface

As noted earlier, regulations ensure merit-based appointments for statutory staff including senior staff and, for some governments, contractual staff also. The size and role of Belgian ministerial "cabinets" creates a serious problem of transparency in appointment and in defining accountabilities.

Politicisation is not intrinsically problematic – and in fact it can be a logical method for ensuring that the policies of elected governments are implemented in a resistant bureaucracy. However, the large cabinet system raises particular challenges in improving performance management. This is not because of the existence of the cabinets *per se*. Political advice is necessary in many areas, and through their ability to monitor developments, cabinets can also provide a mechanism for ensuring that departments and agencies are responsive to political priorities. The problems arise when these politically determined priorities are not explicit, making it difficult to hold staff accountable and creating (the potential at least) for inconsistencies with other performance target-setting arrangements. In addition, the political responsiveness that such arrangements bring must be balanced by other values. The public recognise that there are tradeoffs in government – but they are looking to see that the emphasis on the law and the Constitution, and on professionalism, fairness and impartiality, are not overwhelmed by loyalty to the government of the day – or indeed vice versa.

Although politicisation is in part a product of history and in part a product of institutional difficulties (resulting in possible lack of capacity at senior management levels), the most advanced OECD member countries have now established a clear delineation of power between the political level and senior management, with in parallel, a professionalisation and personalisation of personnel nominated by ministers. In Belgium, despite some attempts at limiting the influence of cabinets on the management of ministries in almost all governments, they are still considered to be at the core of the managerial decision-making process in many governments and sectors. This creates some difficulties in the establishment and promotion of core values and of a performance-oriented culture.

3.3.5. Consistency and flexibility of HRM rules across governments

In a relatively recent federal system such as Belgium, it is not surprising that governments are still looking for the right balance between the consistency and the flexibility of HRM rules across governments. Indeed, governments have different views regarding the need for consistency as there are varying ideas held by governments regarding the type of federal nation state Belgium should be. This review comments only on the desirability of a certain level of consistency across levels of government in order to maintain flexibility while keeping transaction costs under control.[21]

In a small country like Belgium with highly regulated government employment regimes, the risk of inconsistent policies and statutes is to minimise labour mobility through the creation of a series of small parallel public sector labour markets. This has the effect of decreasing the talent available to each government, decreasing competition for good staff, and increasing transaction costs particularly in policy areas that involve several governments or where governments have overlapping competences.

It is of course a delicate balance, as in a federal country, imposing consistency through inter-governmental regulations can create another set of rigidities and governance difficulties. The root of the issue is about how the different HRM policies can help decrease transaction costs through improved voluntary co-operation.

Notes

1. Career-based refers to an approach of recruiting staff early in their career and retaining them within the public service, deterring lateral entry. Position-based systems are based on the principle of recruiting to a specific position (externally or internally), with in principle no certainty for any employee of subsequent appointments within government. Position-based systems imply that, generally speaking, positions are open to all who qualify and not just to members of that cadre/corps or department. For further details see: OECD (2004), "Trends in Human Resources Management Policies in OECD Countries", OECD: Paris.

2. Nicolaus Copernicus was an astronomer who proposed that the Earth revolved around the sun and not the other way around as was previously thought. The reason for naming this round of reforms after him is to suggest that the administration is there for the citizen and not the other way around as was previously the practice.

3. See The Common Assessment Framework (CAF): *Improving an Organisation through Self Assessment 2002*. (http://www.eipa.nl/CAF/Brochure/CAF2002_Eng.pdf). European Institute of Public Administration: Maastricht

4. "De Copernicushervorming in perspectief – Veranderingsmanagement in de federale overheid" by Annie Hondeghem & Roger Depré (Red.) (2005).

5. a) Internal autonomous agencies without legal personality, established by the Flemish Government. Senior managers are given operational autonomy, and remain subject to the hierarchical authority of the minister.

   b) Internal autonomous agencies with legal personality, established by Flemish Parliament Act. Senior managers have operational autonomy, and remain subject to the hierarchical authority of the minister.

   c) External autonomous agencies, under public law and with a legal personality (in which the legal form departs from the compulsory provisions of private company or association law).

   d) External autonomous agencies, under private law and with a legal personality (limited liability company, co-operative society, temporary company, non-profit organisation, foundation, etc.). These legal forms under private law are applied in a pure form (establishment and articles of association fully comply with the compulsory provisions of private company or association law).

6.   In September 2006, the Government of Flanders decided that every agency and department must have a written and documented system of internal control at the latest one year after the entry into effect of the management agreement.

     The internal control system is composed of elements as determined in Article 33 of the Administrative Policy Framework Decree, in particular the effective and efficient control of risks, reliability of financial and management reports, compliance with regulations and procedures, effectiveness and efficiency of departments' operations, protection of assets. The process of internal control must be evaluated by the management to ensure that it is up date at least once a year, be amended if necessary and validated again. Last but not least, the Flemish Community shifted its budgetary control processes: the *a priori* controls have been removed.

7.   Annual Management Reports, Policy Agreements, Policy Notes on Administrative Affairs, and Policy Letters, etc.

8.   Competency frameworks define the behaviours and capabilities that public servants must have in order to fulfil particular tasks. They mark a break from a more traditional concern with post-by-post position descriptions and individual career experiences. They allow a mapping of competencies needed across the public service and consequently an improved approach to workforce planning. In the case of the Flemish Government, see particularly Horton, Sylvia, Annie Hondeghem & D. Farnham (2002), *Competency Management in the Public Sector, European Variations on a Theme*. IOS Press: Amsterdam. IIAS: Brussels.

9.   See note 3.

10. Building on International Organization for Standardization (ISO) and EU Eco-Management and Audit Scheme (EMAS) standards.

11. The *Direction générale du Personnel et de la Fonction publique*.

12. Co-operation agreements allow several entities to develop some policies within their competencies on a collective consensual basis.

13. Mobility across governments, sharing of recruitment reserves, CAF and the future 4th quality conference, e-procurement, teleworking, contacts and information sharing across governments, competency enhancement, the participation of the different governments in European and multilateral fora, the establishment of pay maxima and minima.

14. It follows a royal decree approved by the Federal Government in June 2006, where similar mechanisms had been put in place to simplify mobility from regions and communities towards the Federal Government.

15. The French Community and the Walloon Region have created a common unique service of public debt management, and the French Community has already proposed to create a common integrated recruitment structure with the Walloon Region.

16. See Annex 3 for details.

17. Indeed, these data do not show the quantity or quality of services produced by employees.

18. Compensation of employees is the total remuneration, in cash or in kind, payable by an enterprise to an employee in return for work done by the latter during the accounting period. The compensation of employees has two main components: *i)* wages and salaries payable in cash or in kind; *ii)* the value of the social contributions payable by employers: these may be actual social contributions payable by employers to Social Security schemes or to private funded social insurance schemes to secure social benefits for their employees; or imputed social contributions by employers providing an internal pension system for their own employees (*e.g.* government for government employees).

19. See for example Hondeghem and Steen (2000), "Public Services: Can Regulations Go along with Flexible Personnel Arrangements?" in *Human Resources Flexibilities in the Public Services* (2000), edited by David Farnham and Sylvia Horton.

20. Cour des Comptes (2007), *La politique du personnel des organes stratégiques fédéraux et des secrétariats ministériels*, January.

21. In this report, transaction costs refer to the costs generated by a decision, including all costs for preparatory work, bargaining, and for policing and enforcing the implementation of the decision. It includes both direct costs and the value of the time consumed by all involved actors in the decision-making and implementation process.

Chapter 1
Workforce Planning and Management

1. What is workforce planning and management?

The workforce of an organisation is in a constant flux due to flows in and out of employment. Business transformations, fluctuating demand, and social and technical evolutions are constantly changing the organisation's need for skills and competencies. Labour mobility and turnover add to the recruitment needs. The labour market is at the same time characterised by constant flows in and out of the market, and by fluxes in the supply and demand of different skills and competencies. This creates uncertainties in an organisation's dependence on its workforce and on the labour market that the organisation typically tries to reduce or master by workforce planning and by devising appropriate human resource management arrangements.[1]

A distinction has to be made between the short-term or *operational* dimension of workforce planning, and the longer term or *strategic* dimension. In the short term, there is a direct link between workforce planning and operational decisions. In the longer term, workforce planning is instead linked to strategic decisions about the positioning of the organisation a number of years into the future.

Workforce planning is not necessarily the same as central or top-down planning. Adequate workforce planning can be developed in any organisation, centralised or decentralised.

Skills and competencies are key elements in advanced workforce planning, both in the operational and in the strategic dimensions. These are especially important for the performance issues dealt with in Chapter 3 on staff performance.

2. Outcome goals

Successful workforce planning and management responds to the constant fluxes in the workforce and the labour market and produces:

- an appropriately dimensioned workforce;

- an appropriately structured workforce, with the right skills and competencies;

- a representative workforce;

- an ability to meet changing labour needs; and

- an ability to detect and prepare for future changes in the organisation's need of and access to skills and competencies.

Internal and external mobility are normally not among the primary goals of workforce planning and management. They can, however, be secondary goals, to the extent that they can contribute to the realisation of the organisation's primary goals, for example by promoting generic competencies and increasing internal flexibility, or augmenting the attractiveness of the organisation as employer. The exception is senior management, where internal mobility strengthens coherence and cohesion, and where an appropriate amount of external recruitment is necessary for enhancing the dynamism of the internal management culture.

3. Workforce planning arrangements

The present workforce planning and management arrangements in Belgium reflect the existing constitutional scheme. Each government has its own workforce planning and management arrangements. There are considerable similarities between those, but there are also some notable differences. In addition, all Belgian governments have different types of sub-government organisations (named "agencies" hereafter) with a separate identity and management. Many of these have the legal form of "organisations of public interest" (OIP), but there are also other types. The names can vary substantially. Many of these handle their own workforce planning and management.

Delegation of workforce planning arrangements to senior management levels goes hand in hand with the development of performance management and delegation of authority to managerial levels.

Within central governments, workforce planning has been delegated to the senior management level most notably in the Flemish Government, and to a lesser extent in the Federal Government and the French Community where lengthy *ex ante* controls remain. In these governments, senior managers determine the level of their needed workforce, according to their stated goals and missions, through the personnel plans that are part of their own objectives. As a consequence, workforce planning is definitely part of organisations' strategic management. In the Flemish Government, in addition to the regular management contracts between senior managers and ministers, the PIP/Pep (process implementation/personnel planning) is an advanced process regarding delegated workforce planning, with three phases: the diagnosis phase (definition of present situation, vision and goals, project plan), the redesign phase (define organisational structure, personnel and other resources), and the implementation plan (implementation plan, etc.).

The Federal Government and the French Community have delegated responsibility on types and number of posts, but have kept multiple *ex ante* controls on budget matters (although in recent months, the Federal Government has announced its decision to move further towards internal and *ex post* controls). The procedures to approve workforce plans remain long and are said to lack flexibility in order to adjust to changing priorities.

In the Walloon Region and Brussels-Capital Region, workforce planning is rather centralised, with a considerable level of *ex ante* controls, and a level of employment that is set centrally. Workforce planning results in centrally determined staffing plans that cannot be amended without a time-consuming procedure. In the Walloon Region, however, it seems that the new modernisation agenda (Decision of 6 December 2006) will enlarge the recruitment powers of managers. The French Community is developing a new globalised employment framework that aims at simplifying staff allocation across departments and thus increasing mobility.

Overall, the delegation of workforce planning seems to be relatively consistent with where governments stand regarding performance management. Senior managers in the Federal Government, however, seem to wish for more delegation of authority on workforce planning and fewer *ex ante* controls. This has to be combined with adequate budget arrangements in order to avoid increases in the numbers of staff, and to make sure that the allocation of staff corresponds to government priorities. In addition, this will entail rethinking the delineation of responsibilities between the political level and senior managers.

In general, as Belgian governments are expected to assign greater importance to organisational performance in the future, they will therefore need to enable their operational managers to use workforce planning as an active instrument for improving organisational performance. This in its turn implies an improved operational control over recruitment profiles, selection criteria and selection processes.

4. Workforce planning and increases in staff numbers

The increases in staff numbers and compensation costs compared to the general labour market in all governments (see Annex 3) theoretically imply that workforce planning arrangements have little capacity to promote a lean government. Until recently, however, it appears that limiting increases in staff numbers has not been a key priority in governments' modernisation strategy. There is some indication that limiting personnel costs has only been a core objective in the Federal and Flemish Governments since 2004, and in other governments, it seems to have been a standalone measure left

apart from the rest of the modernisation agenda (and implemented mostly by recruitment freezes). In recent years, the French Community has devised a strategy where it replaces only two departures on retirement out of three since 2006, and two temporary leaves out of three since 2007. This is an ambitious policy compared to the experience of OECD member countries.[2] Brussels-Capital Region, on the other hand, is still planning to increase staff numbers in its ministry in the near future.

In general, however, it appears that in governments that have delegated their workforce planning at managerial levels, limiting personnel costs has not been reflected into units' strategic management plans. For the other governments, it is possible that rigidities in the HR systems have made it difficult for the central agencies to restrain staff numbers.[3]

In general, there is little reported evidence of governments rethinking the level of their workforce and compensation levels according to functional needs. This can easily be at least partially explained by the difficulties in workforce planning created by the federalisation process. In addition, with pension costs falling on the Federal Government, and some subsidies from the Federal Government on "social employment" (Rosetta Programme and following social employment programmes for example),[4] workforce planning might be biased towards increased employment in governments. This is not a sustainable governance arrangement in an ageing society, as workforce planning will have to increasingly take pension costs into account. However, a large number of employees were hired in the 1970s by governments as a measure against unemployment, especially at the lower educational levels (this is still taking place in the Walloon Region where unemployment rates are high). A large majority of these staff will retire in the next 10 years, providing some room for manoeuvre for governments.

Finally, it is clear that increases in staff numbers are also due to their difficulties in cutting staff numbers in lower ranking priority areas when new priorities emerge. This situation will create increasing difficulties in societies where priorities have to evolve even quicker than before.

In conclusion, it would seem important that the issue of public employment levels and compensation costs could be discussed collectively and individually by all governments, reviewing where the federalisation process might have created large inefficiencies, and where costs could be saved. In addition, governments might benefit from rethinking their outsourcing strategy in order to improve efficiency, as Belgium ranks comparatively low on the level of its outsourcing for general government (see Annex 3). Individually, Belgian governments could focus on reviewing their workforce size, reassessing the functional needs, and devising a long-term workforce size strategy that aims at improving cost efficiency and

plans on how to best take advantage of the departures of lower ranking staff hired previously under social employment schemes. Finally, governments are encouraged to reflect individually and collectively on the negative incentives created by the Federal funding of pensions costs and of some costs associated to social employment schemes. In Belgium, subsidised social employment in government is both a general labour issue as one may question the overall benefits of such measures, but it is also an issue of intergovernmental governance, as the subsidised costs fall disproportionately on the Federal Government which only employs a small minority of staff funded through these programmes.

Some government officials mention that the experience with outsourcing has been relatively negative in Belgium with increased costs for services provided. While this is not an unknown experience in OECD member countries, in the cases where this has happened, it has been due to a lack of capacity within governments in managing outsourcing. Any strategy that would aim at increasing outsourcing would need to review government's existing internal capacity in outsourcing.

In terms of compensation levels, a thorough analysis could be carried out for all staff levels, analysing compensation levels compared to private sector salaries (although international comparisons show that in many cases the structure of salaries should remain different in the public sector), as well as analysing compensation levels in the public sector compared to those in similar public services in other OECD member countries. The management of the pension system for public servants, as well as some Federal Government subsidised social employment, would benefit from a review of their governance mechanisms to increase individual governments' accountability for overall personnel costs.

5. Long-term workforce planning

The experience of OECD member countries shows that while the delegation of workforce planning to senior managers reinforces managerial accountability, there needs to remain some government-wide planning or at least some government-wide coordination of workforce planning to address some important changes in the economy or in the labour market such as ageing.[5] However, achieving the right balance between coordinated long-term workforce planning and delegation of authority is a difficult task, and most OECD member countries are still striving to achieve this balance.

Strategic or long-term workforce planning seems very limited in Belgian governments, although management tools such as competency management and personnel plans should make it possible. This is surprising since

Belgium faces a significant ageing of its population (with pension and health care costs rising by three percentage points of GDP until 2050, most of the burden falling on the Federal Government), and all public administrations in Belgium face substantial losses of skilled and experienced employees during the next decades (see Figure 1.1 for a comparison between the Belgium Federal Government and other OECD member countries). Thirty-nine percent of the current federal employees are, for example, expected to retire during the next 15 years. More than one-third of the current staff at central level in the Walloon Region, in the central ministry workforce in Brussels-Capital Region and in the French Community are expected to leave during the same period. The situation is all the more acute as early retirement rates were 21% in 2000 in the public sector, which is three times the rate in the private sector. Furthermore the proportion of pensions devoted to the public sector represented 32% of the global pension bill in 2003 while employees in the public sector represent only 22% of the active population.[6]

Like other OECD member countries, Belgium faces a number of critical challenges related to ageing including how to adapt its current workforce to the challenges created by an ageing population and thus reallocate human resources across sectors, how to be more efficient in order to reallocate financial resources to cover increased pension and health care costs, and how to best take advantage of the retirement of large numbers of civil servants to reorganise the workforce and decrease costs.

There has been no indication that governments have individually or collectively devised a strategy or carried out strategic thinking on these important topics. However, OECD research shows that only a few OECD member country governments have devised such strategies.[7]

In this context, the efforts in Belgian governments are limited. It is revealing that the Pact across Generations ("Pacte des générations") concluded last year by the governments in order to tackle significant difficulties with the ageing Belgian society does not apply to government employees. The main efforts of Belgian governments in their personnel strategy concern maintaining capacity in the public sector. The Flemish Government has started to establish a long-term planning framework in order to face the challenges raised by its ageing workforce, but with limited concrete measures so far, except concerning special coaching in order to transfer knowledge across generations. The French Community and Walloon Region have sophisticated forecasts of ageing by sector and use them for workforce planning purposes. The French Community has also determined it would replace only two-thirds of its central government staff leaving on retirement. The Federal Government has also developed tools to better assess needs especially after 2012, resulting in decisions to increase lateral entries (entries at relatively senior grades within levels) in the public

service and in the development of programmes for transferring knowledge from senior to more junior staff.

Figure 1.1. **Proportion of workers above 50 at the national/federal government, proportion of persons above 50 in the total labour force, 2005**
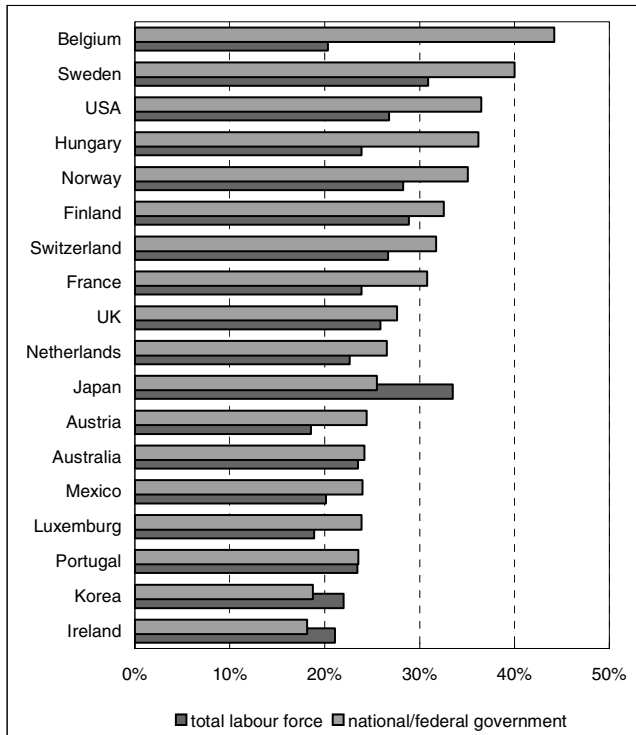
Source: OECD (2007), *Ageing and the Public Service: Human Resource Challenges,* OECD, Paris.

In conclusion, it seems important that governments devise strategies that aim at better adapting their workforce to the challenges created by an ageing society and take advantage of their ageing public service to do so. This ageing strategy should be reflected in management plans and could comprise:

- a review of the ageing facts in the wider financial and labour market contexts;

- decisions on the most appropriate ways of increasing productivity in the delivery of public services (including reorganising service delivery including possibly increasing outsourcing) and decreasing

overall costs, while taking advantage of the unique opportunity provided by the increased numbers of public servants leaving on retirement;

- a focus on maintaining capacity in some sectors, increasing capacity in other sectors, and reviewing consequences on the general labour market and notably on the increased competition for key capacities between the public and private sectors;

- The promotion of institutional changes that aim at adapting multi-level governance to the ageing challenge and reallocate financial and staff resources in favour of the levels of government that will be the most solicited by the new demands.

6. Workforce planning and the move towards competency management

All governments are moving to competency based management (see Box 1.1) but with a different degree of integration with other HRM tools. This is a very interesting development. In OECD member countries, competency management is a way of integrating the HRM function and the mainstream business goals, as well as integrating the various component parts of the HRM function itself *i.e.* recruitment, probation, induction, promotion, training, development, performance management, discipline, reward, etc. Indeed, for people to be proactively managed through all stages of their career it makes sense to use the same "vocabulary", *i.e.* to have the same sets of knowledge, skills and attributes used from induction through training to promotion. Similarly, the link between how a particular individual, team or business unit can contribute to the corporate goals of the organisation can be expressed using the same vocabulary. The extent to which competencies are meaningfully employed is usually taken as an indication of a certain orientation and commitment towards proactive people management and integration in the ways mentioned.

The competency frameworks developed in the Federal and Flemish Governments are fairly advanced in an international comparison, as they allow linkages between policy plans, performance management and competencies. The Flemish and Federal Governments have clearly developed competency dictionaries and/or competency frameworks enabling a systematic treatment of the competency dimension in recruitment and training. The other governments seem to be moving in this direction.

Some, like the Federal Government, go as far as to base most of the incentives of their HRM on competencies, which, in the end might undermine the implementation of a performance-based approach (see

Chapter 2), as staff and management attention may become disproportionately focused on competencies rather than on results and individual performance. It is important that other governments which are moving towards putting a lot of emphasis on the management of competencies in their HRM systems do not end up focusing disproportionately on competencies.

Moreover, competency frameworks should enable the governments to establish a clear linkage between the business needs of each part of the governments and their recruitment planning. So far, and maybe apart from the Federal and Flemish Governments, these frameworks seem to have been used mainly as a basis for development dialogues between managers and individual employees, and for planning internal training efforts.

The key aspect of competency frameworks is not their structural design, but the fact that they enable the government to work more systematically and goal-oriented with workforce planning and with investments in their human resources. The outcome of such planning should not only be expressed in terms of post categories, but multi-annual plans expressed as a combination of capacity and competencies. This would give each government a better base for identifying competency needs and surpluses and help design recruitment strategies and training.

Box 1.1. **Competency based management in the various governments under review**

Federal Government

The competency framework is a matrix with core values (objectivity and respect; integrity; room for self-development; qualitative work environment), and five competency clusters (information management, task management, management, interpersonal relationships, personal qualities).

For the A level, the competency framework has been developed around functions, and 17 career pillars determined around fields of expertise have been determined; subdivided into classes by level of complexity and responsibility. A dictionary of competencies for levels B and C has been generated. The competency framework is being developed for level D.

The major change involved in Copernicus reform and follow up reforms have been that competencies are now supposed to influence recruitment, career path and training.

o   Regarding recruitment, 70% of selections organised by SELOR are now specific to a certain experience and a level of competencies.

Box 1.1. **Competency based management in the various governments under review** *(cont'd)*

o   Regarding career path, voluntary individual competency measurements have been organised through SELOR, which if positive, open the way to salary increases and personal development plans. This tool has not been used much however. Certified training has become the main competency management tool, and is now opened to staff for levels A through D. Every six years, staff can voluntarily take certified training organised by IFA (*Institut de Formation Fédérale*), which is now a condition for salary increases. The validity period for certified training is six to eight years. Finally, development cycles have been established whose goals are to better link careers and competencies.

Flemish Community

Competency management has been core to the HRM policy for some years, with the following objectives: improve efficiency, create a common vocabulary, support core values and corporate identity. Four core values have been defined: user-oriented approach, reliability, co-operation and permanent improvement. Thirty-two behavioural competencies grouped in seven clusters have been defined, with three levels of competencies, in family functions. The process for workforce planning has been restructured around three elements: *i)* job descriptions; *ii)* competency profiles; *iii)* personal objectives.

Through the performance cycle, performance and competencies have been clearly linked.

A special emphasis on the recruitment of middle managers has been developed.

Like for the Federal Government, the question of the linkages between the development of competencies and career paths remains unanswered. A new performance appraisal system is being designed which will put a strong emphasis on competency development and individual training plans. The common competency framework is reported to have allowed an increase of internal mobility.

French Community

In March 2005, a special unit for competency management was created in order to better structure strategic workforce planning. The objectives are to make sure that each staff member can relate to the rest of the organisation, to provide the civil service office with a better tool to assess personnel needs, to establish profiles that are coherent within the ministry, to adapt these profiles for functional meetings with staff, to contribute to staff performance evaluations, and to help improve the whole performance of the ministry.

Box 1.1. **Competency based management in the various governments under review** *(cont'd)*

Walloon Region

In 2005, the Walloon Region started implementing workforce and competency planning (*Gestion prévisionnelle des effectifs et des competences*), with a functional allocation of posts and competencies, and a competency appraisal system. Apart from senior position under the mandate system, however, recruitment remains based on job families that are linked to diplomas rather than competencies. The competency appraisal system is supposedly linked to the promotion system. However, so far, the competency framework has not been integrated into other HRM tools related to the career path or other incentives.

Brussels-Capital Region

Brussels-Capital Region has also defined a competency framework. Like in other governments, a competency management matrix was created to create a global management by competencies according to functional needs and strategic missions that have been redefined. A mapping of all government's missions has been carried out allocating functions to missions, and allowing improved annual workforce planning for recruitment. The objective is to align candidate's profiles to specific posts, have a more constructive relationship with SELOR, and harmonise recruitment. Competency management is also supposed to help increase mobility and opportunities in career paths. Salary progression within the grades has been made dependent on accepting to carry out individual training. The linkages between workforce and competency planning with training are starting to be developed.

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7. Recruiting and promoting the right skills and competencies

7.1. Recruitment processes

Regarding *statutory employment* for non-senior management employees, processes for all governments are regulated, and governments are required to use SELOR as their recruitment agency (except for non-central services of the regions and communities – but the Flemish Community is the only government not using SELOR for non-central services staff – and senior management) and use competitive examinations. As in all career-based human resource systems, most recruitments are entry level recruitments within a specific level (except for some positions within the A-level in the Federal and Flemish Governments) and staff then move up the grades as they mature through their careers and through the promotion process. Recruitment is based on diplomas and tests. SELOR's recruitment strategy has moved from mega-generalist exams to the recruitment of specific

profiles through competency based recruitment, especially for the Flemish Community, the Federal Government and Brussels-Capital Region. The other governments are also moving in this direction (see Box 1.3).

Governments are then allowed to constitute recruitment reserves for their future recruitment needs. Ninety percent of recruitments are ranked selections. The Federal Government has now delegated the final candidate selection from the SELOR-provided list back to SELOR, although this reform has been severely criticised by managers as their departments have been deprived from any leverage on final recruitment. Some other governments like the Walloon Region traditionally select candidates as they appear on the ranked listing.

Box 1.2. **Workforce and competency planning arrangements in France**

Snapshot of the current challenges

Workforce planning arrangements are in a process of change for two different reasons:

o **Ageing civil service**: Similarly to a large majority of OECD member countries, France faces a demographic shift which creates a window of opportunity to increase public sector productivity. Consequences on workforce planning require adjustments in three directions: *i)* to manage a large flow of civil servant departures in a very condensed period of time (45% of current State civil servants will have retired by 2012) by reforming the current public sector retirement laws and pension benefits, and by adjusting HRM policies to retain older workers longer; *ii)* to redesign HRM strategies with a view to maintaining capacity while ensuring an appropriate use of competencies based on functional needs, and while reallocating resources across departments or sectors; *iii)* to implement cost containment policies to face long-term financial needs, including potential workforce downsizing and pension liabilities' reform.

o **Institutional changes**: the strategic State missions are going to be re-engineered depending on the changed needs of the population, on innovative technologies, on the consequences of the devolution process and on expectations from civil servants.

A new integrated approach

A holistic approach on workforce planning was adopted over the last years to face these challenges. This approach includes a significant change in the hiring policies, adjustment of medium-term recruitment strategies and the use of new workforce planning instruments:

Box 1.2. **Workforce and competency planning arrangements in France**
(cont'd)

o   The first key instrument is the **GPEEC** (*Gestion Prévisionnelle des Effectifs, des Emplois et des Compétences*). Introduced in the early 1990s and reengineered in 2001, the GPEEC is an ambitious government-wide strategy which analyses the current staffing picture by functions and categories (*corps* and job families). It aims at forecasting adjustments of staffing needs in order to improve efficiency in the public service, adapt recruitment to the demographic context, increase government's accountability to citizens concerning the changes in the public workforce numbers, finally nurture social dialogue by opening a debate with the unions.

The GPEEC is a cross-departmental methodology which has established a common framework across government, although each ministerial department is responsible for its own GPEEC plans, under the supervision of the central HRM body. In the State civil service, the GPEEC has become a key lever of the HRM reform agenda and one of the key ministerial strategies. The evaluation of current GPEEC plans shows that all ministries have made progress aligning staff with missions and integrating HRM strategies in their GPEEC plans.

o   In 2006, the GPEEC process was strengthened by an additional instrument – the annual conferences on HR workforce planning (CGPRH) which aim at establishing a dialogue between the HRM central body and each department on specific GPEEC plans. Discussions are focused on the perennial workforce planning strategies and on management priorities for the year. It is to be considered as a road map setting mutual commitments on workforce planning. Thematic working groups are being established to identify good practices that could be applied in all ministries.

o   A third workforce planning instrument – the RIME (*Répertoire Interministériel des Métiers de l'Etat)* was launched in November 2006 to provide a unique catalogue of competencies to be used by all departments. The RIME reviews the different job types and functions within the State administration to reinforce linkages with the competency needs analysis and to increase cross-departmental staff mobility. Finally, the RIME enables a clear picture of the public sector labour market and thus may be an important added value in a context of increasing competition for skills with the private sector.

Box 1.3. **The move to competency based recruitment in the Walloon Region, the French Community and the Brussels-Capital Region**

In 2004, the *Walloon Region* initiated a large-scale reflection on their recruitment process. All functions are now sub-divided into sub-categories that are described in terms of skills. This reduces the number of mega-exams.

The *French Community* is currently undertaking a reflection on recruitment procedures, but the procedure still remains rather rigid and still consists of three main tests regardless of the level of competencies and skills needed and the level of the function. One of those tests consists of assessing candidates' knowledge of the institutions of the French Community.

The *Brussels-Capital Region* has moved to competency based recruitment, but not yet the COCOF.

Source: Input from SELOR.

Ensuring equity and equal access to the public service has been core to the establishment of this recruitment process. Most governments have made a very serious effort at modernising recruitment to make it more consistent with their competency management, with the Flemish Government devoting particularly important resources in this field including the detachment of a few staff to work with SELOR on the recruitments for the Flemish Government. Brussels-Capital Region has just developed its competency framework, the French Community is still in the process of developing its framework, and the Walloon Region is just moving in this direction. All governments are reflecting on using SELOR only as a pre-qualifying institution rather than as a fully competent institution for the full recruitment process, and developing their own internal processes for the final selection of candidates within the list provided by SELOR.

Both the Flemish Government and the Federal Government have opened the recruitment of some of their non-entry A-level staff to outside applicants (in the Federal Government, this recruitment at A3 and A4 level is open to external applicants when nobody is available internally). This is a significant step towards the move to more position-based human resource management systems, and more flexible workforce planning.

As for contractual staff, it is significant that there is no specific procedure imposed on all governments by intergovernmental regulation. The Federal Government is organising competence profiling through SELOR (not for agencies or public institutions) and the whole selection process is managed by SELOR. The Flemish Government has established its own recruitment agency and committees for hiring, with tests, etc. Brussels-

Capital Region is advertising all open contractual positions, with an open recruitment procedure that can involve representatives of unions to ensure fairness in recruitment. The French Community also has an open recruitment procedure with juries that propose staffing decisions to the political authorities.

As with statutory employment, it seems that recruitment criteria for casual staff have evolved significantly towards the increased use of competency criteria in governments which have already relatively fully implemented competency based recruitment.

The recruitment of senior managers is specific and has evolved in all governments. All governments have tried to introduce the use of "mandates". However, this process has met with some difficulties. For example, the Federal Government was confronted with a ruling from the Supreme Administrative Court disallowing the practice of using different assessment teams for French- or Dutch-speaking candidates. The Walloon Region, after some initial appointments, has decided to consolidate its legal texts to avoid legal difficulties in the future, and Brussels-Capital Region is in the process of modifying its status). The process in the Federal Government has been a little specific compared to other governments, since the reform first required that all senior managers collectively had to reapply to their positions in competition with other applicants, thus creating management difficulties in the short run and a certain level of frustration.[8]

Recruitment at these levels is open to all applicants, and mandates are automatically renewed or reopened to external competition after they terminate. These management changes represent a major move towards more position-based systems for the management of senior managers.

In terms of process, both the Federal Government and the Flemish Community have developed sophisticated recruitment mechanisms, with pre-selections handled respectively by SELOR (and assessment centres before 2003) and by the Flemish agency for recruitment and selection. The final selection on the shortlist is a discretionary ministerial decision. There are reports of political involvement in the short-listing procedure for senior managers in both governments, through possible biased selection of juries. Those are difficult to verify, but it is important that governments ensure that staff trust the process.

To conclude, the recruitment processes for all types of staff have evolved greatly over the last years in all governments, albeit at different paces. They seem to be ensuring the preservation of merit-based recruitment, and have managed to move towards the greater use of competencies within the rigid framework of competitive examinations. Governments which are just starting to devise their competency frameworks

are strongly encouraged to invest in this process and develop full matrices of competencies and skills applicable to the whole governments and dictionaries of competencies.

7.2. SELOR

The main reason for retaining a common recruitment function for core statutory employment when introducing the federal system in Belgium was evidently a desire to ensure that all Belgians had access to statutory employment in the core governments on equal terms, and only dependent on merit and qualifications.

SELOR gives the impression of being a modern and competent recruitment agency at the same or a higher professional level than its private counterparts. SELOR is financed over the federal budget, and has not been compensated for the recent growth of the recruitment volume, although officials note that SELOR has been able to carry over a significant portion of its funding suggesting its level of funding is sufficient. The budget devolved to R&D by SELOR corresponds to its resources coming from other clients (approximately 10% of its budget).

Officials from all governments repeatedly underline that recruitment through SELOR takes too long (the average time for selection is 90 days).[9] However, the responsibility for the recruitment processes is likely to be shared between the recruiting organisations and SELOR (although some governments such as Brussels-Capital Region underline that SELOR seems to be giving priority to larger governments). We note, however, that within the total time needed for a recruitment, SELOR's exclusive responsibility does not seem unduly long[10] considering the amount of applicants that have to be processed. The total process duration includes internal processes in the concerned government before and after SELOR's activities. The Walloon Region for example recognises that internally, creating a post takes a minimum of 10 months. SELOR has pointed out that the quality of the input from the recruiting organisation affects the time needed for SELOR's parts of the processes. Recruiting organisations have on the other hand pointed to rigidities in SELOR's practices as complicating the interaction. The difficulties met by all players in agreeing on a common definition for the measurement of recruitment time reveals a level of distrust that should be addressed by reforms in the governance of SELOR.

Indeed, both of these observations in timing seem credible. Recruiting organisations may themselves be able to shorten the time needed for a recruitment, by streamlining their own processes during the initiation phase and the final phase, and by improving the professional quality of their input

to SELOR. But there is probably also scope for reforms related to SELOR's contributions.

The interaction phase, that is the dialogue between the recruiting government and SELOR, has also attracted attention. SELOR's resources are determined through the federal budget, its budget envelope has not been increased during the last years in spite of a substantial increase in the recruitment volume, and it has not until now been allowed to use extra-budgetary income to finance additional staff. SELOR's services are free of charge, and an increased demand from the non-Federal governments could create financial difficulties for SELOR. It seems reasonable to assume that these factors may have limited SELOR's responsiveness to requests from non-Federal governments for adapted selection procedures.

In addition, the asymmetry in the provision of services to the different governments inevitably creates conflicts of interest for SELOR in the provision of its services. In addition, the free service provided by SELOR to the other governments questions the incentives arrangements for making the best use of SELOR by governments. The Flemish Government reports some particular difficulties it has met with adapting SELOR's recruitment procedures to the modernisation of HRM in the Flemish Government. This seems to have resolved with the secondment of some employees from the Flemish Government to SELOR. However, officials note that the length of recruitment processes and these difficulties have been part of the reasons why the Flemish Government has decided to create its own recruitment agency for recruitments that do not have to go through SELOR.

Overall, the responsibility for the much-discussed delays in recruitment does not seem to lie just with SELOR, although doubtless there is scope for systems improvement. The problem seems to be more that the governance arrangements for SELOR undermine its standing with its government users. Addressing this will likely require governance reforms in the way that SELOR is owned and funded.

Box 1.4. **SELOR's activities**

1) Quantitatively, the most important activity is *selection*, as all governments are required to use SELOR for the recruitment of their statutory staff at central levels. For those, recruitment is based on tests depending on job descriptions, diplomas and professional experience. Selections vary from one government to another, and are based on competencies when those have been defined by the government. Presently, selection tests are based on generic competency profiles for 10% and on specific competency profiles for 90%. The only exception is for technical profiles that usually require technical tests.

In addition to the recruitment of statutory staff for central departments of all governments, SELOR carries out the selection process for senior managers under the mandates systems for the Federal Government. Finally, the Federal Government is also using SELOR for its database of competence profiles for contractual employees. All the five governments under review use SELOR for the recruitment of all their statutory staff, except the Flemish Government which has established its own recruitment agency for staff that do not have to be recruited via SELOR.

2) **"Orientation"** only concerns the Federal Government:

SELOR carries out the competency assessments of candidates for internal promotion to a higher level, and has developed the tools to manage the internal market for statutory employees.

3) **Certification**. It involves three main activities:

o Competency certification (only concerns the Federal Government): competence measurement, based on functional groups and competence profiles, based on the competence matrix.

o Languages tests.

o Methodology certification: SELOR has been used by Jobpunt (the Flemish recruitment agency), as well by other governments to certify processes established by other recruitment agencies for government employees (for "agencies" employees for example).

SELOR has invested in modern facilities and equipment (26 selection rooms for oral tests and 430 personal computers), is actively developing its internet use, and seems to be leading in developing and using e-supported recruitment processes. Since July 2005, SELOR has managed all the lists of succeeded ranked candidates of the Federal Government via e-recruiting. SELOR uses the eID card in the selection procedures.

Theoretically, there are possible alternatives for a reformed SELOR, namely:

- a federal service handling recruitments for the federal services and in addition assisting other governments in Belgium, but with a changed governance structure;

- a federal service only handling selections for the Belgian federal services;

- an inter-governmental organisation serving all governments in Belgium on equal terms, but with a clearer governance structure and reforms to address asymmetry in financing and delivery.

A key element in the assessment of these alternatives is the desire to ensure that all Belgians have access to statutory employment in the core government administrations on equal terms. This does not, however, require a federal organisation. The important element in the present arrangements is instead the separation of the implementation phase of the recruitment process from the sphere directly controlled by elected politicians and their political cabinets. This element should be preserved in a reformed structure. Governments which have created or will create their own recruitment agents – such as the Flemish Government – would have to ensure a similar and adequate protection against political interference in the selection procedures. This certification could be ensured by SELOR. However, it is not necessarily the case that in a relatively small country like Belgium, it might be cost efficient to create multiple government-owned recruitment agencies. Whatever the chosen alternative might be among the three suggested above, it might be worthwhile considering increasing the competition between government-owned recruitment agencies, and private sector recruitment firms. However, such a reform would require major changes in recruitment procedures, the establishment of mechanisms to ensure merit-based recruitment, and in the end, again, it is unclear that governments might gain on both quality of recruitments and costs.

In conclusion, SELOR could be transformed into an inter-government organisation serving all public administrations in Belgium on equal terms and/or with revised governance and funding structures. In any case, it seems that the financing of SELOR could be reviewed and amended in order to link its revenues to the amount of services that it provides, and to strengthen its incentives for responsiveness to the needs and demands of the organisations that it serves. The certification part of SELOR's activities is very interesting and could probably be developed for all governments as SELOR's role evolves and the demands of governments evolve towards the greater use of SELOR as a pre-qualifying entity.

8. Increases in the use of contractual staff

The large and increasing number of contractual employees (see Box 1.5) is unsatisfactory, both from a governance and an equity perspective, as all officials recognise that these are often used as a substitute for statutory employment, filling posts which could be filled by statutory staff.

The current position in Belgium is unusual compared with other OECD member countries (see Figure 1.2). Indeed, some governments in OECD member countries have changed their employment statute so that all employees are employed under public law or private law "contracts", while other governments are purposely and openly replacing statutory employees with contract employees. Belgium is specific in its large and increasing employment of staff employed under rules outside of the general employment rules, which appears to have been unplanned, bypassing basic employment regulations, and preventing this large proportion of employees from being proactively managed.

Some governments in Belgium have made specific efforts regarding the use of contractual staff, with the Walloon Region in particular having managed to slightly decrease the proportion of contractual staff in central government since 2000.

In many cases, the use of contractual staff cannot be explained because of the flexibility their status provides on dismissals and end of contracts. Indeed, most are on open-term contracts and there are few cases of dismissals. There are several hypotheses why contractual employment is increasing. First, the entire process for recruiting for statutory employment is significantly more cumbersome than the process for recruiting for contractual employment, especially if it involves the creation of a new post for a statutory employee. Second, in some governments, the costs associated with contractual employment are lower. Pension costs are lower, and social employment subsidised by the Federal Government applies to contractual staff. Third, instead of outsourcing, governments have used contractual employment to fill in lower skilled positions such as for drivers, cleaning personnel and canteen personnel. In some governments, like the Flemish Government, government runs large hiring processes every 10 years or so through SELOR that aims at regularising contractual staff. But soon after, the number of contractual staff increases again. Finally, since the 1990s, formal and generalised labour redistribution measures have permitted statutory and contractual staff to work less hours (0%, 50% or 80%). This has lead to the replacement of these civil servants by contractual staff, who remain in service until the person they are replacing returns or as long as the liberated quota in FTE (full-time equivalent) remains stable, so that the replacement can always count on sufficient "credits" to stay on.

There is scope for a more coherent and systematic use of the two employment formats in all of the governments in Belgium. The governments could go in either of two directions. One direction would entail reducing contractual employment to merely temporary employment necessitated by work congestion or replacement needs, and increasing outsourcing for lower skilled functions in order to improve efficiency. The advantage of this alternative would be that all staff engaged in permanent work would be employed on the same terms. It would, however, require a significantly more flexible statutory format (with more managerial freedom regarding HRM), combined with the simplification and streamlining of the procedures for creating, abolishing posts and recruiting. The other direction would entail reducing statutory employment to a relatively limited core civil service, primarily at the central level in the different governments, and using contractual employment for all other functions, including all employment at decentralised levels. The advantage of this model would be that it would enable a delegation of human resource management to the operational level, and a better adaptation of human resource management practices to the business case of each organisation. It would, however, require complementary measures to ensure that recruitment for contractual employment remains fair and non-discriminatory, to ensure the good management of contractual staff, to establish clear career paths for contractual staff (see Chapter 2), and to realign their benefits with those of present statutory employees.

In conclusion, governments could consider reviewing the character and use of the two employment formats – statutory and contractual employment – in order to ascertain the possibilities for amendments that would allow more coherent and systematic use of each of the two formats. The Belgian governments could – individually and in consort – investigate possible alternatives to the Royal Decree on General Principles that would decide on more appropriate delineation between contractual and statutory employment but would provide an equal or an improved protection towards patronage and other forms of misuse of decentralised human resource management. The decision on the type of system could eventually be different across governments depending on the type of systems governments would like to move towards.

Box 1.5. **An increasing number of contractual staff**

Most Belgian governments have increased the proportion of contractual staff within their workforce. The exception is the central government of the Walloon Region, but the proportion of contractual staff had increased a lot between 1995/98 and 2000. The table below summarises the share of contractual employment by government (taking the largest range of employees for which information is available).

	Year	Statutory employment	Contractual employment	Total employment	Contractual share
Federal Government	2000	73 349	17 716	91 065	19.5%
	2005	70 792	18 840	89 632	21.0%
Flemish Community Government (central with agencies and local)	2000	131 403	119 899	251 302	48%
	2005	142 212	138 087	280 363	49%
Walloon Region Government (central administration only)	2000	6 275	3 469	9 744	36%
	2005	6 408	3 234	9 642	34%
French Community Government (Ministry of French Community only)	2000	2 506	1 734	4 240	41%
	2005	2 667	2 298	4 965	46%
Brussels-Capital Region Government (with agencies)	2005	3 414	3 209	6 623	48%

Within regions and communities, it seems that the proportion of contractual staff is higher in local government units. Within central governments, on average, the largest proportion of contractual staff works in agencies or decentralised/ operational services: For example, in the Walloon Region 80% of staff in OIP are contractual staff, in the Federal Government (*cf. Le cadastre du personnel contractuel*) a higher proportion of contractual staff in agencies. Within central governments excluding agencies, the proportion of contractual employment varies between 27% in the Flemish Government, 34% in the Walloon Region and 46% in the French Community (with this proportion having significantly increased since 2000).

Regarding employment classification, the proportion of contractual staff is much higher in lower levels and grades in all governments: in the Federal Government, 75% of the contractual staff are employed in levels C or D.

9. Recruiting and promoting a representative workforce

There is no quick fix for achieving a more representative workforce. The pace of change is limited by the fact that annual recruitment is marginal in respect to the existing stock of employees, and that even an over-representation among new employees will have a limited impact. Policies for promoting diversity among public employees therefore have to be sustained over a long time, and pursued in such a way that they permeate the organisation and become a part of the core values of the organisation.

The main pre-requisites for such policies are explicit and formally adopted policies, and a clearly demonstrated political commitment to diversity. The policies will become more efficient if supported by a clear focal point within the administration, responsible for promoting diversity values for assisting operational units in implementing the policies, and for evaluating the outcome. These requisites are evidently in place in the Flemish and the Federal Governments (see Box 1.6). In the French Community, a specific Directorate for Equity ("*Direction de l'Égalité des Chances*") has been established and aims to promote equity within the jurisdiction of the French Community. As such it may conduct some analysis regarding equity within the public service in the French Community, but it is not an institution that has been specifically established for this purpose.

Figure 1.2. **Employment outside of general employment rules**

Proportion of staff employed under general employment rules for government employees and outside of these rules in 2005 (or 2004) in selected OECD member countries
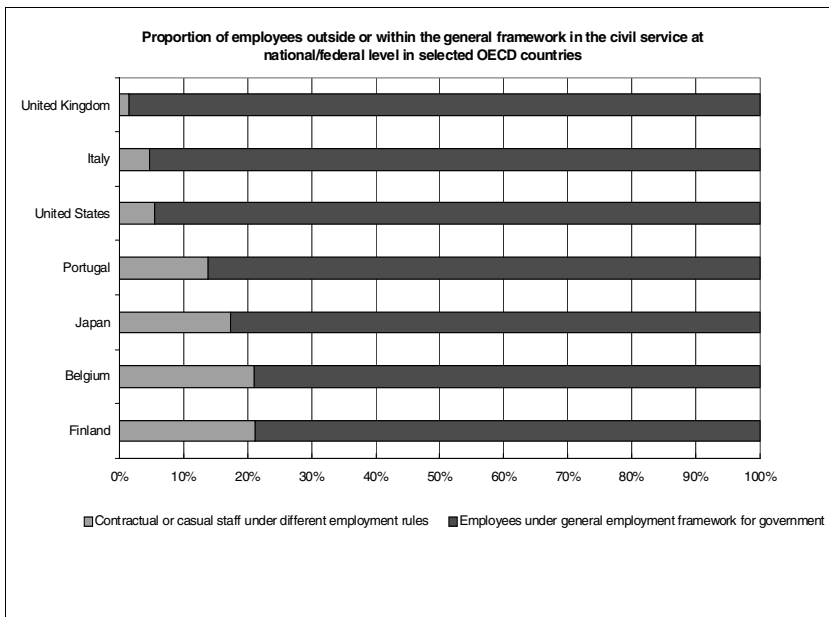
Source: OECD, HRM Survey 2006.

Much of the measures that have to be considered and undertaken are therefore of a more general nature. Among these are labour market policy measures aimed at improving the employability of individuals belonging to

disadvantaged groups, the re-assessment of recruitment procedures and profiles to eliminate any structural discrimination, and workplace measures to assist individuals belonging to disadvantaged groups.

Linguistic issues are distinctively relevant for human resource management in the governments of Belgium, although these issues are both complex and extremely sensitive, given the Belgian context.

The most important issue concerns the formal quota established in the Federal Government for Dutch- and French-speaking people. This means that federal recruitment is always for a specific linguistic group. A person may speak both languages fluently, but can still only apply for employment within his or her linguistic group. A person may have superior merit and qualifications, but still be bypassed because of his or her linguistic classification.

Furthermore, the central Federal Government is organised in unilingual divisions and directorates, and the decentralised Federal Government is also normally always unilingual. This leads to substantive inefficiencies, both because of a duplication of functions at the central level and because of internal communication problems, both within the central level and between the central and the decentralised levels. A comparison could be with another European country – Finland – where all central government employees have to be proficient in the two official languages, and where both languages are used throughout the entire central government.

In addition to inefficiency, service quality is affected. The only requirements for bilingualism seem to be for senior managers in the Federal Government (although the law has never been properly implemented), the government of the Brussels-Capital Region, and for employees in federal executive services with direct citizen contact. This means that elsewhere, a person who does not speak the language of the linguistic region in which he is living, although he is able to speak the language of the other linguistic region, will find him/herself in the position where most of the official business with the public administration of that region will be dealt in the language of the region in which he/she lives.

Box 1.6. **Diversity policies in Belgian governments**

The *Federal Government* Action Plan contains more than 80 concrete actions, targeted at persons of non-Belgian origin, women and disabled. In 2004, only 0.55% of public employees of the federal administration were non-Belgians, and a majority of these were low-level employees coming from another European country. In 2005, 51% of all employees were women, but the majority of these were administrative staff, and only 12% of the senior managers were women. There has been a quota for disabled persons set at 2% since 1972, and working conditions have been adapted to fill this quota. The disabled employees are, however, mainly men and low-level employees. The Action Plan includes the publication of a special Chart, the establishment of units in all SPF in charge of diversity, statistical analysis regarding diversity in personnel plans, information dissemination by SELOR, preparation of potential candidates for the tests, mixed juries, etc.

In the *Flemish Government*, a special Emancipation Office co-ordinates the diversity policy and identifies targets for representation. All units are required to devise a diversity plan including actions on ethnic minorities. Women are under-represented in senior management (10%) and in political cabinets (16%). The goal adopted by the government is to have women fill 33% of senior posts by 2015. Ethnic minorities are also under-represented. At the end of 2005, there were 278 persons employed in the central Flemish Administration within a programme for first-time employment (normally for the duration of one year) for targeted diversity staff. Sixty percent of these employees have a low-level of education.

The Walloon Region has also prepared regulation which provides for financial benefits for staff who speak multiple national languages and some civil servants are required to use the German language (9 August 1980 Law, Chapter III). In Brussels-Capital Region, the bonus to staff speaking multiple languages has recently been increased.

In conclusion, the governments that do not seem to have already done so could adopt formal policies or programmes for the promotion of diversity, and give a specified organisational unit the responsibility for promoting diversity and a more representative workforce. However, all governments should continue to recruit solely on merit and competencies and any quota set by the administrations should be targets and not formal restrictions on recruitment. The Federal Government could further develop bilingualism policies, and notably make proficiency in both Dutch and French a merit for federal employment, with the aim of making it a formal requirement for senior civil servants, and service at the central level and at the decentralised level. In addition, the Federal Government could initiate reforms aimed at abolishing the present practice of unilingual divisions and directorates at the central level. All governments could provide basic information and guidance to their services on internet in all three official Belgian languages, make

proficiency in more than one official language a merit for employment, and promote linguistic proficiency in all official languages within their administrations.

Box 1.7. **Language policies in Belgian governments**

Belgium has three official languages, Dutch, French and German. The use and status of these languages in the different governments are governed by a detailed and complex language law *(Loi sur l'emploi des langues en matière administrative,* first adopted on 18 July 1966). The ensuing summary is simplified and omits the specifics relating to the Brussels-Capital Region and to the interregional communes and to the German-speaking communes.

The *Federal Government* is bilingual, but not in a homogeneous manner. The central administration is grouped in separate French- and Dutch-speaking divisions or directions. The language used in the decentralised parts of the Federal Government depends on the language used in the Region where they are located. Units exercising public authority have, however, to be able to deal with the public in both languages.

A federal employee is formally classified as either French- or Dutch-speaking. A person having another mother tongue, be it German or another foreign language, has to choose between being classified as French- or Dutch-speaking. The proportion of French speakers to Dutch speakers in the Federal Government is fixed by royal decree, and regularly amended to reflect changes in the composition of the Belgian population.

The *Flemish Government*, the *French Community* and the *Walloon Region* only use their own language, and thus require that all applicants can work in that language. A quick review of the citizen-oriented Internet pages of the different administrations shows that five out of six present at least basic information in all three official languages and English (www.belgium.be, www.vlaanderen.be, www.wallonie.be, www.bruxelles.irisnet.be, www.cfwb.be, www.dglive.be). The exception is the Flemish Administration, which only provides information in Dutch and English.

Box 1.8. **Diversity policies in governments of OECD member countries**

General trends

OECD data show a steady increase in the proportion of women employed in the core public service, and the continuing focus on reducing obstacles to employment for people with disabilities. In addition, the integration of minorities remains a priority concern, but definitional problems make it impossible to ascertain whether the policies are having significant impact.

Regarding women representation, at the national level of government, the situation differs widely across countries (more than 50% of the public sector workforce are women in countries including Portugal, New Zealand, Ireland, the United States, but this proportion is less than 30% in Switzerland or in Japan. In Ireland, Italy and New Zealand, women are better represented than men in the national civil service), even more specifically at senior level (75% of senior employees in Finland but in contrast less than 10% in Switzerland, Korea and Japan). Women are usually more represented at lower levels or in administrative posts (82% of the proportion of women in Portugal, 78% in New Zealand, 72% in Ireland, 62% in the United Kingdom, but only 28% in Japan and 24% in Korea) and less paid (due to career breaks or to some decentralised pay setting without strong guarantees for equity in pay). In a large proportion of OECD member countries, HRM instruments have been adapted with a view to ensuring a higher representation of women in the civil service, including either measures of increased working conditions flexibility, modified recruitment procedures, quotas (in Japan or Switzerland for instance), and/or specific measures on the improvement of representation of women at senior management posts (Korea, the Netherlands, Norway or the United States), and/or specific targets on increased pay (Finland, Hungary, Ireland or Norway).

Regarding the integration of people with disabilities, a large proportion of OECD member countries have introduced policy measures including quotas (Korea, Japan, Luxembourg, Norway or Portugal), the opening of specific posts only for persons with disability (Australia, Austria or the United States), and adjustments to working conditions (Ireland, Japan, the Netherlands or Portugal). In countries where comparison can be built with the private sector, employees with disabilities are more represented in government than in the private sector (Germany, Korea, New Zealand, and the United States). The percentage of persons with disabilities in the public service at the national/federal level are divergent from one country to another (0.3% in Switzerland, but more than 7% in the United States or Germany).

Regarding the integration of minorities, instruments encompass specific programmes aiming at facilitating entry in the civil service for minorities, the possibilities of developing skills, or recommendations to influence companies providing goods or services to government to better integrate the minorities.

Box 1.8. **Diversity policies in governments of OECD member countries**
(cont'd)

Two different country examples: France and the United Kingdom

In *France*, promoting a better integration of disabled and unqualified people has become a political priority. But unlike countries implementing affirmative action policies, differentiation according to ethnicity is forbidden by law, and there is no specific policy or law to ensure a better participation of women in the civil service.

A new law called PACTE *(Parcours d'Accès aux carrières de la fonction publique territoriale, hospitalière et de l'État)* was passed in 2005 with a view to ensuring a better access to civil service for unqualified people between 16 and 25 years old. The law allows recruitments on two-year contracts without competitive examinations, which includes an individual training process which might open to a career path within the civil service in the medium to long run.

Another law was passed in February 2005 establishing quotas for the disabled at 6% of the civil service. The law adjusts HRM instruments to the specificity of the disabled, by introducing specific contracts, allowing delays or removals of the age limitations to apply for the competitive examinations, introducing flexible working time, and creating a specific fund for the training and professional integration of the disabled into the civil service.

In the *United Kingdom*, diversity is a key political priority in HRM, and provides an integrated approach gathering specific measures for women, disabled and ethnic minorities.

A 10 Point Plan called *Delivering a Diverse Civil Service* was launched in November 2005 particularly targeting accelerated progress towards a more visible and diverse Senior Civil Service leading to broader change across the service. A few commitments in the plan are likely to particularly impact on women. The redesign is under way of a corporate diversity development scheme for talented people in underrepresented groups at feeder grade level with the potential to reach Senior Civil Service. A new policy strategy addressing the under representation of staff with disabilities, female, minority ethnic staff in accordance with the 10 Point Plan is in process. In addition a number of civil service departments and agencies also make use of the "Workstep Programme", designed to support disabled employees.

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10. Investments in human resources

Investments in human resources are central elements in workforce management. They produce new and updated competencies within the workforce, and reduce the risk for pockets of supernumerary staff with competencies that are either outdated or no longer needed. The investments

can also, if appropriately designed, satisfy the employees' demand for personal development and thus contribute to the attractiveness of the organisation as employer. They do not need to take the form of formal training courses, but could equally well be achieved through a learning organisation and on-the-job training.

There is a connection between these investments and the statutory and contractual employment formats discussed above. Employees that acquire knowledge and experience that would be hard to replace typically belong to a core group of employees. A rational employer would tend to favour investments in the skills of these core employees, where the employer could count on benefiting from the returns on the investment. Inversely, employees that need substantial training in order to perform well will tend to be regarded as valuable assets and taken good care of. Rationally acting employers also develop and use arrangements that strengthen the ties between the core employees and the employer.

One should not overlook the fact that the incentives for investments in human resources (*e.g.* upgrading and retraining) are inversely related to the ease of dismissing an employee. A reasonable assumption is, therefore, that a risk for over-investment dominates in statutory employment, and a risk for under-investment in contract employment.

The developments in competency management throughout the different governments are all linked to training and knowledge developments, albeit unevenly, with a seemingly emphasised effort in this field by the Federal Government and Brussels-Capital Region. Governments have thus created a base for the implementation of strategic value-adding training activities. In addition, some governments like the Federal Government or the Walloon Region are linking functional promotion and promotion to higher grades to having taken proposed training.

Investments in staff training seem to have become more important during the last decades. The Walloon Region has made specific efforts in the field, and increased training direct costs by 16.5% in 2006 compared to 2005. Brussels-Capital Region provides an average of four days of training per employee per year. The French Community can serve as another example. Until 1992 there was only a training service with limited capacity. In 1992 this service was replaced by a Training Directorate that organised proprietary training programmes, and in 2002 this Directorate was transformed into a separately managed School of Public Administration.[11] The Federal Government also has a special independently managed organisation for staff training, the Federal Training Institute (OFO-IFA).[12] The other governments seem to integrate training in their line organisations,

or to rely on external training resources in the form of non-profit
organisations or private enterprises.

Box 1.9. **Training in governments of selected OECD member countries**

OECD trends on training

Traditionally, in career-based systems, training impacts upon civil servants' career
path in an indirect way. Training aims at broadening competencies with a view to
allowing functional promotion and/or preparing competitive examinations required
for promotion to upper grades or levels. In position-based systems with higher
individualised HRM practices, training is more used as a way to strengthen the
public service culture among public servants and an opportunity to increase
technical skills as new public service issues arise.

In recent years, however, training has been increasingly viewed as a crucial
management tool to respond to increasing needs for knowledge acquisition in a
knowledge economy, and simultaneously to better integrate training policies into
the performance management reform. Entry level training allows adapting
competency profiles; continuous training allows adjusting the HR functional
competences as it enables acquisition of new qualifications and internal promotion.
Continuous training also plays an increasing role in the organisational
competencies' distribution that is determined according to changes in the
organisations' strategic missions.

Training programmes have been reengineered in many OECD member countries,
especially to introduce life-long learning programmes. In some countries (like
Australia), life-long learning has been developed within the staff performance
management system while in others it is part of the establishment of business plans
and part of reflections on needed competencies and skills (like in the United
Kingdom or in Sweden).

Training policy is designed at the level of central HRM bodies in a large majority
of OECD member countries. The implementation is left to line departments or even
lower management levels in many countries. For instance in Norway, the United
Kingdom or the United States there is no coordinated framework for initial
training.

Initial training

Most OECD member countries have established initial training at entry in the civil
service. However, some countries do not have a framework for such training at all,
like Norway or the United States, where it is left to the discretion of the local units.

Most countries differentiate initial training by seniority level or by category/type of
public servants.

Box 1.9. **Training in governments of selected OECD member countries**
(cont'd)

The length of initial training at entry in the civil service varies considerably across countries and also within countries. For some categories of public servants it can last for one year or more (Czech Republic, France, Luxembourg, Portugal, the United States). In some cases, it is also considered as a probation period before becoming a civil servant. Initial training can take less than three months in other countries such as Hungary, Japan, and Norway.

Initial training is provided at least partly by government specific training organisations in almost all countries where such programmes exist, with the notable exception of Australia. However, some countries also use private sector firms for the initial training of some employees (Australia, Italy, the Netherlands or the United States).

Continuous and life-long training

Many OECD member countries invest considerably in continuous/life-long training. For instance in Austria, Japan, Korea, Norway or Portugal, the average length of continuous training is between 10 and 15 days per year per employee, while in Australia, Luxembourg, Mexico, Netherlands, or Spain employees benefit from between five and 10 days on average for continuous training. Countries investing the least in life-long learning (between three to five days per year per employee) are Finland, Germany, Hungary, Italy, or Switzerland.

Notes

1. See Thompson, J.D. (1967), *Organizations in Action*, McGraw-Hill, for an extended discussion of these issues.

2. See OECD (2007), *Ageing and the Public Service: Human Resources Challenges*.

3. The Walloon Region is currently reflecting on this issue as part of its wider modernisation agenda.

4. The Federal Government retains competence on unemployment policy and compensation. As part of the strategy to reduce unemployment, the Federal Government promotes employment in the different governments for those who have never been employed, by paying for some of their remuneration.

5. OECD document under reference GOV/PGC(2006)8.

6. These numbers are extracted from OECD (2003), *Ageing and Employment Policies: Belgium*. The definition of the public sector differs from the definition of general government in Annex 3.

7. See OECD document GOV/PGC(2006)8.

8. For more details on senior civil service reform, see OECD (2007), "Performance-based Arrangements for Senior Civil Servants: OECD and Other Country Experiences", *Working Papers on Public Governance*, N° 5.

9. SELOR has established a recruitment norm of three months maximum. Thee average recruitment process lasted 90 days in 2006 and refers to 264 selection procedures (selections for statutory employees including senior managers under the mandate system, contractual employees and additional tests). It excluded selection processes for contractual employees in the database of competencies profile.

10. The average time is about three months. SELOR reported difficulties in 26 out of about 150 recruitment processes during 2005. In seven of these there was no approved applicants. One can assume that the difficulties occurred in processes targeted on specific functions or skills.

11. "Note Présentation de l'École d'Administration Publique" (EAP), 29 June 2006.

12.   Institut de Formation de l'Administration Fédérale/Opleidingsinstituut van de Federale Overheid.

Chapter 2
The Management of Staff Performance

1. What is the management of staff performance?

While performance in itself is not a new notion in public management, in many advanced OECD member countries, its focus has shifted from the adherence to rules and processes to rewarding achievements. The extent of this change is not an indication of whether services are provided efficiently or whether they are achieving their goals, but the sign that management rules, processes and practices are formally oriented towards the delivery of outputs and the achievement of outcomes. Thus, this chapter reviews whether the HR processes are oriented towards the achievement of performance, but not whether the HR processes in themselves are effective in achieving performance.

In many OECD member countries, public management changes over the past 20 years have involved the delegation of significant authority to managers, greater user focus, and an emphasis on the measurement of organisational and individual performance. Most countries have not implemented the full array of changes that are possible, or, when they have, they have tended to implement them incrementally. In addition, these changes are implemented to a different extent within countries as some government functions – the delivery of measurable services – lend themselves better to performance- (output/outcome) based management than activities which involve primarily the exercise of public authority.

While these changes are widely recognised as necessary, the readymade management tools to change organisational cultures such as, for example, performance-related pay, have been disappointing when taken individually. When cultural changes have occurred, they also brought about some new difficulties with maintaining governance coherence, cohesion and ethical standards.

It is also now well recognised that many countries which have not fully embraced all of the changes inspired originally by New Public Management have been developing customised approaches. These approaches lie somewhere on the spectrum between traditional "public administration" and newer "public management". A "third way" has been identified and it is described[1] as containing a blend of traditional and new elements. This seems to best describe the experience in Belgium taken as a whole, although even so, there are important differences of emphasis, pace and scope between the different Belgian entities.

Within these reforms that involve much wider changes than in the human resource area, HRM has a particularly central role to play and line managers have a particular role in operationalising a new employee relations strategy.

2. Outcome goals

A prime objective, or the outcome that one would expect from a good, performance-focused HRM system, is to have a suitably empowered and highly motivated public service that is flexible and collaborative and provides services in a cost efficient as well as in an output- and outcome-focused manner.

In order to achieve this goal, a number of intermediate outcomes need to be achieved including the following:

- A public service management that emphasises performance, recognising that measurement is complex, particularly in the public service context, and is rarely a matter of simple measurement.

- Departments and offices which have clear goals and which are supported by good HRM practices and a professional HRM function.

- Individual staff members who have clarity of purpose, who are supported and developed, and are managed, appraised and rewarded appropriately.

The institutional arrangements that are generally considered to assist in achieving these outcomes include:

- HRM is part of a wider strategic management approach, involving organisational goal-setting, performance management and review. Strategic management involves defining strategic objectives and outputs and linking them to core values, defining a line of sight between these objectives, drawing up an organisational strategy and establishing new management tools.

- The fit between HRM and financial delegation should contribute to incentives for performance. Putting the management emphasis on performance requires lightening input control and rule-based management. This requires excellent leadership and management capacity.

- The various employment regimes (statutory, contractual, senior management staff) should support the management of individual and collective performance from original selection and promotion, through to compensation and termination.

- A major emphasis is put on leadership/management to support the management of individual/collective staff performance.

- The overall performance management system and other management and organisational changes (delegation of authority, user-orientation, and strategic management) are mutually supportive of each other.

In discussing performance-oriented HRM systems, the underlying assumption is that organisational performance can be enhanced by achieving a high-level of integration or alignment in two ways. First, if there is integration between the HRM function and the mainstream business goals, including both the strategic high-level goals and the operational business unit targets. This might be visualised as "vertical" integration. Second, if there is integration between the various component parts of the HRM function itself *i.e.* recruitment, probation, induction, promotion, training, development, performance management, discipline, reward, etc. This might be visualised as "horizontal" integration within the HRM function, not least because all the components are equally valid and important.

This chapter reviews how thorough and consistent the institutional arrangements for the management of staff performance are in order to achieve the goals of a performance-oriented human resource management system.

3. The integration of staff performance management into wider organisational strategic management

Performance-oriented management – which integrates the establishment and assessment of outputs and outcomes in the various management processes – requires some systemic coherence across the management tools and processes, including the HRM function. It is generally accepted that this consistency should be achieved through the following:

- Ensuring that HRM is not a function that stands alone within the organisation but is actively and consistently used and integrated into the wider, mainstream, strategic management of core business.

- Developing business goals and integrating various performance objectives and targets into a hierarchy, generally referred to as a "cascade" of objectives and targets. Each level of performance arrangements should use targets that are consistent with the level above.

- Delegating appropriate authority to managers at different levels in the organisation.

3.1. Organisational structures, strategic and performance management

Governments in Belgium are at different stages of development of strategic and performance organisational management for their central governments:

- The larger reorganisation in the Flemish Government called BBB took place in 2000, with the alignment of organisational structure with accountability lines to single ministers; the division of former ministries into central departments and agencies; an improved coherence of the set of sub-departmental bodies ("agencies"); and the reduction of the size of political cabinets. The goal of this new division of labour was to allow for a professionalisation of strategic planning, a clear delineation of responsibilities between policy making and policy implementation, and a clear accountability structure for the achievement of results. Officials note that this new structure has created governance difficulties and that the working relationship between departments and agencies has been quite dysfunctional and competencies overlapping with unclear hierarchies of decision. Other OECD member countries which have created "agencies" have had to thoroughly rethink the working relationship and the different responsibilities in departments and agencies, recruiting different types of senior managers with different skills for departments and agencies.[2] The governance difficulties with BBB are maybe less due to the BBB *per se* but maybe more to the mismatch between old governance procedures and habits and the new governance paradigm. In addition to the organisational changes, the Flemish Community seems to be using strategic management tools such as process reengineering, scorecards and CAF extensively in all its policy delivery areas.

- The Federal Government's major reform Copernicus also has had the objective of creating a type of matrix between vertical and horizontal ministries now entitled Federal Public Services (FPS)[3]

and at providing a clear responsibility line from FPS to single ministers. The reform also aimed at abolishing ministerial cabinets and replacing them with strategic units to prepare policy options – now entitled strategic policy units and policy councils – and at implementing a thorough business reengineering process. While the global reform is very coherent with the implementation of pre-requisite organisational structure for performance management, the reform has clearly remained focused on general organisational reform and somewhat less on the implementation of organisational performance management. The government has also introduced CAF and scorecards that are increasingly used in management plans.

- The French Community and the Walloon Region have also been reorganising, but with seemingly less emphasis on creating an organisational structure that would be enhancing strategic and performance management. The French Community has organised into one secretary general with five subordinate vertical directorates and two horizontal directorates. As for the Walloon Region, it has very recently decided to reorganise its sub two-ministry organisation in order to adjust the organisation to ministries' missions. By its Decision of 6 December 2006, the Government has started to reorganise its administrative structure to better adapt it to the needs of strategic management, with the grouping of the two ministries into services designed according to government's missions, and the separation of services between operational services and cross-government common departments (HR, budget, etc.). Until recently, these two governments seem to have invested more of their reform efforts on improving internal audit and more traditional evaluations. Both of them have increasingly used scorecards and CAF and have integrated those in operational/management plans. The French Community has made a specific effort so that the CAF has been implemented with a whole-of-government perspective rather than just a silo perspective by ministry or department.

- Brussels-Capital Region has followed a specific path, starting with staff individual assessment before moving to collective assessment of performance. While individual objectives and assessments were established in 1999, organisational strategic management was only started in 2004 with the implementation of the CAF and the use of balanced scorecards, followed in 2006 with the establishment of strategic organisational plans.

All governments seem to be increasingly using modern strategic management tools such as scorecards, CAF, user satisfaction surveys, sophisticated internal audits and evaluations rather extensively. This is a relatively strong basis for the implementation of performance-based management for individual staff.

In some governments, the use of these tools might be detached from the overall strategic organisational management. For example, while some governments use programme budgeting (reclassification of the budget and appropriation of funds according to policy areas rather than kinds of input), the linkages between outputs/outcome indicators on the one hand, and budgeting on the other hand seem to be very limited. In addition, as described above, the organisational structure may not be optimally configured to respond to the needs of organisational and strategic management, with only the Federal Government and the Flemish Community having extensively reflected on the delineation of responsibilities between policy making, strategic thinking, target-setting and responsibility for policy implementation and the achievement of results (although the French Community is also moving in this direction).

Overall, many efforts have been made by governments in terms of implementing new strategic management tools. For governments to really benefit from the use of these tools, the budgeting process could also be informed by strategic and performance management, and the organisational structure rethought through. At the level of the agencies, strategic management seems to be more advanced in all governments.

3.2. The cascade of objectives and targets

The challenge of providing a coherent cascade of objectives and targets – where hierarchies of goals and priorities are established at each level from organisational, through departmental, divisional team and finally individual – to establish a good basis for the evaluation of performance, does not yet seem fully achieved in any of the governments under review. This is not an easy task and all the most advanced OECD member countries in the management of performance recognise it is a very difficult task for the public service. However, the starting point is at least articulating the cascade and mapping it as a process so that it can begin to be seen that there is a link between the performance of individuals in their everyday roles and the results being achieved by the organisation as a whole. Some governments have not managed to encapsulate this neatly although it may exist in practice. The Flemish and Federal Governments' representation of this process is perhaps the most advanced.

It is reasonable to expect that senior management would be the starting point for the cascade, with their own objectives translating organisational goals into targets for teams, services, and individuals. All governments have established (or are in the process of establishing like in Brussels-Capital Region or the French Community) a mandate system for senior managers (see Section 4.). This mandate system has aimed at making managers more accountable for results through the use of term employment contracts (or through other formulas such as "temporary statutory" employment format in the Walloon Region) whose renewal should be linked to the evaluation of managerial objectives made explicit in management and operational plans. It does however place a rather heavy weight on the mandate system when governments have not redefined their organisational structure to clarify accountability. The efforts made at establishing objectives with clear targets at the organisational level, with a cascading effect on the measurement of individual staff performance, are very recent and their success will only be measurable in the future.

In addition, in the Federal and Flemish Governments, the establishment of the cascade of objectives involves Parliament through the yearly policy notes derived from the whole-of-government agreement and discussed by Parliament. Finally, the process for the coordination of objectives across departments also seems to ensure a whole-of-government approach to setting objectives.

However, there has been little information given to the review team of strategic thinking in terms of strategic management for "cross-cutting issues" such as, for example, social inclusion, child care, drugs, innovation, etc. There is some coordination at the political level, but no mechanism for ensuring coordination at the level of the administrations. Even the Flemish Government, which seems to have sophisticated formal annual strategic alignment cycles seems to be implementing those programmes "minister by minister", "department by department" rather than "whole-of-government" or cross-cutting. This dimension is of course even more problematic in the francophone regional and community entities which are separated into two governments with different policy cycles. Collaborative working on difficult cross-cutting issues would seem to be essential if governments are to achieve their economic potential and social goals. HRM systems should be configured so as to support this kind of collaborative working, including team working, shared accountability, joint budgeting and shared information resources. Consideration should be given to a performance framework being developed that would include cross-cutting issues to ensure that the public service operates in a coherent, consistent and co-ordinated way in achieving the core objectives of the government or even across some governments (especially between the French Community and the Walloon Region).

Table 2.1. **OECD experience concerning targets within the public sector (not at the individual level)**

Performance management relationship	Documents which:	
	set out performance expectations in advance	show results of performance monitoring
1. Community/wider public sets targets for government	• Citizen-driven performance measurement	• Citizen-driven performance measurement • League tables, citizens' charters • Output reporting in the National Accounts (Section 3)
2. Parliament sets targets for line ministers and for programmes	• Estimates in appropriation bills • Policy statements • Public service agreements and commitments	• Public accounts • Public service delivery reports
3. Minister of Finance/the government set targets for line minister	• Estimates in appropriations bills • Public service agreements and commitments	• Public accounts • Public service delivery reports
4. Line minister sets targets (a) for programmes or (b) for work unit/agency	• Strategic plan/corporate plan • Business Plan • Unit performance plan • Service level agreements	• Annual reports • Quality control and inspection

Source: "Performance-based Arrangements for Senior Civil Servants", *OECD Working Papers on Public Governance N°5.*

One other challenge for all governments will be to reconcile the policy cycle with the mandate system, and provide clear objectives at lower levels of staff, especially below the A-level grades. These objectives can be team based or individually based, but the challenge is that the large objectives become organisational principles for all staff.

3.3. Relaxation of input control rules and managerial freedoms

The relaxation of input control rules is a precondition to the establishment of performance-based governance, especially in the human resource management field. Indeed, it is not possible to conceive that managers can be held responsible for results if they are not given wide-room for manoeuvre, especially on the management of their staff. In addition, with the increasing weight placed on controlling the achievement of objectives, not relaxing input control rules may severely increase transaction costs and overheads.

In all governments, the relaxation of input control rules is most advanced in agencies. However, the review could not get a clear picture of the situation giving the impression that, like in many countries, the relaxation of input control rules in agencies had been done in an *ad hoc* manner on a case by case basis, which would eventually create difficulties in the accountability structure and the management of staff performance.[4]

Regarding budgetary controls on personnel in central governments, the relaxation of input controls rules is most advanced in the Flemish Community, with some interesting developments having taken place in the Federal Government and the French Community, as discussed earlier. The Walloon Region is also planning to increase managers' budget flexibility with the allocation of budgetary envelopes to departments.

In addition to budget controls on staffing numbers and pay bills, the rules-based governance on personnel management limits managerial freedom. The overall employment framework is quite rigid for statutory staff (see below), compensation levels and the compensation framework do not vary within governments (except in some agencies in the Flemish Community), and performance systems are the same throughout ministries/ departments in the various governments. The managerial freedom that managers could have gained from the use of contractual staff has been limited by practices that have aimed at increasing equity.

It is important to note at this point that the relaxation of input control rules and the increase in managerial freedoms are extremely complex to achieve. In addition, governments should only start delegating responsibilities when they are confident that their managerial staff have the appropriate management skills, and that their overall organisational and individual performance management systems are mature enough to carry out *ex post* controls of results and hold staff responsible accordingly. These preconditions are probably closer to being filled in the Flemish and Federal Governments, although overregulation and the difficulties with the delineation of responsibilities between ministerial cabinets and senior management remain issues in all governments that undermine the possibility to delegate responsibilities to managerial levels. In order to delegate authority further, all governments will additionally have to put a strong emphasis on leadership capacities at the top.

4. Performance and the employment cycle

Within the context of these larger target-setting arrangements and delegation of responsibilities to managers, performance incentives are provided to individuals through the *"four generic human resource activities of all organisations: (a) selection/promotion/placement process; (b) reward process; (c) development process; and (d) appraisal process"*.[5]

4.1. Selection and entry in the public service

4.1.1. Statutory staff

In governments that have made a special effort at developing competency based recruitment (see Chapter 1), the emphasis of the recruitment process for entry into the public service is only loosely focused on the assessment of past performance. However, this is to be expected in a career-based environment with most staff recruited at entry level. Even for specialist selections (experts and top functions for example) where an extensive account of useful experience is requested with a methodological screening of CVs, the informal knowledge of an individual's past performance (may he/she be an internal or external candidate) has a relatively limited influence on the process, and mostly during the second phase of the recruitment process (after the ranking by SELOR) when there is one.

It is possible to develop a more performance-based recruitment for entry into the civil service, even within the SELOR framework, and governments could develop ways of taking into account their own employees' performance when they take a competitive examination through SELOR, even if only after the competency based testing. Those governments that are planning to change their recruitment process with SELOR as a pre-qualifying process with a second recruitment phase within governments would have to implement performance-based recruitment within their governments. The process, however, should guarantee equity at entry, which will be more challenging than with competency testing.

Both the Flemish and the Federal Governments have opened the recruitment of some of their non-entry A-level staff to outside applicants (in the Federal Government, this recruitment at A3 and A4 level is open to external applicants when the organisation cannot find a suitable candidate internally). This is a significant step towards the move to more position-based human resource management systems. It is important that in the context of the move towards a more position-based system, governments develop a more performance-based recruitment system. Indeed, the ability to achieve measurable results and drive one's organisation towards better results is all the more important and difficult to assess as one moves upward in the responsibility scale.

4.1.2. Contractual staff

As with statutory employment, it seems that recruitment criteria for casual staff have evolved significantly towards the increased use of competency criteria. In principle, however, it should be easier to recruit contractual staff according to their past performance, either within the recruiting government or outside the recruiting government.

Governments should develop ways and means by which good past performance of contractual staff should play a major role in their recruitment as statutory staff. This can be done also after a pre-qualifying competition by SELOR or local recruitment agency (like in the Flemish Government).

4.1.3. Senior managers

Government officials recognise that past professional experience is probably more important than competency tests for recruitment at senior management levels. With the implementation of the mandate system, and especially in governments that are most advanced in terms of organisational strategic management, governments could go further and put some emphasis on the recruitment of "leaders", a notion that has gained importance internationally as OECD member country governments have tried to recruit senior managers capable of leading a team towards better results. This is now recognised as a *sine qua non* condition for good performance management in organisations.

4.2. Promotion and rewards

For **statutory employment**, different levels of promotion and rewards have to be distinguished.

1. Everywhere and by regulation, promotion to a higher level requires taking the competitive examination through the SELOR procedure. This test replaces the education degree that is required for entry into another level. However, this procedure has had very limited success, and even candidates who pass the examination often find themselves working at the same level as before.

2. Functional promotion to a higher salary scale is mostly seniority based, but with increasing managerial discretion depending on taking competency tests in the Federal Government and on performance appraisals in the Flemish Community. In all governments, functional promotion now requires the absence of a

negative performance evaluation. The Flemish Community is the only government which has introduced performance-related pay with bonuses, but bonuses are relatively minor. The Federal Government has introduced competency based pay bonus with certified training, with automatic six-year bonuses allocated when staff pass the certified training. Brussels-Capital Region used to give performance bonuses until 2005, but no longer does so. In the COCON, there is a current trend to increase the unfixed part of remuneration that is tied to a good performance assessment. Performance bonuses exist for senior management in the Flemish Community and in COCON.

3. Promotion to a higher grade is mostly discretionary and increasingly based on the results of performance evaluations, although this requirement is not formalised in the Federal Government. At the federal level, the minister gives a final decision on promotions based on the recommendation of a committee on the suitability of the candidate (both in terms of evaluation of past performance and potential for the future). The Flemish Government intends to implement reforms that better link performance assessment to career progression. The Walloon Region is catching up and implementing a performance appraisal system that aims at linking career progression to the results of the performance appraisal.

Overall, however, it seems that the linkages between promotion to a higher grade and the evaluation cycles remain limited. Except maybe in the Flemish Community, performance evaluations do not seem to be targeted at developing individuals for possible future promotions, and the promotion system is weakly based on the performance evaluation cycle. However, as the management of competencies becomes more mature, linking performance evaluations to careers should become easier with specific measures aimed at developing individuals for their future promotions.

Some governments like the Federal Government for A-level staff have implemented a broad-banding reform of some of their levels. This is a welcome change in a highly regulated environment, because complex grading structures are often too resource intensive to manage and to ensure appropriate incremental changes to salary. Streamlining of the grading structure allows for sharper definition of roles and functions which in turn complements other efforts to focus on performance rather than grade. However, it requires a trustworthy performance management system, a high level of transparency, and excellent management skills.

As for **casual staff**, it is acknowledged everywhere there is no career path for them, as there are in many cases no contractual positions opened above their own grade (either positions are not allowed to be opened after a certain grade at the A level, or because opened positions might be statutory positions) and although in most cases training and development opportunities apply to all staff, it is very difficult for them to move to higher grades. Their salary increases are seniority based, with necessary positive performance evaluations. Except maybe in the Flemish Government where a special effort seems to be made regarding the performance management of staff on contracts with some linkages in their development linked to possible new contracts in the future, contractual staff do not seem to benefit from career incentives depending on their performance. Considering the number of contractual employees in long-term positions, and for equity reasons, it is very strongly recommended that all governments develop a career path for contractual employees that are highly performing.

In summary, the systems of promotion and rewards are still in development to better take into account performance and seem to be most developed in Flanders and at the Federal level. Competency tests and the completion of certified training programmes are interesting developments in terms of overall knowledge and personnel development management, but there is little emphasis in those systems on the achievement of objectives, *ex post*.

As international experience shows (see Box 2.1), all governments have legitimately taken a careful approach at linking pay incentives with performance evaluations. Performance-related pay is a challenge in almost all organisations, but is notoriously difficult in a public service context for many reasons including the difficulty of measurement, the nature of public goods, etc. An important rationale for performance management systems is to enable the identification and reward of good performance. Yet there is strong evidence that such approaches can be challenging to implement and potentially divisive, not least where there is a low trust environment. Performance-related pay has been introduced only in the Flemish Government and even then to a very limited extent. The Walloon Region is also planning to implement performance-related pay to managers following its reorganisation and the allocation of wider managerial flexibilities to managers.

Box 2.1. **Trends in performance-related pay (PRP) in OECD member countries**

The introduction of PRP in OECD public sectors is only one aspect of a wider movement towards increased pay flexibility and individualisation that have adapted individual remuneration to the specific difficulties of the post and the level of responsibilities.

Trends in PRP

Over the past decade, PRP policies have been extended to all categories of staff. A majority of OECD member countries have introduced some form of PRP for some of their government employees, although only a handful of countries can be considered as having a formalised PRP system for all staff (Australia, Denmark, Finland, Hungary, Japan, Korea, the Netherlands, New Zealand, Switzerland and the United Kingdom). In recent years, however, there has been an extension of PRP schemes to local government units and to civil servants having non-managerial functions. Exceptions include for example, Canada, France, Ireland, Italy, and Norway where PRP is only in place for senior staff, and the Netherlands where PRP is only in place in central government organisations. In addition, it seems that PRP schemes might be increasingly applied at the team/unit or organisational level.

PRP and bonuses

The size of performance payments remains rather small, reaching in most cases not more than 10% of the base salary at the employee level and usually not more than 20% of the base salary at the managerial level. Bonuses tend to supplement and even replace merit increments. A combination of bonuses and merit increments are used in Canada, Finland, Germany, Korea, New Zealand and Switzerland. Bonuses are higher than merit increments in general.

Lessons learnt

The experience of the use of PRP has shown that organisations should not overestimate the impact of PRP on staff motivation, which is, at best, indirect. If the conditions for its implementation are in place, PRP should be used, above all, as a stimulus and a lever for wider organisational changes, and most importantly, as one of the potential levers for improving the goal-setting approach within an organisation. In addition, a number of specific difficulties have arisen that are not only due to the difficulty in assessing performance in the public sector, but also include difficulties in differentiating the average performance of government employees, too detailed and highly formalised performance rating, some resistance from unions and staff, and finally an underestimation of the costs of PRP over the years.

> Box 2.1. **Trends in performance-related pay (PRP) in OECD member countries** *(cont'd)*
>
> Finally, experience has shown that some *sine qua non* conditions have to be in place for PRP to be successful including having established: *i)* a well functioning performance appraisal system with clear linkages with other traditional human resource management levers, and most importantly, career progression and promotion; *ii)* trust-based work relationships; and *iii)* strategic management and performance management at the core of the organisation's management, and widely recognised as achieving their purposes.

While the Flemish approach is laudable, it may be worth considering from a sequencing point of view if performance management systems should be initially used to deal with underperformers. The literature suggests that pay tends to be a "hygiene" issue rather than a key motivator, *i.e.* that it must be sufficient but that after a certain point, extrinsic rewards become less important. Job content and career development prospects have been found to be the strongest incentives for public employees.[6] Against this background, and particularly in a public service context, underperformance may be much more influential in demotivating staff than pay is for motivating them. Usually, both management and staff have a shared interest in tackling underperformance – from the organisational viewpoint it is a productivity issue while from the team or business unit perspective, it can be an equity issue in terms of sharing burdens.

However, as job content and career development prospects have been found to be the strongest incentives for public employees in most OECD member countries studies, it is legitimate for governments to develop stronger links between promotion to a higher grade and performance management.

Except in the Flemish Government where competency management and performance management seem to be relatively more related, governments need to make a special effort at developing performance management and competency management hand in hand, as competency management cannot be a substitute for performance management.

4.3. Performance and termination

Termination can be an extreme sanction for poor performance.

Statutory employees benefit from guaranteed lifelong employment in the public service. In theory, it is possible to dismiss a poor performing staff member, but it is recognised in most governments that it is almost impossible. This is due, in part, to possible burdensome procedure with

administrative court. The practice is for managers to change the job/position of poor performers. In the French Community, 495 staff have been dismissed since 1993 (but the data do not mention how many have been carried out because of poor performance), out of which 67 during the trial period (the French Community imposes that all employees have their performance assessed during their probation period). In the Federal Government, there seems to have been no specific case of dismissal for poor performance since 2002, with only six negative performance evaluations (known to the central HRM body, SPF PO).

Apart maybe from the French Community, the probation or induction periods for new statutory staff are not used to dismiss staff whom the organisation can assess will not be performing at the level they would be expected to.

Senior management is a special case in the two governments which have implemented the mandate system, the Federal Government level and the Flemish Community in that the renewal of their mandates only happens in case of good performance. Otherwise, they have to reapply to their position if they have done a satisfactory job, or in case of bad performance, cannot even reapply.

As for contractual employees, most are in fact on long-term contracts. In theory, an unsatisfactory performance appraisal could lead to dismissal, but in practice it is recognised that it does not happen much either. The Federal Government mentions it does not know of any case of a contractual employee having been dismissed for performance reasons in the new system (since 2002). However, as dismissing a contractual employee for poor performance induces some limitations on its unemployment statute, officials recognise that some have been dismissed for other reasons, that entitle them to unemployment benefits, but that originally they were poor performers. The number of dismissed contractual staff remains very low in all cases.

In conclusion, dismissals have not been chosen as a favourite sanction for poor performance in most settings. This can be a legitimate choice in career-based organisations that emphasise training and improvement of competencies rather than dismissals. The procedural costs involved in dismissals probably prevent gain from such procedures. Governments, however, could maybe place a greater emphasis on better using the induction and probation periods to make a final selection on their staff.

While dismissals are an extreme option for tackling underperformance, it is also unclear that governments are using a wider range of sanctions available through established performance management channels which would constitute a range of options, up to and including dismissal, but

beginning with lower impact measures such as withholding incremental pay progression or steps.

4.4. Performance appraisals

For **non-senior management staff** performance appraisals are increasingly based on outputs based on job objectives but also on behaviour, values, and competencies. Performance appraisal systems vary from one department to the other. There are few quota systems, and only the Flemish Community uses 360 degree feedback but quite sporadically, and the Federal Government has a pilot 360 feedback exercise in three departments. Performance appraisals for contractual staff are mandatory in some governments (Flemish Government and Federal Government for example), and are still not implemented in the Walloon Region (but should be soon). In the French Community, while performance assessments are mandatory for statutory staff only, contractual staff are required to have a "functional interview".

Like in many OECD member countries, it seems that the appraisal systems measure different aspects of staff work, including outputs, but also behaviour, competencies, etc.

The appraisal systems appear weighted in favour of individual performance. However, to build team-working capacity – including cross-functional and cross-institutional working – it may be necessary to develop systems which adequately capture staff members' contributions as part of a team. The experience of OECD member countries shows that there is an increasing number of countries considering the use of team performance appraisals and rewards. Capturing this contribution can be a challenge for a number of reasons, for example the contribution made by individuals working in teams may not be as easily defined as for those working in traditional linear reporting relationships. Similarly, working in cross-institutional teams may result in loss of real or perceived "corporate visibility" and this can be a barrier to collaborative working. To counteract these challenges, the performance management system – including the formal appraisal element – should be adjusted to take account and actively encourage greater team-based working.

The mandates system in the Flemish and Federal Government has strengthened the performance cycle for **senior management** and in particular performance appraisals.

At the Federal level, after Copernicus, the evaluation of managers has been used as a way of measuring the performance of the organisation. The assessments are made every two years. For the management committee

chairperson, the performance assessment is made by the minister and an external bureau. For director generals, their assessments are made by the chairperson of the management committee and the relevant minister.

In the Flemish Government, performance evaluations are conducted with the help of external consultants and bottom-up evaluations are organised by external consultants to get information from employees on their own management.

In conclusion, with all governments moving towards better staff appraisal systems, it is important that performance appraisal systems do not become stand alone elements of staff management. A special effort could be made in order to better link performance evaluations to the rest of the human resource management process, *i.e.* recruitment, incentives, sanctions and dismissals. It is very important for performance appraisals to be credible and have some influence on career development. While many governments including the Federal Government, have introduced performance appraisals as a non-threatening device, this should only be done as such in the short run. While it can help ensure better staff development, a performance-based organisation requires the alignment of incentives and sanctions on the achievement of individuals.

In general, a greater emphasis could be placed on the two-way nature of the "psychological contract" which is implicit in performance management systems. Development, personal renewal and career progression should be clearly seen as the other side of the performance coin in the Belgian governments. In all governments there is evidence that attention is being given to developmental aspects even extending, for example, to bonus payments related to the acquisition of competencies and languages. However, few governments seem to be focusing on the other side that is the use of performance appraisal for actual core HRM decisions such as promotion, reward, sanction, etc. It should be clear that the *quid pro quo* for performance appraisal is a commitment to make strenuous efforts to equip individuals and teams with the essential skills and knowledge to cope with the challenges being set.

5. Senior management and cabinets

The delineation of responsibilities between "political" staff around ministers and senior management is a crucial aspect of performance management, since managerial decisions need to be made solely by managers for them to be held responsible for the results achieved.

Although the size and influence of political staff vary depending on country's history and context, Belgium is a special case as regards the size and strength of government cabinets among advanced OECD member countries. It seems that despite some efforts aimed at diminishing the size of cabinets in some governments, they have mostly grown back to their original size. All governments in Belgium have between 400 and 700 staff in cabinets (approximately 450 in the Flemish Government and in the Brussels-Capital Region), which means around 50 staff per minister. Although a good number are low-level staff, press reports have also noted in the past that some regular civil servants within the traditional hierarchy of ministries might in practice be part of cabinets. All available data (see Box 2.2) point to a comparatively disproportionately large size of cabinets and there is a reported significant involvement of their staff in the daily management matters of the government organisations. Even in countries where the influence of cabinet staff is reported to be very significant (see the example of France in Box 2.2), the importance of cabinets seems to be disproportionate in Belgium. Most senior administrative staff have had cabinet experience at one point in their career.

Box 2.2. **The "cabinet" practice in selected OECD member countries**

France: Approximately 450 staff in cabinets at the national level (for a total national civil service of 2.5 million staff, excluding the hospital civil service but including around 900 000 teachers and professors and the military), 300 people at the regional level (for a total of around 13 000 staff), and less than 500 at the sub-regional level (for a total of around 170 000 staff) (not including municipalities).

Most cabinet members are senior civil servants chosen by ministers, but there is an increasing number of staff coming from the private sector (either for profit or not for profit). Cabinet positions are definitely seen as career enhancers in the public service, but most senior managers have not been through cabinet positions in their careers.

While there is a daily dialogue between cabinet members and senior management, cabinet members are not involved in most important managerial decisions, and their numbers would not allow so in any case. The cabinet practice in France has developed in parallel with the existence of a very strong senior civil service.

Canada: At the federal level, there are approximately 605 staff for a total federal public service of about 378 000 staff.

Box 2.2. **The "cabinet" practice in selected OECD member countries**
(cont'd)

There are strict guidelines that govern the establishment and management of ministers' offices in the Canadian federal government. These are constantly being revised to ensure tight control over the size of these offices and to ensure that they operate with the greatest level of probity. They are subjected to transparency rules (as are senior public servants) which also help self-regulate in areas such as travel and hospitality. Strong rules on appointments (even when discretionary by a minister) and pay have been established over time. There is also clear guidance for ministers and deputy ministers (professional and non-partisan civil servants) in the Canadian federal government. It clearly articulate the respective roles, responsibilities and accountabilities. It should be noted that the guidance for ministers document very explicitly defines the role of a minister's office and states that the personnel in this office cannot give direction to public servants. Those directions must come from the minister and a premium is therefore placed on an effective dialogue and relationship between the minister and his/her deputy minister.

The guidance document to deputy minister is a companion document and therefore contains similar information, but from a deputy minister's perspective. An interesting section to look at is that dealing with human resource management which clearly articulates the predominate role played by the deputy minister in all HR matters. In fact, the minister has almost no role in this area, except for the concept of "answerability" in the House of Commons.

The model of accountability is constantly under review, and new proposals for improving lines of accountability abound.[7]

Sweden: At present there are 22 ministers organised in 13 ministries at the national level. For each minister there is at least one state secretary, one media advisor and one political advisor. In addition, during this electoral period there is also a separate Policy Coordination Office with four state secretaries (one for each party in the present coalition). These are all political appointments linked to the mandate of a specific minister. The total number is probably in the order of 200 persons.

It is not uncommon for state secretaries to be recruited from the civil service, normally because their knowledge of the administrative processes and/or policy field. Media advisors are normally recruited from the media sector. Policy advisors are normally recruited from employees and activists in party or interest organisations, but the activists may sometimes hold civil service posts.

Box 2.2. **The "cabinet" practice in selected OECD member countries**
(cont'd)

The secretaries of ministers and state secretaries are civil servants (50-60 people). There is a government car pool serving ministers, staffed with civil servants (about 20 people). State secretaries use private taxi and/or limousine services on a case by case basis. Personal protection is provided by the Security Service (a government agency). There is an internal ministerial restaurant operated by a private contractor.

State secretaries are the chief executives of their ministries. Media and political advisors have purely advisory functions and are not used for transmitting instructions to ministerial employees.

All implementation of government decisions is entrusted to separately managed government agencies. All instructions to these agencies have to be in writing and adopted at a formal Council session (the weekly meeting of all ministers). All agency employees including their chief executive are civil servants. It is not uncommon for ministers and state secretaries to be appointed as director generals or governor generals (fixed-term civil service posts), or as ambassadors (unlimited term civil service employment).

At the regional and local levels, the number of political appointees varies depending on the size of the region or the local authority. There are normally five to 12 full-time political commissioners in a region or local authority. Some of these represent an opposition party, but have managerial roles in local authorities that have opted for a joint government system. In addition there are a varying number of part-time chairpersons of political boards. The members of these boards normally are employed somewhere else, and serve on their spare time. The number of separate political advisors is limited, and primarily involved in the work of the elected assemblies.

The total number of political appointees (excluding ordinary board members) at regional level is in the order of 400-500 people.

Some officials report that the history of cabinets in Belgium runs in parallel with a history of a relatively weak senior civil service, who tended to be chosen according to their expertise rather than managerial capacity (although this seems to have evolved in all governments in the last decade). However, even in countries with a large influence of cabinets like in France, their role is structurally counterbalanced with a traditionally strong and very well respected senior civil service.

The role of cabinets in Belgium, however, is reported to have evolved with time, especially in the Federal Government and in the Flemish Community in parallel with the development of strategic management. In our discussions, civil servants reported that cabinets used to be filled with

political staff only, now they tend to be filled more with experts. In addition, cabinets and senior management seem to be working increasingly together on technical matters. Finally, all governments seem to have integrated both senior management and some cabinet staff into the governments' strategic management, but to a different extent depending on the progress made on strategic management.

Thus, although cabinets and staff seem to be working more collaboratively rather than in a purely vertical manner in some governments, cabinets are still very involved in daily managerial decisions.

This situation inherently creates difficulties with performance management. In fact, cabinet members are *de facto* part of senior management although no formal processes are in place to monitor their performance as "senior managers", and both their careers and recruitments should be thus more performance informed. If governments insist that they are not to be considered as part of senior management, their responsibilities should be more strictly limited, and it is likely that their numbers should be decreased. This would be of course highly dependent on the capacity for each government to provide the right number of competent senior managers. In parallel, thus, care should be taken that the management and development systems identify and encourage leadership potential at the senior executive level. Today, there seems to be a "displacement" effect whereby leadership – which ideally one might hope to find at all levels in the organisation – is stifled and ambition undermined by a perception that the administration is relatively weak in comparison to the cabinet.

The development of a full Senior Executive Service or similar top-tier arrangement could be considered, and would include, not just ongoing education and development, but succession planning and lateral mobility (including inter-organisational, inter-governmental and private-public sector mobility).

As noted in Chapter 4, the distinctively large political cabinet system can provide heightened responsiveness to political priorities and a sense of collectivity. The challenge is to make the priorities explicit so that staff can be held accountable, and to ensure that they are consistent with other performance target-setting arrangements.

6. Managing change towards more output-/outcome-oriented systems

6.1. A "bottom-up" and "top-down" performance culture

Despite best efforts, there is always a danger that changes – particularly HRM changes that affect people's terms and conditions – will be perceived as directions "from the top". Considerable and very worthwhile effort has gone into communicating HRM changes, especially through the "branded approaches" adopted by the Federal and Flemish Governments respectively in the context of Copernicus or BBB. But even in those contexts, staff surveys show staff members might not have been given clear sight of the overall organisational goals. This has significant consequences on their "buy-in" to their divisional objectives, etc.

Of course, packaging of messages is unlikely to be the full answer. Consideration should be given to ways – formal and informal – in which the voice of staff members is amplified. At the formal end of the scale, this could be through the extension of 360 degree appraisals – which exist to some extent in the Flemish Government, for example. However, and perhaps more importantly, it should also be done through less formal approaches including the development of workplace partnerships which would provide opportunities for staff, managers and union representatives to engage in constructive dialogue and joint problem solving in the context of the considerable agenda of HRM changes that are being sought.

In keeping with this approach, and to guard against any perception that important HRM changes are part of some "received agenda" on the part of staff members, consideration should be given to jointly and pro-actively researching, piloting, disseminating and promoting new management practices and governance arrangements. This would encourage joint ownership of problems and a wider intake of views as well as promote approaches that are customised to local circumstances which would help to dispel notions that HRM changes are ideologically driven.

As Belgium is also well endowed with academics working in the public management field, governments would certainly gain in substance, credibility and impact by involving them increasingly on the overall thinking on HRM, as these reforms only make sense if designed within a larger understanding of governance arrangements. The French Community has made some specific efforts in this field in recent years by organising specific meetings and conferences with academics and practitioners from the public and private sectors on HRM. In Flanders, the Academic Policy Support Centre is an impressive institution supported by the Flemish Government that aims to support policy formulation, implementation and

evaluation on the basis of academic research (fundamental and applied) and from the angle of relevant policy problems.[8]

Box 2.3. **The management of senior civil servants in OECD member countries**

Senior managers: a specific management for a specific group?

In a majority of OECD member countries, there is a defined group of staff widely identified as the "senior civil service" at the federal/national level. Arrangements for the senior managers' group are either legally defined (like in Australia, the Czech Republic, Hungary, Korea, Luxembourg, the Netherlands, Portugal, the United Kingdom, the United States, and Finland in a near future), or more informally defined (like in France, Ireland, Italy, Japan, Norway, the Slovak Republic). Some countries do not have any group widely understood as "senior civil service" at the national level (Austria, Germany, Mexico, Spain, Sweden or Switzerland), but specific management rules or policies apply for senior managers.

In most OECD member countries, senior management are recruited and managed with a more centralised process than other staff (Finland, Hungary, Italy, Netherlands, or the United States). Trends over the last decade show a certain degree of recentralisation of the management of senior management in countries which traditionally tend to delegate authority. In many countries where there is a defined group of staff widely understood as senior civil service, there is also a centrally defined skills profile (like in Australia, Finland, Hungary, Ireland, Korea, Netherlands, Portugal, the United Kingdom, the United States and Finland in a near future).

Senior management and performance reform

Improving the management of senior managers has been a key priority of the governance agenda.

Most importantly, several HRM policies were reengineered to match broad performance objectives and especially to reinforce leadership within the administration:

o Employment conditions: in a number of countries with a clearly differentiated senior civil service, senior civil servants have a term appointment, in some cases without guaranteed employment in the civil service after their appointment at senior level positions has ended (in Finland, Italy, the Netherlands, New Zealand, Norway, the United Kingdom).

Box 2.3. **The management of senior civil servants in OECD member countries** *(cont'd)*

o   Recruitment and promotion: the trend was allowing more lateral entries and selecting managers on skills. All senior management positions are open to external recruitment in Australia, Finland, Hungary, the Netherlands or the Slovak Republic, while there is a good proportion in the cases of Korea, the United Kingdom or the United States. Only some countries – mainly career-based systems – select senior managers through competitive examination early in their career and managed as a group throughout their careers (France, Japan, Luxembourg) or appoint senior staff through career progression within the civil service (Germany and Ireland for instance, but these are countries without a formal senior civil service group).

o   Pay policy for senior managers: introduction of bonuses, primes or performance-related pay for this group. Performance-related pay is proportionately more important for senior civil servants than for the other civil servants in Hungary, Ireland, Italy, Korea, Norway, the United Kingdom or the United States.

Delineation of responsibilities between political and administrative senior civil servants in government

All OECD member countries have introduced specific arrangements to set a balance between neutrality and apolitical senior civil service immune to political leadership on the one hand, and the need to guarantee responsiveness and service delivery performance on the other hand.

A recent OECD survey has demonstrated that the principles of public service neutrality – in the sense of non-partisanship – are espoused by a large number of OECD member countries, but this does not equate to an apolitical process for senior appointments. Most countries have a range of laws, procedures and oversight arrangements which spell out the division of responsibility between ministers and executive civil servants. Some countries prohibit civil servants from being involved in certain political areas (Korea, Mexico, Poland, the United Kingdom, the United States), while others do not (Denmark, France, Sweden). Some countries, specifically Westminster-style systems, have a very strong executive constraint on party political influence on the public service through independent appointment arrangements.

Proportions of senior civil servants appointed at the complete discretion of the ministers – cabinet staff excluded – vary significantly from a country to another. On one side of the spectrum, appointments of most senior executive in Korea, Luxembourg, Norway and the United States are directly made by politicians; on the other side, in Australia, Denmark or the United Kingdom where there are no politically driven appointments at all.

6.2. *The optimum pace and scale of HRM changes*

It is always a difficult judgement to make as to the extent and pace of change that can and should be implemented. At one extreme is the "big bang" approach in which almost everything is open to change while at the other end is a piecemeal approach whereby policies and processes are changed without much thought as to integration or sequencing. As is often the case, perhaps the optimum lies somewhere in the middle. All governments are giving increasing attention to the value and role of HRM which is welcome. On balance, the experience of the Federal and Flemish Governments in particular highlights the value of a concerted approach to improving organisational performance through sustained, systemic HRM improvements. Iterative approaches, whether in Belgian governments or in other OECD member countries, tend to be less successful because, being stand-alone, they may appear isolated, lack context and be unsupported by reinforcing measures in other key management areas. Finally, the sequencing of reforms is a cruel matter and requires careful thinking ahead of reforms.

To the extent that is possible, a lot of efforts should be driven towards keeping the momentum for reforms in the relatively long run. The experience of the Federal Government, in particular, appears to have been one of a change programme which had high levels of activity punctuated by episodes of uncertainty where the agenda stalled a little. This was partly due to the reported antagonism in some quarters towards Copernicus and to some extent, mixed political signals. While the answer is not to dilute the level of ambition in any of the governments, it may be worthwhile to put a clear, time-bound plan in place with distinct milestones and review mechanisms which map out the way forward. Ideally, such an itemised plan and timeframe would command cross-party support because the timescales involved are likely to be longer than the normal political cycle.

Notes

1.   Pollitt, Christopher and Geert Bouckaert (2004), *Public Management Reform: A Comparative Analysis*, Oxford, UK: Oxford University Press.

2.   OECD (2002), *Distributed Public Governance*, OECD: Paris.

3.   The Copernicus reform also created temporary Federal Public Planning Services for societal issues requiring coordination across ministries.

4.   OECD (2002), *Distributed Public Governance*, OECD: Paris.

5.   Fombrun, Tichy, Devanna (1984), *Strategic Human Resource Management*.

6.   Bossaert *et al.* (2001), *Civil Services in the Europe of Fifteen, Trends and New Developments*, EIPA.

7.   For more information, please refer to: Treasury Board of Canada Secretariat (2007), *Policies and Guidelines for Minister's Offices*, www.tbs-sct.gc.ca/pubs_pol/hrpubs/mg-ldm/gfmo_e.asp; Commission of Inquiry into the Sponsorship Program and Advertising Activities (2006), *Restoring Accountability: Phase 2 Report,* http://epe.lac-bac.gc.ca/100/206/301/pco-bcp/commissions/sponsorship-ef/06-03-06/www.gomery.ca/en/phase2report/index.asp; and Government of Canada (2007), *Federal Accountability Act: Factsheets,* www.faa-lfi.gc.ca/fs-fi/fs-fi_e.asp.

8.   See Catholic University of Leuven: http://soc.kuleuven.be/sbov/eng/index.htm

Chapter 3
Flexibility and Coherence of HRM Rules Across Governments

1. What is the flexibility and coherence of HRM rules across governments?

Coherence is not a synonym for uniformity. Coherence essentially means coherent differentiation. Coherent employment conditions are thus not uniform employment conditions but a systematic differentiation of employment conditions according to observable factors.

2. Outcome goals

Belgium's governance is highly devolved. The separate governments have full competence to define and implement public administration policies. Devolution has been implemented following the subsidiarity principle. Indeed, since 1988, regions and communities have been able to define their own administrative and pay statutes within the framework established in the 2000 Royal Decree on General Principles, and each government at regional central and local levels have had autonomy in defining their own organisational structure. As a consequence, the different Belgian governments may diverge as to the way they carry out their functions, and diverge as to the values by which they operate.

A minimal consistency of approaches between governments is important to achieve in order to:

1. decrease transactions costs and avoid creating imbalances in the labour market;

2. respond to cross-cutting HRM issues requesting cross-government co-operation, especially in policy areas where governments share competencies.

3. Challenges raised by convergence and divergence in HRM

3.1. Challenges raised by convergence

3.1.1. Convergence in the OECD perspective

The existing relative convergence of HRM systems is a product of history, reinforced by legal and constitutional rules, by some voluntary co-operation, and by an interesting level of convergence in HRM reforms across governments (see Introduction).

OECD analysis[1] shows that federal countries or very devolved countries[2] have different employment frameworks across sub-national entities (Australia, Canada, Germany, Spain, the United States), unlike many centralised countries that tend to establish a single general consolidated employment framework for all sub-national government levels – ensuring similar HRM systemic rules between central and sub-national governments' levels. A noticeable exception among federal countries is Austria, where there is only one employment framework for most posts at sub-national levels.

In many federal countries, the systemic employment frameworks, but also the HRM rules and policies, differ widely across sub-national entities. For example, in Australia, Germany, and the United States, there is a large discretion of authority at sub-national levels in all HRM fields including recruitment procedures, wage bill and wage levels, profile of skills, career management and salaries and benefits. In this respect, Belgium, with its common legal provisions (Royal Decree on General Principles and other laws or instruments) ensuring homogenised rules across governments, appears different from many of the federal states.

The Belgian system could possibly be compared to the Spanish system in which the national government has established some guidance on the conditions of recruitment/dismissal and rights/obligations at sub-national levels, but the profile of skills, definition of working hours and the determination of individual salaries have been left to the discretion of sub-national governments. However, in Spain, rules and policies on career management are defined by central government, the basic pay framework is established at the central level, and sub-national government wage bills are limited by specific rules set centrally.

The Belgian system appears as a mixed system between some federal systems where some convergence across governments is achieved almost only through informal and voluntary coordination processes,[3] and some more unitary countries where central rules put some limitations on the authority of sub-national governments in the establishment of their HR systems.

Box 3.1. **HRM across levels of government in Germany and Spain**

Germany: Each sub-national government (Federal Land) has its own employment framework (The Land Civil Servants Acts of each Land). Like in Belgium, there are considerable differences but also many common aspects between the different *Länder* rules, that result from the hierarchical power of the federal administration over the sub-national entities. Indeed, the federal level has the right to pass framework legislation on the legal status of civil servants at *Länder* and local levels. As a result, HRM rules about security of employment, rights/obligations and hiring and dismissals are similar across the different levels of governments.

The most recent constitutional reform dated September 2006 has removed the possibility for the federal government to provide uniform regulations except on basic structures required to maintain civil servants' mobility throughout Germany. Now conditions for recruitment and dismissal, profiles of skills, career management, salaries and benefits, working hours and legal vacations, code of conduct and rights and obligations, are left to the discretion of individual sub-national governments. They are also fully responsible for the definition of their wage bill, compensation costs and global workforce.

Spain: The 1978 Constitution provides the right for each autonomous community to create its own administration for the purposes of administering the services and functions that fall within the scope of authority of the relevant autonomous community's government. This autonomy in self-organisation is subject to certain limitations provided by the Constitution: *i)* the central state has the power to set common rules on basic civil service structure; and *ii)* there are specific legal limitations (the "fundamental principles") on work conditions, the ability to decide on the presence or not of unions within the selection bodies, the specific regime for health employees. Convergence across levels of government is *de facto* ensured regarding: access to employment in the official service, the definition of the principles of merit and competence in relation to professional careers as public officials; the organisation or basic structure of the official service; the rights, duties and responsibilities of public officials; the guarantees for maintaining the impartiality of public officials in the performance of their tasks; the rules that govern conflicts of interest and disciplinary action; the rules relating to remuneration that are common to all the public administrations; collective rights and the peculiarities relating to the implementation of such rights.

To a large degree, the autonomous communities have also reproduced the structural and organisational model of the state administration. This is specifically the case regarding the rules on recruitment, security of employment, social protection, rights and obligations. In general, HRM policies that are different in sub-national entities from the central state only concern functional and territorial mobility, working hours, legal vacations, social benefits and promotion of employees.

3.1.2. The governance difficulties created by common rules

The legal rules that have aimed to maintain some level of consistency across governments in terms of HRM have less and less influence and systems have been diverging significantly. For example, as the large and increasing number of contractual staff shows, some governments have bypassed the Royal Decree on General Principles in their use of contractual staff. Also, future recruitment through SELOR will be increasingly tailored to the individual needs of organisations. It is also possible that SELOR may even become a pre-qualifying body in some instances.

In addition, it seems that some legal rules are in contradiction with the direction some governments would like to evolve towards, most importantly for the two governments which have expressed their willingness to move towards a more flexible position-based system (see Chapter 4).

There is thus a discrepancy between what the legal rules are supposed to achieve and changes that are actually taking place that will probably be reinforced in the future.

3.2. Challenges raised by divergence

3.2.1. Increased competition between governments

Divergence in pay policies could allow the economically more advantaged governments to capture scarce skills at the expense of other governments. In that case, governments with the most financial leverage would be in a position to hire the best staff. In practice, however, the relatively high unemployment levels (especially in the Walloon Region, and significantly less in the Flemish Government), and the attractiveness of the public employer do not suggest that this is currently a real risk, although with ageing and a large number of public servants retiring, the risk might be higher in the relatively near future, especially between the Federal Government and other governments.

The current state of divergence concerning pay policies is difficult to assess but seems to be broadly as follows: The Federal Government has the most attractive salaries for the highest ranks of the senior civil service (salaries have more than doubled since Copernicus reform in spite of their slight decrease since 2004.) The Flemish Administration has lower pay scales compared to the Federal Government, but which are still high compared to other governments. In addition, the Flemish Administration has introduced performance-related pay at senior civil service level, implemented through specific bonus for senior managers reaching between

0 and 20% of the salary. The other salary scales appear less competitive overall, although the French Community appears to pay relatively well, even close to those in the Flemish Administration for top-ranking officials.

3.2.2. Lower mobility across the different governments

The mandate to set employment conditions has to a large degree been devolved to the six individual governments. The result is not only differences in compensation levels, but also structural differences that impede mobility in both directions. Mobility that could be provided by having a single career-based statute applicable to all governments cannot apply to the present situation (with the Royal Decree on General Principles providing too minimum common standards that are also bypassed by governments), and none of the governments have a full deregulated position-based system that would also promote mobility (indeed, if all governments had implemented a full position-based system, with managers negotiating employment conditions with individuals, there would not be statutory obstacles to mobility either). Belgium stands in an intermediary situation that makes mobility impossible unless voluntary policies are put in place.

However, mobility policies in the various governments are exclusively focused on internal mobility across departments or between departments and central agencies (see below) within governments, but very little is being done to promote mobility across governments.

While politicians are reported to be quite mobile at least between sub-national entities and the Federal Government, the mobility of civil servants, even at the highest levels, is reported to be very low. While figures do not seem to exist in most governments, Brussels-Capital Region for example reports that only four of its employees coming from another government have been integrated into the central ministry since 2002. This would not necessarily be a lesser problem in a large country, but in a relatively small country like Belgium, the absence of mobility creates a series of very small labour markets and decreases the choice of possible staff by governments especially in sectors in high demand, or for senior management levels. In addition, the quality of senior management would be enhanced if they had the opportunity to have a whole-of-government view of government rather than a more sectoral view.

Since there is no whole of Belgium body in charge of promoting mobility and since the texts do not provide any mechanism by which to promote cross-governmental mobility, mobility can only be enhanced through informal coordination mechanisms – such as the co-operation agreement reached at the interministerial conference in September 2006.

Increased mobility would require the following:

1. Changing language requirements. In 2002, Brussels-Capital Region and the Federal Government projected to establish compulsory testing for capacity of the second national language, but this was never implemented. Broadly speaking, there is almost no staff exchange between the French-speaking institutions (Walloon Region and French Community) and the Flemish Government, while the bilingual administrations (Federal Government and Brussels-Capital Region) appear to be relatively more proactive in promoting a common policy on staff mobility across governments.

2. Allowing continuous career paths for statutory staff across governments. Different job classifications (by grades and levels), different competencies matrix, different pay scales and different promotion rules (although limitations provided by the Royal Decree on General Principles), make careers across governments almost impossible.

In many OECD federal or highly devolved countries, however, mobility across governments is low and there is no obvious example of an entirely successful country in this field. Some practices, however, are interesting and similar measures could possibly be implemented by Belgium. For example, in Spain, Article 17 of the Act on Measures for the Reform of the Civil Service (2 August 1984) sets out the basic framework for mobility across sub-national governments (communities and municipalities): Autonomous communities that have signed this agreement have committed to opening 5% of their posts to civil servants from other administrations.

3.2.3. Transaction costs

As developed earlier, although the federalisation process is probably not the only factor to blame for high public employment levels and high compensation costs in the economy, it is likely that it has played an important role. It is not surprising that in the short run, economies of scale have not been compensated by efficiency gains involved in having a governance structure closer to the citizens. Although HRM, and more specifically increased mobility for managers and senior managers, may only play a minor role in promoting overall government co-operation, it remains a factor that may bring positive results in decreasing transaction costs.

4. The positions of the Belgian governments on convergence and co-operation

According to the discussions held during the review process and policy notes, the position of the different governments in Belgium regarding convergence in HRM systems can be summarised as follows:

- Some official state that the Federal Government sees the remaining homogeneity more as a product of history. The Federal Government has taken a proactive role in trying to promote cross-government agreements on HRM that gather as many governments as possible. But at the same time, the Federal Government is keen to maintain variable geometry and diversity across governments in Belgium.

- The Flemish Government views common legislation as historical resilience which has led to a systemic convergence of the HRM rules. Cross-governmental consistency is seen as a real impediment preventing the Flemish Government from shifting to a more managerial system and a more position-based system for statutory staff. The Flemish Government has formally requested amendments to some parts of the Royal Decree on General Principles, officially considered as *"problematic for the future elaboration of an appropriate HRM policy for public servants at the Flemish level*[4]*":*

  - Article 9, §1- on recruitment conditions – is specifically highlighted as prohibiting the recruitment of valuable candidates on the basis of their experience or competency, and is thus seen as contradicting the Flemish Government decree of 30 April 2004 on the issuance of professional experience titles, which implements a more general approach to recruitment conditions. At the interministerial conference held in September 2006, and following a request from the Flemish Minister of the Civil Service, it was agreed that a specific body established during the interministerial conference would examine how competencies recognition could be more taken into account into the different regulations (in order to increase lateral entry and increase possibilities for those with a diploma from foreign universities).

  - The government points out the limitations on determining minimum and maximum salary scales as being contradictory to autonomy in personnel policy. The issue was also put on the agenda of the interministerial conference held in September 2006 following a request by the Flemish Minister of the Civil Service. It was agreed that this issue should be dealt with in a

working group, but no formal decision has been taken to amend this rule.

- Finally, some legal provisions of the Special Law are also contested, especially the obligation to undertake recruitment through SELOR.

  The Flemish Government considers that the main reason for the existence of the Royal Decree on Common Principles and intergovernmental structures like SELOR has been the differences in financial room for manoeuvre existing in the various governments. The current Minister for the Civil Service has a stronger position and has proposed to abolish the Common Principles on pay limitations, disciplinary rules, seniority based promotions. Overall, the Flemish Administration advocates increased variable geometry and informal co-operation, rather than a legal-based homogeneity of the rules. For instance, the Flemish Government is in favour of a co-operation agreement on cross-governmental mobility but makes it clear that such an agreement should be negotiated on a cross-governmental and consensual basis and not imposed by a specific government.

  However, the Flemish Government has opted out from some informal coordination and mentions, for example, that it is not interested in opening its own recruitment reserve to other sub-national governments. This position is reflected in the current management note of the Flemish Administration in which relations with other governments are not seen as a strategic challenge, unlike co-operation with local governments within Flanders or co-operation with "other states and regions".

- Brussels-Capital Region, the French Community and the Walloon Region consider that the intergovernmental convergence of the HRM systems is first the result of the existing common legislation, and second due to historical resilience. The three governments would like to increase cross-governmental co-operation in HRM and to increase homogeneity of HRM rules across governments. The three governments support the decision of the interministerial conference to build a common recruitment reserve.[5] Brussels-Capital Region considers this is very important for its recruitment, although there is a risk that staff chose to work in the government where the employment status and remuneration are the best, thus increasing the difficulties that some governments might have.

–   The Walloon Region supports maintaining unified HRM rules across governments, so as to ensure a minimal homogeneity but also to ensure a certain degree of intergovernmental cohesion. It also supports an increased use of informal coordination mechanisms, as well as incremental initiatives and pilot experiences (as opposed to a rigid legal-based approach). For instance, it has proposed to create a common intergovernmental databank to register staff who would like to move to another government, and to create specific common mechanisms to regulate it.

–   Brussels-Capital Region is also particularly proactive in its support to further increase informal consensus and coordination mechanisms, and also supports more benchmarking and exchanges of good practices.

Besides, the three governments have supported increased cross-governmental mobility. Brussels-Capital Region has aligned its own administrative rules on mobility to this co-operation agreement, with a view to being proactive in attracting staff from other Belgian governments' entities. The French Community and the Walloon Region have explicitly expressed their willingness to strengthen mobility between each other, as well as with the Federal Government.

The convergence and consistency of HR systems will be highly dependent on the outcome of the discussions that are taking place in the present political context, as well as on possible institutional mergers between same linguistic groups.

In conclusion, it seems that the governments in Belgium have the following options regarding the issue of consistency and cohesion across governments:

•   Governments could agree that keeping a certain level of consistency on HRM rules might not be necessary, except maybe on fundamental concerns such as selection on merit or unions rights. The compulsory Common Principles would be significantly amended or abolished. It is strongly advisable, however, that in this case, a serious effort be made at enhancing informal coordination mechanisms, with a view to ensuring a minimum common denominator – like the increase of intergovernmental staff mobility or agreements on competence requirements for selection process.

•   Compulsory Common Principles could be drastically limited to the minimum common denominator, while informal co-operation and variable geometry could be increased to solve cross-cutting issues.

This approach would involve:

- collectively defining what the "minimum common denominator" is and amend the Royal Decree on General Principles;

- making remaining Common Principles compulsory, and sanctions should be applied in case they are not respected by governments;

- a specific commission in charge of managing cross-government issues of the public sector, composed of ministers and top managers of the different governments, could be established. Its missions would be first to determine a list of HRM cross-cutting issues demanding a symmetric implementation across Belgium – with a view to avoiding high transaction costs, and second to designing new cross-governmental HRM mechanisms able to fix cross-cutting problems.

Whatever the chosen option, it seems that governments would gain from strengthened voluntary and collaborative coordination instruments and variable geometry across governments. The Interministerial Conference of the Ministers of the Civil Service could be institutionalised with a view to: *i)* defining a cross-governmental agenda identifying cross-cutting issues in HRM to be solved; *ii)* meeting on a regular basis; *iii)* reaching co-operation agreements involving as many governments as possible, allowing collective management of cross-government human resource management issues while respecting the competence-sharing agreements; *iv)* solving common issues like the management of staff transfers following the devolution processes, the shortages of functional staff in some sectors (*e.g.* teachers), delays in recruitment process, co-operation in workforce planning and competency frameworks, etc.; *v)* developing joint learning platforms. It is crucial, however, that consultation and coordination also take place at senior civil service levels, so that a long-term working dialogue is instituted and interministerial dialogue focused on strategic long-term issues.

Finally, special mention has to be made regarding the specific case of the Walloon Region and the French Community (in the Dutch-speaking part of the country, the issue does not arise as the region and community have been merged into a single institution entitled the Flemish Government). These governments should consider going further in their collaboration and even consider harmonising their HRM rules to allow cross-government careers. This is especially important at senior management levels in order to develop senior management capacity on cross-government issues and favour better collaboration on cross-government issues in a relatively cost effective manner.

5. Convergence within governments

5.1. Between departments and agencies

5.1.1. Towards more consistency

All governments under review assert they seek to achieve greater consistency within their governments between their departments and their agencies.

However, there are different ways governments try to ensure some consistency across their various entities:

- A rules-based approach through harmonisation and control processes, mainly implemented in the Walloon Region and Brussels-Capital Region. These governments tend to make HRM rules converge by harmonising statutes and HRM policies, as well as by *ex ante* controls applied both in departments and in agencies. For example, the 2003 Code for the Civil Service in the Walloon Region applies to statutory employees of the two ministries and to some agencies. In Brussels-Capital Region, there is one statute for employees in central ministries and another one for agencies, but they are very similar.

- A managerial approach through management contracts and performance agreements, mainly implemented in the Flemish Community. In the Flemish Community, consistency is ensured by performance agreements and by the new management code, which applies to the ministry and to internal and external agencies. Even human resource matters are structured by the split between central departments and agencies (in accordance with the BBB reform, the new Department of Public Governance is responsible for the overall HRM policy whilst the two new agencies, *i.e.* the internal Agency for Public Personnel and the external Agency for Selection and Recruitment, have to support all management levels of the Flemish Government on HRM issues).

- The Federal Government has a more mixed approach, with the new post classification by level and grades is common to SPF/SPP and agencies, and. through performance agreements establishing the financial framework for three years, and imposing a management follow-up including external control to evaluate the outputs.

- The French Community also has a mixed approach. On the one hand, there are different employee statutes for agencies but common standards of human resource management principles. On the other hand, some agencies have adopted more flexible human resource practices than in the central ministry. Agencies are also bound to the central ministry through management contracts, and have a broad human resource management delegation (on recruitment especially).

5.1.2. The mobility challenge

Mobility rates are very low in all governments within departments and between departments and agencies, although it seems to have increased in the Federal Government in recent years. A specific initiative in the Federal Government has been to ask SELOR to develop a common data bank for departments and agencies.

This is not a minor issue as all governments still have an employment framework that is mainly a career-based system, which could be promoting internal mobility within small and divided labour markets. The poor mobility numbers point to a poor whole-of-government career planning of staff in a career-based environment and to overregulation.

However, all governments mention that increasing mobility is one of their management priorities. The Royal Decree of 15 January 2007 formally established inter-federal mobility in the Federal Government (including internal mobility between departments, mobility between departmental and agencies units, and mobility with other levels of government) using the competencies matrix system. The French Community is expected to launch an ambitious initiative in the area, like adopting a Royal Order focusing on mobility between central departments or creating a pool of mobile staff.

In conclusion, while providing flexibility in HRM to agencies seems to be a very reasonable option in the context of performance management and delegation of authority, governments are strongly encouraged to facilitate staff mobility and cross-government careers by removing statute and career paths disincentives. International experience shows that in a performance-based environment, careers back and forth from central departments to agencies should be encouraged to promote a high quality dialogue on outputs and outcomes of agencies.

5.2. Between regional governments and local government levels

Local governments have a constitutive autonomy, and can thus decide autonomously about their personnel statutes. As a consequence, HRM rules and policies can be very divergent across governments within regions. In order to address this issue, a power of subordination was provided in 2003 to regional central governments over provinces and communes, regarding pay and administrative statutes (except in Brussels-Capital Region). Statutes have to be submitted to the regional authorities for their agreement.

But in practice, this mechanism has never been used by any regional government to harmonise rules. It seems that regional governments prefer to use other instruments based on informal coordination and voluntary-based recommendations rather than to use their power of substitution. Regional ministerial *circulaires* proposing recommendations for grades classification and recommendation for pay limits are not compulsory, but local governments usually stick to them mechanically.

Other processes are used to improve consistency:

- In the Walloon Region, the RGB circular introduced a reform of classification and remuneration involving the regional government and the local governments which has led to a rationalisation of the different grades and pay and to some harmonisation.

- The Flemish Government considers that informal networks within government units play a preponderant role in harmonising rules.

- The French Community mainly uses circulars to maintain consistency of rules within its governments, especially in the education sector.

- Even in the Brussels-Capital Region, where there is no subordination power, a certain level of convergence of rules between regional and local units is ensured by a consensual charter implemented in all 19 communes (non-compulsory but based on mutual agreement), based on the HRM principles adopted in the regional administration statute.

The other main tool for harmonisation is the C Committee, where statutes decided by local government units have to be discussed. Again industrial relations play an important role in the homogenisation of the HRM rules in Belgium.

Mobility between regional governments and local governments is reported to be very low. There is no framework promoting mobility between the regions and the local municipalities. One of the main explanations seems to lie in the different employment frameworks, pay scales, and career paths, and in the absence of mechanisms allowing an individual to continue his/her career across different governments. It is noticeable that contractual staff seem to have a real career in local municipalities.

In conclusion, while rules-based harmonisation of HRM between regions and municipalities might be a costly option, governments are strongly encouraged to facilitate staff mobility and cross-government careers within regions by allowing career paths and ensuring compatibility of statutes between regional and local governments.

Notes

1. OECD (2006), "State of the Public Service", draft report presented to PEMWP meeting in December 2006.

2. The panel of the OECD federal countries studied here is the following: Australia, Austria, Canada, Germany, United States. Spain has been added as a model of high devolution of administrative power to regional and local entities.

3. In Canada for instance, the Federal Public Service Human Resources Management Agency of Canada, which was created two years ago, has a leadership role in public administration; it has undertaken to spread some unbinding HRM best practices (especially for workforce planning) not only across the federal delegated agencies but also towards provinces and territories. The aim is not to formally influence the sub-national governments' units, but to ensure a minimal coherence through information sharing and recommendations.

4. "Impact (restrictions) of Federal Legislation on the HRM Policy of the Flemish Government", document provided by the Flemish Government.

5. The French Community had already had its recruitment reserves open to other governments.

Chapter 4
Core Values

1. What are core values?

An examination of any public service requires consideration of its core values. Core values are those elements of the public service that demonstrate the beliefs held about the way the service, and the employees within it, should operate. The behaviour of civil servants is determined less by sanctions or incentives than by values that are well established in the hearts and minds of civil servants.

A point to note is that all public services have core values. If they are not explicitly identified it does not mean they do not exist. The public service will in that case be working to implicit core values. These can be as equally powerful as values that are explicit.

Typical core values of public services of OECD member countries are values that:

- uphold the law and the Constitution, for example that public servants exercise administrative decision-making powers in relation to citizen's entitlements in accordance with the applicable rules; that public servants have the rights of citizens, including freedom of opinion and association;

- support traditional public service notions of fairness and impartiality, for example that public servants do not allow personal interests or activities to interfere with their obligations as public servants;

- emphasise loyalty to the government of the day, for example that public servants faithfully carry out the policies of the government and do not leak information;

- promote probity, honesty and dignity in the exercise of public functions;

- preserve institutional memory, continuity.

In addition to these traditional core values, developments in public management have led some OECD member countries to expand their core values to include new values such as value for money, transparency, user-orientation, the value of the individual.

Some governments emphasise relatively more equality, continuity and stability when others emphasise relatively more responsiveness and focus on users' needs. While all systems strive to reach all those, the emphasis of the management systems varies depending on cultural factors, but also on the

state of administration and its capacity to handle new sets of values without undermining the more traditional ones (see Box 4.1).

Box 4.1. **Core values in selected OECD member countries**

Traditional core values usually revolve around three main principles:

o   ensuring ethics and integrity in the public service;

o   ensuring the continuity of the public service;

o   ensuring the legality of decisions.

It is those traditional core values that have justified a different employment framework for public servants from employees under general labour laws.

In systems where HRM policies are more individualised and delegated (position-based and hybrid systems), core values have been increasingly linked to performance objectives of the organisation and to government responsiveness.

The redefinition of the public sector core values has become a key strategic objective in many OECD member countries with a view to improving citizen trust in government.

Trends in OECD member countries

Three main trends can be highlighted:

o   A large proportion of OECD member countries have been incrementally changing their core values to include user-orientation, increased individual responsibility, and focus on outputs and outcomes.

o   There has also been an increasing linkage made between core values and HRM policies through the regular monitoring of values, the development of programmes that disseminate and promote core values, an increased focus on measures that help maintain respect from the public for merit and probity, and measures to maintain a workforce that is impartial and representative.

o   Most countries have strengthened their policies in the field of trust and integrity by better linking ethics to performance goals through new layouts within the basic civil service framework (*e.g.* the public service ethos in the United Kingdom), code of ethics (France), code of conduct (*e.g.* in Canada, in the Federal Public Service of Australia), or specific rules on conflict of interests. Many of these instruments have specific indicators to measure ethical practices (*e.g.* Federal Civil Service in Australia).

Box 4.1. **Core values in selected OECD member countries** *(cont'd)*

Core values in the Canadian federal public service

In *Canada*, core values are defined in a specific text – the Values and Ethics Code for the Public Service – applying to the whole administration. Four core values have been established: democratic values (aiming at helping ministers serve the public interest); professional values (with a view to making civil servants serve with competence, excellence, efficiency, objectivity and impartiality); ethical values (with a view to acting at all times in such a way as to uphold public trust); people values (aiming at demonstrating respect, fairness and courtesy in their dealings with both citizens and fellow public servants).

Three objectives follow: providing minimal ethical standards to civil servants, guaranteeing political neutrality and clear delineation of responsibilities between ministers and civil servants, and enhancing public confidence.

The definition of professional values includes a clear performance-oriented approach involving an effective and efficient use of public money by the civil servants, an improvement of efficiency and effectiveness of government programmes and services, an adaptation to changing needs through innovation, an improvement of the quality of service, and merit-based appointment decisions. In addition, core professional values in Canada impact upon HRM instruments: the code explicitly guarantees that values should play a key role in recruitment, evaluation and promotion.

Finally, as governments have evolved towards increased flexibility and less controls and rules, they have put greater emphasis on defining values, and very explicitly linking those to the different sets of managerial instruments. This has especially been the case in Westminster systems and Nordic European countries.

2. Outcome goals

Most importantly, well-defined values that are consistent with government practices are core to maintaining trust in government. They reflect what the public service is trying to achieve, help design collective and individual objectives, and maintain collective culture and government consistency. Changes in core values can illustrate the reforms taking place in the public service, and can also be a measure of the success or failure of those reforms.

In order to achieve this goal, a number of intermediate outcomes need to be achieved including the following:

- The civil service and wider public service management legislation and practices should preserve institutional memory, continuity, probity, merit, and a whole-of-government perspective, without creating undue rigidity.

- The machinery of government should be "legible", with clear accountabilities but it should be possible to change the machinery of government in response to changing responsibilities and service delivery requirements.

- Oversight arrangements should:

  - provide robust and independent assurance that public officials are appointed on merit and maintain integrity in public decision-making and public trust in government;

  - ensure an effective political-administrative interface.

- The emergence of "new" core values such as performance, efficiency and diversity should be supported by solid institutional arrangements, but should not undermine more traditional core values. At the same time, major changes in personnel management practices should be aligned with the development of new core values.

- Organisational strategic thinking should be aligned with core values.

3. The development of new core values and staff management

Traditional core values seem to be enshrined in the different texts regulating the management of civil servants in the different governments, starting with the Royal Decree on General Principles. The traditional career-based system, with guaranteed life-long tenure in the public service, competitive examinations at entry, all tools used to make the civil service attractive as a life-long career, conflicts of interest rules with the private sector, codes of ethics, etc. all provide for a coherent regulated environment to ensure merit at entry, loyalty, continuity of the public service, and to maintain institutional memory. However, these regulations are not enough to ensure that these values either drive civil servants' behaviour or are enough to ensure public trust.

In some governments, the lack of trust in government was a catalyst of reform. At the Federal level, following two high-profile scandals involving the functioning of the public service, government officials assessed that citizens were criticising the quality of service and inefficiency, and blaming patronage and lack of competence.

These issues about public trust required a refocusing on core values. At the same time as these concerns emerged, a number of initiatives in the different governments were developed to make public management practices more aligned with a user- and performance-oriented approach, questioning the relevance of traditional core values.

These new practices could be both an opportunity and pose a risk to ethical behaviour. On the one hand, reform can provide the opportunity to identify and communicate new core values or to give renewed emphasis to existing core values. On the other hand, profound change (and staff turnover) can put accepted practices at risk. Reform processes need to be accompanied by vigilance as to the maintenance of core values, their restatement and their central place in the reform processes.

In the past few years, most governments have carried out extensive work on formalising new core values, in the context of wider public management reforms in the Federal Government, or in the context of improved competence management in the Flemish Government and Brussels-Capital Region. They all now take into account such values as efficiency and effectiveness, quality, user orientation. This is a remarkable development in a highly regulated environment. In the French Community, the government underlines that new values are emerging as management changes are implemented.

The Walloon Region has put greater emphasis on making practices coherent with more traditional core values, with regular collective assessments of actions taken in this field and the use of staff performance assessments to monitor developments. However, the government recognises the emergence of new values among employees regarding performance management and user orientation.

It is very notable that in all these governments, there seem to be clear linkages between these core values and competence development and individual performance management. These linkages theoretically provide a way of monitoring these values from inside over time, although it is unclear that any government at this point has thought through how to use the tools in place to monitor the evolution and integration of core values in actual practices.

In addition, all governments have invested in user surveys, which provide for a way of monitoring this area from the outside.

In sum, in most governments, all formal management and regulatory tools seem to be in place to provide for a healthy environment supporting traditional and new core values, although these should continue to evolve with caution as governments fully develop their more performance-oriented systems.

When moving towards more flexibility in the HR systems either across governments or within governments, governments should put some efforts into assessing the consequences on other core values (such as merit appointment) promoted in the various texts, and on the legibility of the governments' systems. Major changes in management practices and in employment frameworks (such as the move towards position-based systems) will need a very active restatement of values in addition to changes in the texts. Finally, governments will gain from using their management tools in order to better monitor their core values over time from both an internal and external perspective.

4. Employment frameworks and core values

The issues are somewhat distinct in relation to each of the main employment formats.

For statutory staff, as governments have sidestepped the traditional concern to maintain a career civil servant through the appointment of larger numbers of contractual staff, there is undoubtedly some increasing uncertainty about the distinctive tasks and the distinctive approach that they are meant to bring to their work. The traditional assumption that statutory staff undertake tasks that are core to government and that cannot be specified in any detail is challenged, *de facto*, by the clear fact that contractual staff are increasingly employed in all sectors and at all levels. If there is little that is "special" about the tasks undertaken by statutory staff, then how can they be expected to maintain a distinctive loyalty and public service ethos? In addition, how can a rigid statutory employment format remain justified?

For contractual staff, while some progress on their recruitment and management have been made to align them with core values, arrangements for their recruitment and management still assume that they are hired to complete a particular job, with no commitment from the government as their employer to develop them and give them career prospects. It seems probable that this will have some impact on the values that they hold concerning their contribution towards achieving the objectives of the government of the day.

For senior staff, the values of an apolitical, merit-based service must be somewhat challenged by the size and scope of responsibility of political appointees to the cabinets.

In addition, as some governments emphasise their willingness to move towards more position-based systems, the consequence of this change on core values should not be underestimated, as it affects how staff view the public service as an employer. It is extremely important not only that these new values be stated and supported by management tools, but also that they are widely accepted, including by trade unions. Changes to more position-based systems will be even more difficult in governments that have not yet decided to make their stated core values evolve. The Walloon Region, for example, recognises that as managers are willing to hire more mid-level specialists, their systems might naturally evolve towards a more position-based system. It is important that the government anticipates this change and carries out a whole-of-government effort to redefine its core values.

In sum, the reality of the use of employment formats makes core values justifying those formats at least partially obsolete. The large and increasing use of contractual staff and the role and place of cabinets have been justified by needs for flexibility and more responsiveness of the civil service. It is likely that governments will have to change these employment formats to take into account this reality and when doing so, assess the consequences of changed formats on traditional and renewed core values.

5. Responsiveness and neutrality – finding the right balance

OECD member countries adopt different practices with regard to the level of political neutrality they expect from their public service. Highly politicised public services may help promote responsiveness in the public service in countries where there is such need. When the civil service is felt too responsive to political priorities at the expense of public trust and confidence, governments might need to increase impartiality. Each country needs to strike its own balance.

Wherever a country decides to sit on the spectrum, it is desirable to be transparent about that decision.

The function and the size of the cabinets is clearly an issue that causes concern within commentators on Belgian public service, and governments have tried to reform the cabinet system, but with very limited success so far, although for example, the Walloon Region has managed to reduce cabinet spending. Their size and function are likely to be due at least partially to difficulties in promoting responsiveness in the civil service. Some degree of politicisation of the public service is widespread amongst OECD member

countries, and "a managed spoils system may work well, if there are other checks and balances overseeing functional responsibilities, and may be essential if the alternative is very weak political traction on the public service."[1] To assess whether a public service is too politicised four key questions should be asked:[2]

- Is the degree of politicisation proportionate to the problem that the government may have in directing the activities of executive bodies?

- Are the restrictions on the political actions of public employees and on the administrative actions of politicians proportionate to the degree of politicisation?

- Are the oversight bodies sufficiently robust to police the restrictions?

- In sum, is there a price being paid in other aspects of government legitimacy for the degree of politicisation?

However, whatever the optimal size, role and structure that is decided for cabinets, modern human resource practice would insist that the appointment and career paths of cabinet staff are transparent and their relationship to the rest of the public service is clearly delineated. Duplication of responsibilities between the cabinets and the rest of the public service, for example, are not only frustrating for employees but also inefficient and create major problems of accountability at the top and thus undermine the mandate systems. Finally, it undermines citizen's trust in government when the public service is felt to be managed not by a neutral professional civil service, but by public servants chosen not through open and transparent competition but according to their political affiliation and potential in a political party.

Cabinet reform and top management reform go hand in hand and need to be reformed together, with a clear assessment of the real needs for political appointments in cabinets, the development of a transparent framework and a clear delineation of responsibilities between cabinet and senior management staff.

6. Cost efficiency

Cost efficiency does not seem to be an explicit part of governments' core values. As underlined in Chapter 1, it has only been an explicit goal of some of the governments in recent years and has just started to be included in policy agreements recently. Although there is no specific data showing a correlation between the efforts made by governments on cost efficiency and

trust, one can assume that it should be an important factor. The growth of personnel costs can only undermine citizen's trust and confidence in the future as governments will have more difficulty responding to citizens needs. In all governments, cost efficiency could become a stated or implicit value reflected in management plans quite systematically, with a special emphasis on personnel costs.

7. Regulation, legibility and flexibility of the HR systems

Federal structures and employment complexity make it difficult to "read" the accountability arrangements in Belgium, what group of staff are responsible for what policy, and what the accountability structures within governments are. It is not only an issue regarding difficulties in managing complex arrangements and in promoting mobility, but this can also have significant consequences on staff confidence in the public service.

In addition, the highly regulated environment in Belgium creates a system where procedures undermine reforms aimed at increasing flexibility. In governments, there are usually two units which can be considered as responsible for personnel matters, one which is in charge of rules and processes, and another one in charge of actual staff management. In addition, officials underline that governments usually lose in court when an employee sues its government employer for an administrative decision concerning him/her, and this, following years and years of judicial procedure. This is probably symptomatic of considerable overregulation and complexity of rules and processes. Indeed, in other OECD member countries with similar administrative cultures like France, the government employer usually wins in court. In France for example, 20% of all cases brought to administrative court regard administrative decisions concerning government employees, and in the large majority of cases, the government wins. In addition, some lighter judicial procedures have been designed for more minor administrative decisions (for example for evaluations).

Governments in Belgium have started to simplify the statutes of employment and would gain from continuing to do so. While most governments are putting some emphasis on administrative simplification in general, there is considerable scope for further improvements in the simplification of rules and procedures in HRM which will be crucial for the development of a performance-based culture and for increasing flexibility in governments.

8. Trust and core values

International comparative data on trust are dated, but nevertheless tell an interesting story. Indeed, it seems that confidence in the civil service is actually quite high in the Belgian context of trust of public institutions. Thus, the civil service itself seems to be contributing positively to overall trust in public institutions (see Table 3.1).

Table 3.1. **Intra-country comparison of confidence in institutions: High and low confidence relative to national average**

		Civil service		Parliament		Police		Justice system[i]		Armed forces
High	1.	Korea	1.	Iceland	1.	New Zealand	1.	Austria	1.	Greece
	2.	Hungary	2.	Netherlands	2.	Ireland	2.	Denmark	2.	Slovak Rep.
	3.	Belgium	3.	Spain	3.	Australia	3.	Switzerland	3.	United Kingdom
	4.	Ireland	4.	Luxembourg	4.	Finland	4.	Iceland	4.	Japan
Low	1.	Finland	1.	Korea	1.	Greece	1.	Portugal	1.	Iceland[ii]
	2.	Greece	2.	New Zealand	2.	Slovak Rep.	2.	Australia	2.	Austria
	3.	Norway	3.	Ireland	3.	Mexico	3.	Slovak Rep.	3.	Sweden
	4.	New Zealand	4.	United States			4.	Italy	4.	Netherlands

i. Confidence in the justice system was not measured in Canada, Japan, Mexico, the United States and Korea.

ii. Even though Iceland does not have an army, a question on confidence in the armed forces was included in the 1999-2000 World Values Study. This may explain the low score (5.5% expressing a great deal of confidence in the armed forces).

Source: World Values Study.

Figure 3.1 shows there seems to be an overall upward trend in satisfaction with the way democracy works, and certainly a rapid recovery from the impact of the scandals of the 1990s. Belgium experienced a serious drop in the mid-90s, followed by an upward trend. While this trend is likely due to a multiplicity of factors, one can assume that the modernisation efforts by the different governments have had a positive effect.

Figure 3.1. **Satisfaction with the way democracy works, % satisfied, 1973-2005 Netherlands, Belgium, Luxembourg**
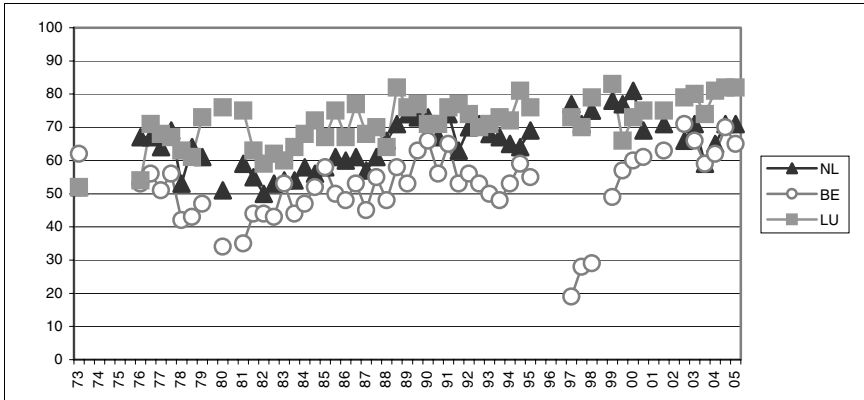
Source: European Commission: Standard Eurobarometer.

Notes

1.   OECD (2007), "Managing the Political/Administrative Boundary: Political Involvement of Senior Staffing Decisions and on the Delineation of Responsibilities between Ministers and Senior Civil Servants", *OECD Working Paper on Public Governance*.

2.   *Ibid.*

Annex 1
Framework for OECD Reviews on Human Resource Management in Government

The OECD undertakes peer reviews in different fields of public policy. In relation to public governance, peer reviews are conducted on budgeting, e-government, and regulatory reform issues. The Belgium Country Review of HRM in Government is the first one on this core area of public management. It builds on the work carried out over the years by the OECD Public Employment and Management Working Party (PEMWP – formerly Human Resources Management Working Party) under the guidance of the OECD Public Governance Committee.

The framework developed for the country reviews of HRM in government draws on many years of comparative work undertaken by the OECD.[1] The framework provides four thematic areas in which there is some significant commonality across the OECD concerning the objectives of a well-performing set of arrangements for HRM in government, and the broad strategies for achieving these. It is important to note that this framework allows extensive room for manoeuvre. Although the outlines of a consensus are clear, there is no single best way to achieve a well-performing public service, and only modest agreement on how that good performance would be recognised.

Box 1A.1. Purpose of OECD peer reviews

o   Policy dialogue: during the peer review process, countries systematically exchange information, attitudes and views on policy decisions and their application.
o   Transparency: the reviewed country has the chance, in the course of a peer review, to present and clarify national rules, practices and procedures and explain their rationale.
o   Capacity building: peer review is a mutual learning process in which best practices are exchanged.

Source: "OECD Country Peer Reviews of Human Resource Management: Framework for Discussion", OECD, PEMWP, 7-8 December 2007, Paris.

The four main areas which the OECD has considered as important to look into in this review are the following:

1.   workforce planning and management;

2.   the management of staff performance;

3.   flexibility and coherence of HRM rules across governments;

4.   core values.

1. Workforce planning and management

Good workforce planning and management ensure an appropriately dimensioned, appropriately structured, and representative workforce, able to meet changing labour needs in the context of changing demands and rapid developments in the wider labour market.

In order to assess whether the arrangements for this outcome to be achieved are in place in the different governments, the review focuses on the following aspects:

- Do governments set a strategic direction for their organisation's in order to determine current and future staff needs, conduct workforce analysis, develop and implement workforce plans, and monitor and evaluate this plan?

- Is workforce planning tightly linked to the organisations staff development and training programmes?

- Do those who have the authority to hire, train and re-train staff within governments have access to information about the required skills and competencies, reasonably reliable forecasts about future demand and supply and budgetary constraints, and incentives to get it right?

- Are systematic reflections and studies on how to improve the workforce carried out, thoroughly discussed, and decisions taken? (These may be carried out in a centralised or decentralised manner.)

- Is change in workforce size and allocation, both short and long term, planned and not unintended, achieved with appropriate negotiation and consultation after a review of financial sustainability, and effectively, without disruption to output delivery?

- Does government have the capacity to recruit and retain qualified staff, reallocate staff, and can it reduce the workforce without undue delay if necessary?

- Is workforce planning integrated into the organisation's strategic management?

2. The management of staff performance

Good management of staff performance ensures a suitably empowered and highly motivated civil service that is flexible and collaborative and provides services in a cost efficient manner.

In order to assess whether the arrangements for this outcome to be achieved are in place in the different governments, the review focuses on the following aspects:

- Do departments and offices have clear goals which are supported by good HRM practices and a professional HRM function?

- Do individual staff members have clarity of purpose, are supported and developed, and are managed, apprised and rewarded appropriately?

- Do the various employment regimes (statutory/contractual, management staff) support the management of individual/collective performance through: original selection and promotion, compensation and termination)?

- Does the fit between HRM and financial delegation contribute to agency incentives for performance?

- Is HRM guided by strategic organisational management and organisational performance management?

- Is there an emphasis put on leadership/management to support the management of individual/collective staff performance?

3. Flexibility and coherence of HRM rules across governments

A good balance between HRM arrangements ensures that transaction costs in negotiating shared responsibilities between governments are minimised, and that an active labour market is supported for staff with distinctive public sector skills and competencies.

In order to assess whether the arrangements for this outcome to be achieved are in place in the different governments, the review focuses on the following aspects:

- Does devolution and delegation (within governments) of authority in HRM provide flexibilities that are appropriate with the capacities to manage those flexibilities and the necessity for responsiveness and performance management orientation?

- Does devolution and delegation (within governments) of authority in HRM provide HRM arrangements that are transparent and strike a balance between flexibility and coherence (enough to provide staff with career paths, mobility, and the possibility to reallocate staff in case of changing priorities)?

- Are collaborative arrangements sufficient to help share experiences and provide mutual learning platforms?

4. Core values

Well-established and accepted core values in the civil service are necessary to maintain and enhance public trust in the civil service and ensure that: *i)* the civil service is rightly respected for its performance, honesty and ethical behaviour, and for implementing the policies of the whole-of-government of the day in full compliance with the law; *ii)* reforms reinforcing core values are coherent and accepted by staff.

In order to assess whether the arrangements for this outcome to be achieved are in place in the different governments, the review focuses on the following aspects:

- Are core values clear, clearly exposed, well accepted and well adjusted to the country's specific challenges in public management and reflect a stable consensus within the public service and externally? Are HRM rules and practices coherent with these core values?

- Do systems exist to ensure ethical behaviour is maintained in the civil service, and is the effectiveness of those systems monitored? Does the civil service have mechanisms to ensure that it remains within the constitutional role defined for it, and can address failures to adhere to the role? Do mechanisms exist to preserve institutional memory, to ensure knowledge transfer and continuity?

- Is HRM lawful, coherent with core values and flexible, efficient and effective, and responsive?

Table 1A.1. **Features of HRM systems in OECD member countries**

What OECD governments are generally seeking in the core public service:	OECD experiences suggest that:
i)　　Workforce planning and management	
A core public service: ▪　That is appropriately skilled and remunerated, appropriately sized to undertake the tasks, and is fiscally sustainable. ▪　Whose composition can be changed or reduced as productivity improvements are achieved.	▪　Opportunities and incentives for measuring and achieving productivity gains should be present. ▪　Institutional arrangements should: 　○　Deter unplanned long-term growth in the costs of public employment (including pension liabilities). 　○　Ensure that staff profiles are monitored and developed and that capacity is allocated to priority areas. ▪　Provide capacity to manage change in the workforce, taking advantage of ageing and other opportunities for renewal.
ii)　　Staff performance and capacity	
A core public service: ▪　That comprises staff who experience urgency in delivering quality goods and services at minimum cost. ▪　That works within departments and agencies with clear objectives and appropriate autonomy and authority.	▪　Selection and appointment arrangements should deliver the "right" staff. ▪　Performance information concerning service delivery should inform all aspects of the employment cycle (including recruitment and promotion arrangements, pay and other compensation incentives, disciplinary and termination arrangements). ▪　The fit between HRM and financial delegation should contribute to agency incentives for performance. 　　The various employment regimes (core civil service, senior civil service and contracted staff) should collectively contribute to staff incentives for performance.
Flexibility and coherence of HRM rules across governments	
A balance between autonomy and a common framework across devolved governments that contributes: ▪　To ensuring that the HRM responsibilities of sub-national governments matches their devolved functions. ▪　To promoting a flexible civil service able to adapt to local priorities without undermining a level of coherence for the whole of government	▪　Shared evaluations of the effectiveness of HRM arrangements at national/federal and sub-national government level should provide opportunities for mutual learning.
iii)　　Core values	
A group of staff at the centre that: ▪　Shares values concerning their constitutional duty to implement the policies of the government of the day, within the limits of legality – and that will respond as quickly as possible to new priorities in the most efficient manner. ▪　Earns respect from the public for its merit and probity. ▪　Has a "whole-of-government" perspective.	▪　The civil service and wider public service management legislation and practices should preserve institutional memory, continuity, probity, merit, and a whole-of-government perspective, without creating undue rigidity. ▪　The machinery of government should be "legible", with clear accountabilities but it should be possible to change the machinery of government in response to changing responsibilities and service delivery requirements. ▪　Oversight arrangements should: 　○　Provide robust and independent assurance that public officials are appointed on merit and maintain integrity in public decision-making and public trust in government. 　○　Ensure an effective political-administrative interface. ▪　The emergence of "new" core values such as performance, efficiency and diversity should be supported by solid institutional arrangements, but should not undermine more traditional core values.

Notes

1. For an overview of this work, see: OECD (2005), *Modernising Government: The Way Forward*. OECD: Paris; and OECD (2005), "The OECD Human Resources Working Party: A Summary Retrospective and an Agenda for Action", OECD: Paris.

Annex 2
Context

1. Socio-economic context

Among OECD member countries, Belgium is a relatively small country in population and size (10.4 million inhabitants in 2005), but the third most densely populated country of the OECD. Over 8% of the population do not have Belgium nationality. Around 70% of those come from other countries in the European Union (EU) and 30% from non-EU countries.

Economic situation:[1] Belgium has a GDP of EUR 298 billion (2005) and a GDP per capita of USD 35 526 (2005). The GDP per capita is above the OECD average, and is comparable to other neighbouring countries like France or the Netherlands. The economy has been performing well recently, reaching 3% year-on-year in mid-2006.

As reflected in its high GDP, Belgium is considered to be among the wealthiest OECD member countries. It has capitalised on its central geographic location, highly developed transport network and diversified industrial and commercial base. Belgium is among the most open economies of the OECD, and among the leaders of export per capita. Almost 75% of the Belgian workforce is employed in the services sector, while agriculture represents 1% and industry 25%.

Since 2000, the authorities have been able to achieve balance in general government accounts, which has helped to reduce the level of gross debt over the past 10 years. Public debt (Maastricht definition), although still high by OECD standards, has declined from 107% of GDP in 2000 to below 90% of GDP in 2006.

However, with relatively high public debt, the overriding objective of fiscal policy is to cope with the funding gap resulting from population ageing. The fiscal cost of supporting the older population is indeed estimated to increase by nearly 4% of GDP by 2030 and by around 6% of GDP by 2050. The Belgian government's strategy to achieve this objective is centred on pre-funding and increasing labour market participation rates.

Unemployment:[2] The situation related to unemployment is more contrasted. After a very high unemployment rate in the early 1990s – reaching 9.7% of the civilian labour force in 1995, the unemployment rate in Belgium declined until 2001 to 6.6% of the civilian labour force. However, since then, it has significantly increased again, reaching 8.4% of the civilian labour force in 2005, with employment in the private sector hardly expanding. The growth in public sector employment did not reduce the unemployment rate. Compared to the OECD average, Belgium as a whole has a high unemployment rate, though there are significant regional
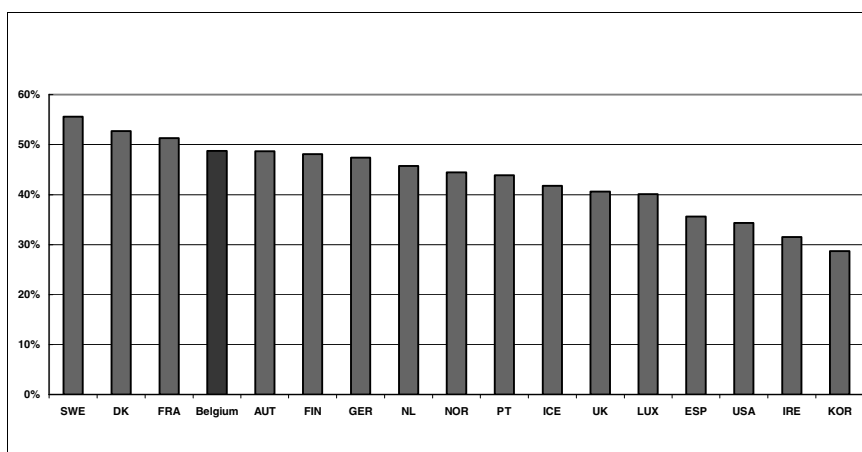
differences in global rates, long-term unemployment, youth and feminine unemployment.

1.1. Size of government

General government expenditures as a percentage of GDP are relatively high compared to other OECD member countries.

Figure 2A.1. **Total government expenditures as a % of GDP in 2003 in selected OECD member countries**


Source: OECD, National Accounts.

2. Federalism

Across Belgian regions, nearly 60% of Belgians live in the Flemish Region, 33% in the Walloon Region, and about 10% in the Brussels-Capital Region. There are four language communities: official languages are Dutch (spoken in the Dutch-speaking Community), French (spoken in the French-Speaking community), and German (spoken in the German-speaking Community); Brussels-Capital Region is bilingual (Dutch and French).

Belgium is a constitutional monarchy and a parliamentary democracy. The Federal State of Belgium counts three Regions: the Flemish Region, the Walloon Region and the Brussels-Capital City Region, and three Communities: the Flemish Community (*Vlaamse Gemeenschap*), the French Community (*Communauté française*), and the German-speaking Community (*Deutschsprachige Gemeinschaft*).

Figure 2A.2. **Communities and regions in Belgium**
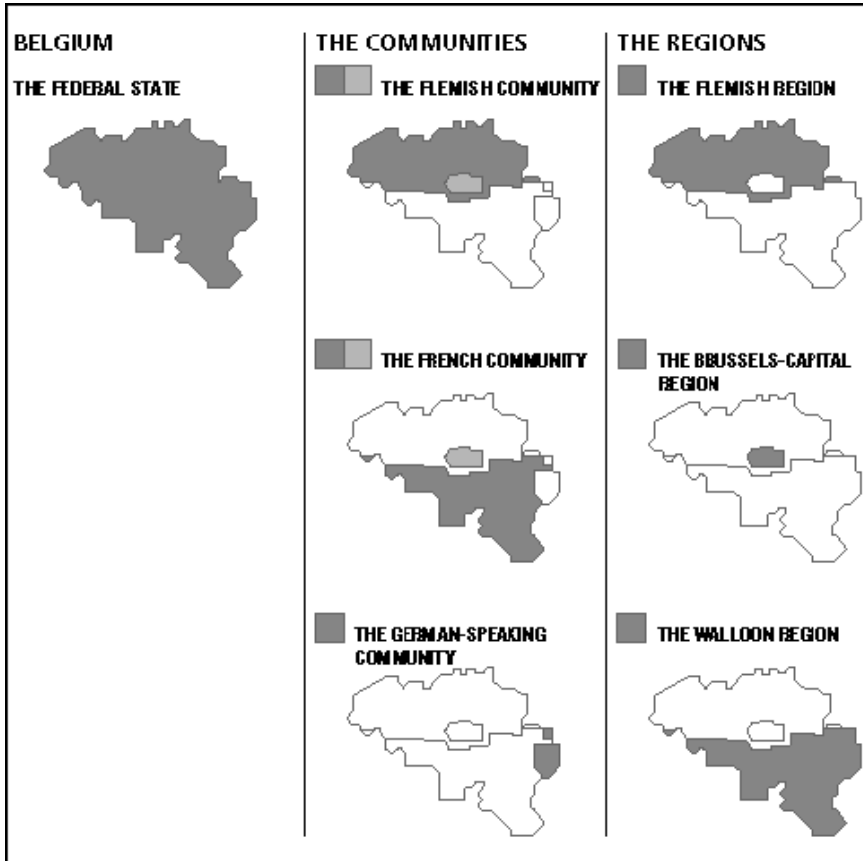
2.1. A relatively recent federalism

Belgium became a centralised sovereign unitary state in 1830 when it proclaimed its independence from the Netherlands. Belgium became a federation in 1993, but the devolution process that led to federalism started in the 1970s. The main steps of this federalisation process have been the following:[3]

- In 1970, the three main Belgian communities were created and given a degree of cultural autonomy, and the three regions established along the principle of regional autonomy.

- The Special Law of 8 August 1980 created the regional institutions of Flanders and Wallonia. The cultural communities became the current communities, with extended powers focusing on the needs of individuals (health and social matters). Finally, the Court of Arbitration was founded to settle conflicts between regions and communities. Immediately following these reforms, the Flemish Community merged with the Flemish Region to build a single institution called the Flemish Community.

- The Special Law of 8 August 1988 provided extended competencies to regions and communities. In particular, the communities were given responsibility for education. It is estimated that this transfer of competence corresponded to one-third of the national budget expenditures.[4] In 1989, Brussels-Capital became a region with its own government and Parliament. The community competencies in Brussels-Capital are handled by three specific organs, since Brussels is bilingual and thus overlaps different linguistic areas: *i)* COCOM – Common Community Commission (*Commission Communautaire Commune* or *Gemeenschappelijke Gemeenschapscommissie*); *ii)* COCON – Flemish Community Commission (*Vlaamse Gemeenschapscommissie, VGC*); *iii)* COCOF – French Community Commission (*Commission communautaire française*).

Finally, the 16 January 1989 Special Law established new rules for financing the regions and communities, under which they received a fixed part of national taxes – based on territorial principles – and were given the possibility to lend some funds.

- In 1993, the Constitution was revised and Belgium became a federal state, with constituent autonomy provided to sub-national entities. Parliaments of the sub-national entities are now elected directly.[5]

- In 2001 agriculture, external trade and development co-operation were devolved to regions, constitutive autonomy was attributed to local government (provinces and regions).

- Finally, and most importantly, sub-national entities' financing schemes were revised with the transfer of a series of taxes to regions and increased resources to communities.

2.2. Jurisdictions

Belgium has a complex federalism, with seven non-hierarchically organised governments (Federal Government, three Regions and three Communities) that are equal by constitution, and share the executive and

legislative power of government in Belgium (they all have a Parliament and a government). These governments, however, have uneven jurisdictions.

2.2.1. Federal Government

The Federal Government is based in Brussels. It has only got residual competencies, those which have not explicitly been devolved to regions and/or communities. Article 35 of the Constitution establishes the exclusive competences of the Federal Government for social security and pension management, economic and monetary decisions (monetary and economic union), international trade, fiscal issues, regions and community budgeting, scientific research, transports and telecommunications, energy policy, defence, police, justice, immigration policy, foreign affairs.

2.2.2. Communities

The competences of the communities are limited to the territory in which those Communities are situated and are focused on services to be provided to individuals in their daily lives, including education,[6] personal matters (health and medical care, family policy (child care, juvenile protection, etc.[7]), social care, policy for the disabled, etc.) and cultural and linguistic issues (language policy, cultural policy, sports and tourism, broadcasting (media), cultural training, social promotion, financial support to cultural and scientific organisations). In addition, communities have the possibility to manage international relations within the fields of their mentioned competencies.

In the Brussels-Capital Region, competence sharing has led to the creation of three different commissions:

- The French Commission (COCOF) and the Flemish Commission (VGC): they represent the interests of their respective communities in the bilingual Brussels-Capital Region, and are only competent for education and cultural issues. Both are composed exclusively of the respective French linguistic group and the Flemish linguistic group of the Parliament of Brussels-Capital Region, and of a board gathering Brussels' government members.

- The Common Community Commission is a bi-communitarian commission and is competent for personal matters.[8] It is composed of a United Assembly gathering members of the two linguistic groups of the BCR Parliament, and a board made up of ministers of the Brussels-Capital Region government.

2.2.3. Regions

Regional competences include economic policy, employment, labour market, environment, agriculture and rural policy (land-use planning), energy policy, regional based transport or communication facilities, public housing (land and property-based competences). In addition, regions can manage international relations within the fields of their mentioned competencies.

Furthermore, the territory of regions are composed of provinces and municipalities which are also autonomous units. However, regional institutions have recently been given tutorship over local government units. This means they are competent to manage the affairs of communal interests and, in public administration, to establish their own HRM rules and policies. But the regional level has the legal power to change communal decisions.

It is important to note that the Flemish Region and Flemish Community merged their executive and legislative powers, and created one single Flemish Parliament, one single Flemish Government and one unified public administration, competent for community and regional matters.

2.2.4. Overlaps in competences and complexities

Due to a number of unachieved or incomplete institutional reforms, asymmetric arrangements persist and have created some complexities. Indeed, some specific sub-parts of competencies may belong to the Community or to the Region or even to the Federal Government. This is the case for example of development aid or scientific research. In addition, many public policies require the coordination of the different governments. Employment policy is, for instance, a regional competence. But this policy should be coordinated with policies in the sectors of housing, social development and benefits, education, ethnic community issues, social exclusion, crime, etc. – competencies that are managed by regions (central governments and local units), communities, and the Federal Government.

Belgium has developed sophisticated conflict prevention mechanisms (concertation committees), and mechanisms for co-operation across governments (mostly interministerial conferences and co-operation agreements).

Notes

1. This section mainly draws from OECD(2007), *OECD Economic Survey: Belgium*, OECD: Paris.

2. Data in this section draw from OECD (2007), *OECD Factbook*, OECD: Paris.

3. The five steps towards federalism and described below have been identified by Cattoir, Philippe (1998) in *Fédéralisme et solidarité financière, étude comparative de six pays*, Brussels.

4. Gerard, Marcel, "Le fédéralisme fiscal en Belgique", paper for a conference held in Quebec in 2001 on fiscal imbalance.

5. *Ibid*.

6. Except for decisions on the compulsory norms regarding school attendance and conditions to obtain the different degrees – these remain federal competences.

7. Family grants allocated by the State remain however a federal prerogative, as it is part of the social security system.

8. Decisions are made through majority votes of the two linguistic groups.

Annex 3
The Belgian Public Service in Figures

This annex addresses employment and compensation levels according to the new methodology developed by OECD/GOV in 2006.[1] This methodology is inspired by the classification of the Systems of National Accounts (SNA) and is still in the process of being developed. The data that the OECD has gathered in its survey are split between national/federal level of government and sub-national level of government, but not by government within the group of sub-national governments. The last sections of this annex review: *i)* numbers provided individually by governments in Belgium, which are not consistent with the methodology of the rest of this annex, but which give a general view of overall trends in employment in the different governments; and *ii)* numbers provided by OECD labour force surveys which give a view of the number of staff working on tasks relating to general administration at the level of the country.

1. Employment and compensation costs in general government[2]

1.1. Employment and compensation totals

In the Systems of National Accounts, general government includes all units that are controlled (not necessarily owned) by the government and do not sell their output at economically significant prices. Prices are, in practice, considered economically significant when actual sales cover more than half of the costs. General government thus always includes core ministries, departments, local authorities and specialised agencies. It often includes publicly financed schools and hospitals (but in some countries, public hospitals are considered to be selling their services at economically significant prices and are thus excluded from general government), social security funds, etc. General government does not include, however, public enterprises, that may be owned by government but that sell their outputs at economically significant prices. This applies in general to public utility services (electricity, gas, etc.).

In Belgium, the workforce employed in the general government sector amounts to 782 508 employees[3] (2004), which accounts for around 17% of the total labour force.[4] [5]

Figure 3.A1 shows that this number is slightly above the average compared to other OECD member countries[6] for which data are available; but it remains significantly lower than in other countries like Norway (around 29% of the total labour force), Sweden (around 28% of the total labour force), France (around 22% of the total labour force), or Finland (around 21% of the total labour force). However, in Belgium as opposed to some other countries like France, all hospitals and long-term care

institutions are statistically excluded from general government. This is why, compared to other countries, the percentage below is "under-estimated"[7] and we can thus consider that the level of employment in general government is relatively high among OECD member countries. This is also one of the reasons why these numbers have to be interpreted in the wider context of financial flows from general government (see Section 1.2).

Figure 3A.1. **Employment in general government**[8] [9]
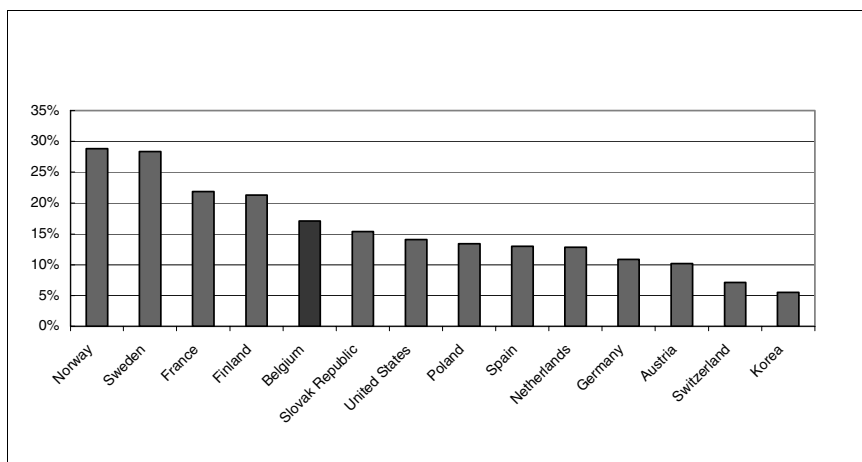
Note: Data are in number of employees (and not in full-time equivalents) except for Austria, the Netherlands, Sweden, and Switzerland (those countries would have higher numbers in number of employees).

Source: OECD (2006), CEPD Survey; OECD, Labour Force Survey.

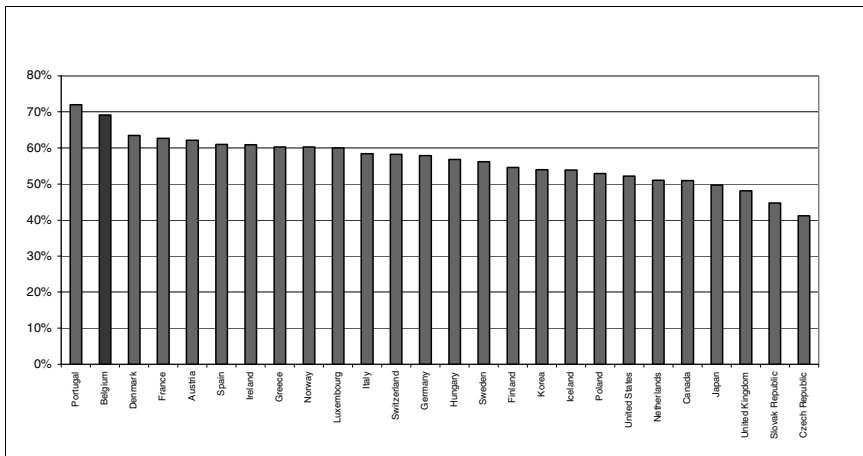### 1.1.1. Comparing employment in general government to compensation costs in general government

Compensation costs are high compared to the output of general government[10] (see Figure 3A.2).[11]

Total general government compensation costs per employee in the GDP have slightly decreased since 1995 from 11.9% of GDP to 11.6% of GDP, but this is not due to a decrease of compensation costs per employee compared to the private sector which have in fact increased (see bullet 2 below), but more likely due to a proportionately larger increase in GDP than in compensation across the economy.[12]

Relatively high compensation costs in general government can thus be deduced from three interrelated factors:

1. a relatively high number of employees (see Figure 3A.1);

2. a relatively low level of outsourcing (see Figure 3A.4);

3. considering 1 and 2 above, relatively high compensation costs per employee (see Figure 3A.3).

Figure 3A.2. **Compensation costs of employees in the general government output (2004)**

Source: National Accounts, OECD.

1.1.2. The level of compensation costs compared to compensation costs in the wider economy and compensation costs per employee

Figure 3A.3 shows that employment in general government is more expensive than salaried employment in the economy, but as the figure shows, this is the case in many other OECD member countries.

The ratio calculated in Figure 3A.3 for 2005 can be calculated for the past 10 years and shows that compensation costs per employee in general government compared to the compensation costs per salaried employee in the economy have increased between 1995 and 2005.

Figure 3A.3. **Relative ratio of the cost per employee between general government and salaried employment in the whole economy**
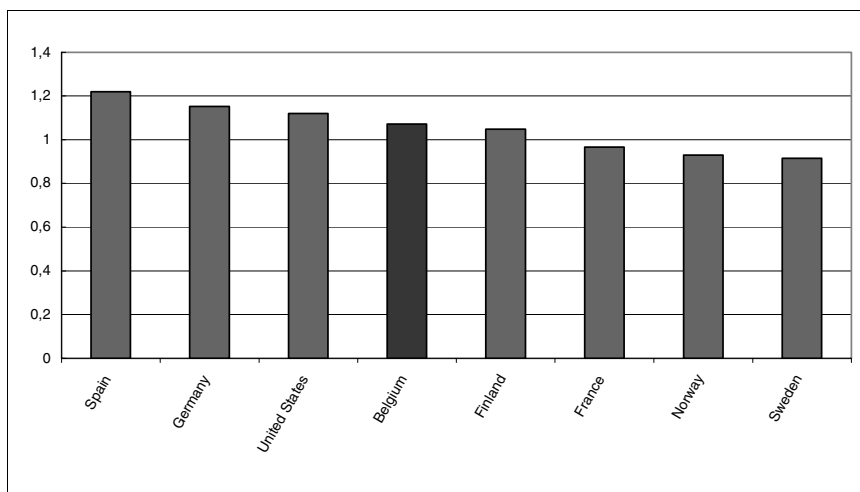
Sources*:* OECD: National Accounts, CEPD Survey, Labour Force Surveys.

Countries with large employment levels in general government have relatively similar costs per employee in the general government and in the private sector (Norway, Sweden), whereas countries with relatively low employment in the general government sector have higher costs per employee, compared to the whole economy (Spain, Germany). This is not surprising as these countries tend to have a more qualified general government workforce and have outsourced many of their low skills activities. Belgium appears here in the middle, but the low level of outsourcing of its services (see Section 1.2.) should mean that compensation costs per employee in general government should probably be lower in comparison to other OECD member countries.[13]

There are two possible hypotheses: Relatively higher compensation costs may reflect the need that Belgian governments have had to attract excellent staff who can then improve governments' productivity. On the other hand, it may at least partially reflect the high costs involved in maintaining a high level of relatively costly employees in low skilled jobs in general government (many of them have been hired as part of the social employment policy in the 1970s). While high compensation can be an interesting asset to improve government's attractiveness as an employer especially in the context of large departures on retirement, they are also very difficult to sustain in order to face the fiscal implications of an ageing population and might crowd out the private sector on the labour market. An

OECD paper estimates that in order to maintain current levels of government services without additional pressures on the labour market, government productivity in Belgium would have to increase by 2.1% between 2005 and 2015, in addition to past productivity growth.[14]

1.2. Employment levels viewed in the wider context of public funding of services

Belgium resembles countries like France, Germany and Portugal in that it makes relatively little use of outsourcing to buy goods and services to the private sector that are used in the short term in the production of services by the general government (as measured as a proxy by intermediate consumption in the SNA) (see Figure 3A.4)[15] measured as a percentage of government output. The ratio has slightly increased from 3% of GDP in 1995 to 3.5% of GDP in 2004.

Figure 3A.4. **Share of intermediate consumption in the general government output (2004)**
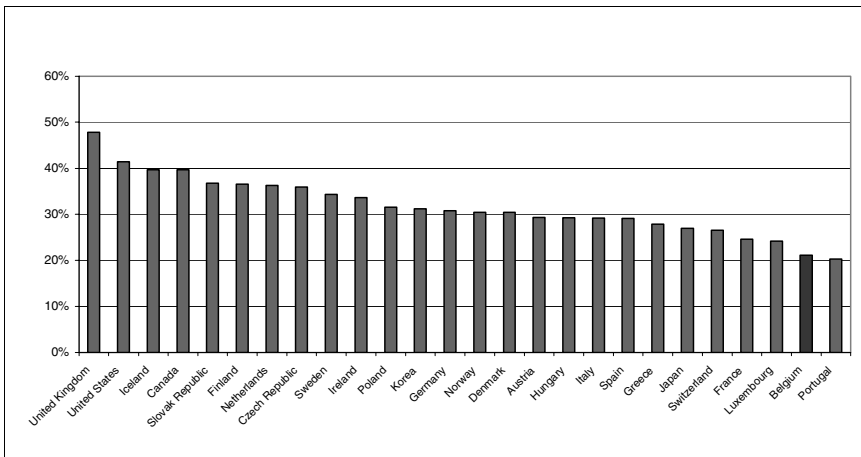
Source*:* National Accounts (OECD).

At the same time, the size of public funding of social services and goods delivered directly by market producers (see Figures 3A.5 and 3A.6), measured as a proxy by the social transfers in kind via market producers[16] (mainly in the care and health sectors) is important in Belgium relative to other countries (this is due in part to the fact that general government funding to hospitals and long-term care institutions are all included in this category) – whether as a percentage of GDP or as a percentage of

government output. It is amongst the highest in OECD member countries, closer (as a percentage of GDP) to countries such as Germany and the Netherlands. It has also increased recently from 6% of GDP in 1995 to 7% of GDP in 2004.

Figure 3A.5. **Social transfers in kind via market producers as a % of GDP (2004)**
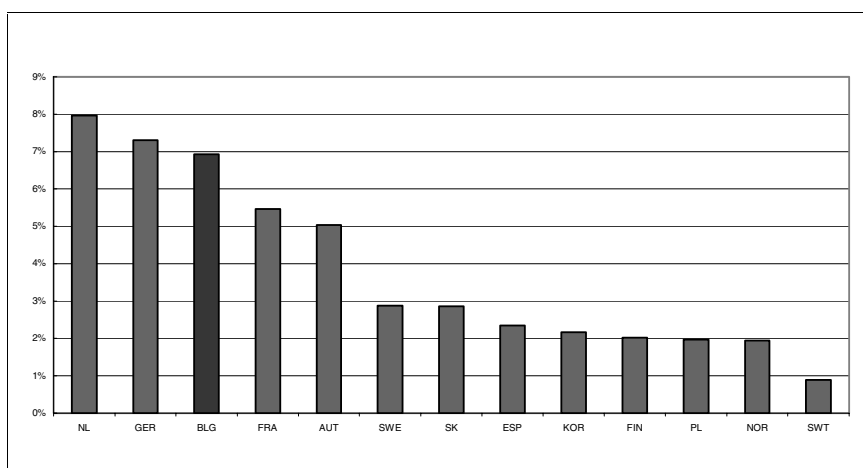
Source: OECD, National Accounts.

To conclude, in relative terms compared to other OECD member countries, the situation in Belgium is rather unique: the level of employment in general government is relatively high and the level of public funding of the private sector to produce and deliver goods and services to users is very high. However, the level of outsourcing is relatively low. Finally, considering the organisational structure of public funded services, it is likely that compensation levels are high compared to countries with a relatively similar structure of publicly funded services.

This conclusion is not an indication of efficiency as we are not assessing the level and quality of the publicly funded services. However, the hypothesis that the federalisation process has involved some significant costs in terms of public employment and compensation levels certainly deserves further investigation.

Figure 3A.6. **Social transfers in kind via market producers as a percentage of general government output**[17] **(2004)**
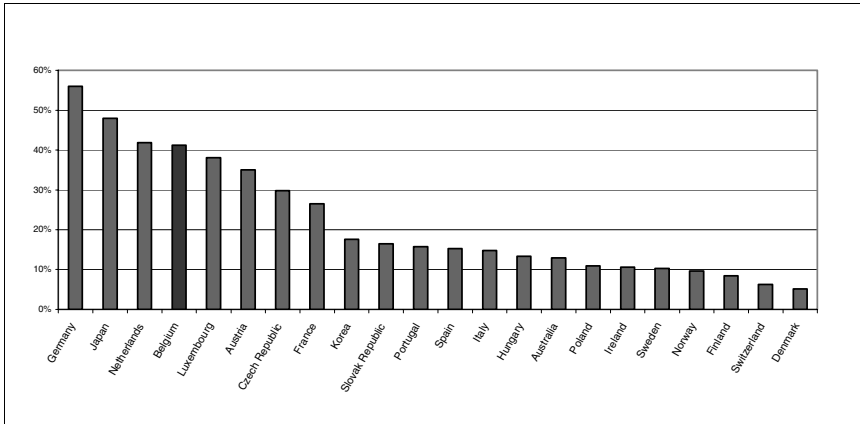
Source: OECD, National Accounts.

1.3. Changes in the recent past

Data show that in the past 10 years, employment in the general government sector has increased by approximately 59 000 employees,[18] which amounts to an increase by slightly more than 8% in 10 years.

2. Distribution of employment across the five Belgian governments under review and among central and local governments units

2.1. Comparisons of employment in general government between the Federal government and sub-national governments

Employment in general government at the federal level reached 143 765 employees in 2004, and accounted for 18.3% of the employment in the general government sector in 2004.[19] This number includes federal public services, organisations of public interest, scientific institutions and special corps (justice, army, police, etc.). Excluding the special corps, the Federal Government employs 89 632 staff, accounting for 11.5% of the general government workforce in Belgium.

Compared to other OECD member countries, the proportion of general government employees working at national or federal level is around average, but it is relatively high compared to other federal OECD member countries (see Figure 3A.7).

Figure 3A.7. **Employment in general government by level of government**
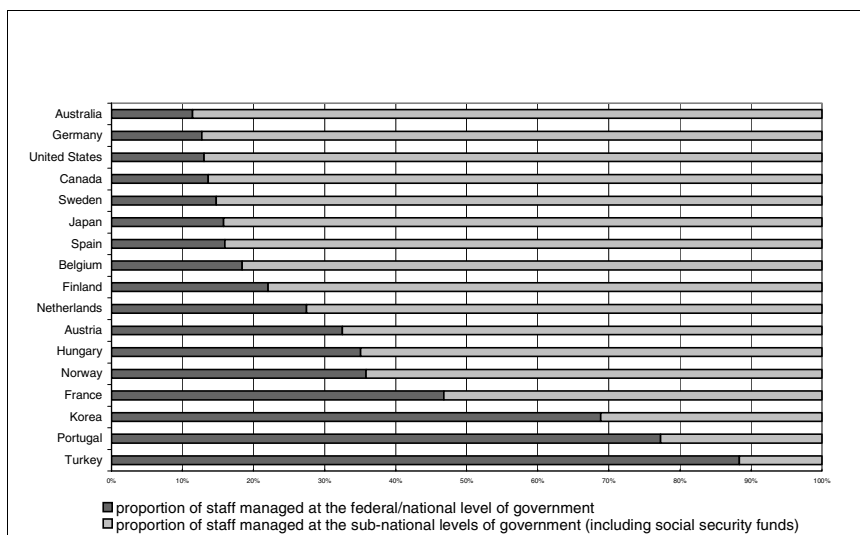
Source: OECD (2006), CEPD Survey.

* In Korea, teachers are included at the national level.

** The social security level is separated and not taken into account in the national level in Austria, Belgium, Finland, France, Hungary, Japan, Korea, Netherlands, Spain, Sweden, and Turkey.

Employment data for social security funds are not separated from the other levels of government in Australia, Canada, Germany, Norway, Portugal (for the data for 2005), and the United States.

2.2. Employment in the different Belgian governments

Unfortunately, there are no data available by sub-national government which are consistent with the National Accounts. The data are taken from national data sources[20] but they do provide a picture of the trends of employment in each government.

The evolution of public employment in the different governments since the early 2000s shows that, despite organisational changes (devolution process, competencies and staff transfers between levels of government) and despite HRM reforms, the public workforce has either increased or remained stable in all the Belgian governments under review except the Federal Government (see Tables 3A.1, 3A.2, 3A.3, 3A.4, 3A.5, 3A.6).

Table 3A.1. **Public employment in the Federal Government**

	1995	2000	2005
Federal staff without agencies	N/A	64 699	63 103
Federal staff with agencies	94 131	91 065	89 632
Total federal statutory employment	76 016	73 349	70 792
Total federal contractual employment only	18 115	17 716	18 840
- Proportion of fixed-term contracts	N/A	N/A	11.3%
- Proportion of open-term contracts	N/A	N/A	88.7%

Table 3A.2. **Public employment in the Flemish Government**

	1998	2000	2005
Central government without agencies (Ministry of the Flemish Government)	10 882	11 646	12 737
- Proportion of statutory staff	81%	77%	73%
- Proportion of contractual staff	19%	23%	27%
- proportion of fixed-term contracts			22.9%
- proportion of open-term contracts			77.1%
Central government staff with agencies (including centrally organised education)	70 413	73 593	83 386
- Proportion of statutory staff	61%	59%	52%
- Proportion of contractual staff	39%	41%	48%
Local government staff (including locally organised education)	169 980	177 709	196 977
- Proportion of statutory staff	52%	50%	49%
- Proportion of contractual staff	48%	50%	51%
Total Flemish employees	240 395	251 302	280 363
- Proportion of statutory staff	55%	52%	51%
- Proportion of contractual staff	45%	48%	49%

Table 3A.3. **Public employment in Brussels-Capital Region**

	1995	2000	2005
Central government staff without agencies	Around 1 200	1 341	1 508
Central government staff with agencies	N/A	5 637	6 623
- Proportion of statutory staff	N/A		52%
- Proportion of contractual staff	N/A		48%
Total BCR employees	N/A	5 637	6 623
- Proportion of statutory staff	N/A		52%
- Proportion of contractual staff	N/A		48%

Table 3A.4. **Public employment in the three commissions (community competencies) in Brussels-Capital Region**

	1995	2000	2005
Total staff in COCOF	676	691	778
- Proportion of statutory staff	403	53%	53%
- Proportion of contractual staff	273	47%	47%
Total staff in VGC	208	728	Around 1 053
- Proportion of statutory staff	117	56%	49%
- Proportion of contractual staff	91	44%	51%
Total staff in COCOM	N/A	N/A	N/A
- Proportion of statutory staff			
- Proportion of contractual staff			
Total 3 commissions staff	N/A	N/A	N/A
- Proportion of statutory staff			
- Proportion of contractual staff			

Table 3A.5. **Public employment in the Walloon Region**

	1995/98	2000	2005
Central government staff without agencies	8 679	9 744	9 642
- Proportion of statutory staff	76%	64%	66%
- Proportion of contractual staff	24%	36%	34%
Central government staff with agencies	N/A	N/A	Around 16 000
- Proportion of statutory staff			N/A
- Proportion of contractual staff			N/A
Local government staff	N/A	N/A	39 238
- Proportion of statutory staff			36%
- Proportion of contractual staff			64%
Total Walloon Region employees	N/A	N/A	N/A
- Proportion of statutory staff			
- Proportion of contractual staff			

Table 3A.6. **Public employment in the French Community**

	1995	2000	2005
Central government staff without agencies (ministère de la Communauté française)	N/A	4 240	4 965
- Proportion of statutory staff	N/A	59.1%	53.7%
- Proportion of contractual staff	N/A	40.9%	46.3%
Central government staff with agencies (not including teachers and professors)	N/A	7 923	9 053
- Proportion of statutory staff			
- Proportion of contractual staff			

Over the period of the past five or six years, only the Federal Government (excluding special corps and autonomous public companies) and the central government of the Walloon Region have decreased their workforces, but very slightly. At the Federal level, this change has mainly been due to the devolution process involving transfers of staff to other governments.

However, the decrease in the number of staff at the Federal level is much lower than the increases at the sub-national levels.

3. Employment in general government by functional sub-sectors[21]

Staff numbers have increased in almost all the functional sub-sectors of general government (functional employment classification used by the Belgian National Accounts, close to the COFOG classification used in the System of National Accounts).

More than 40% of employees in general government work on general administration tasks.[22] The education sector employs the second largest share of general government workforce reaching almost 40% of employment in general government.

The number of staff working on general administrative functions has increased from 40% of the general government workforce in 1995 to 43% of the general government in 2005.

Even maybe more importantly, the overall increase in Belgium general government over the last 10 years is mainly due to an increase of the number of staff working on general administrative functions in the regions and communities (both at central and local levels). Indeed, there has been an increase in the number of staff in core general administration by around 19%

at the sub-national levels of government (and by 2% at the Federal level[23] – but this is significant in the context of the federalisation process).

The ISIC classification drawing on labour force surveys (and not following the COFOG classification of the System of National Accounts nor the classification used by the Belgian National Accounts) provides another source of data for functional sub-sectors. It shows that the number of staff in the economy who work in the sectors of the "public administration (in a restricted sense), compulsory social security and defence (excluding armed forces)" (as a percentage of total population) is very high in Belgium compared to other OECD member countries[24] (see Figure 3A.8). The comparison with France, Finland or Norway is even more striking, as these countries have a higher level of public employment as a percentage of the total labour force.

Figure 3A.8. **Public administration, defence (excluding armed forces) and compulsory social security, as a % of total population in 2005**
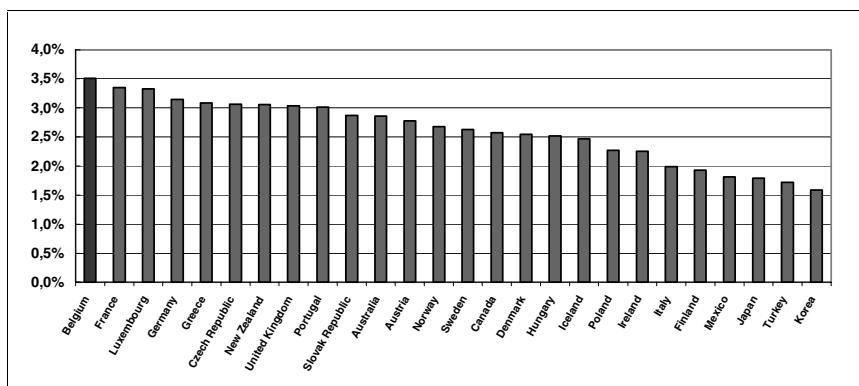
Note: Public administration has here a restricted sense, and primarily means general regulatory tasks. Indeed, teachers or doctors are for instance not included here.
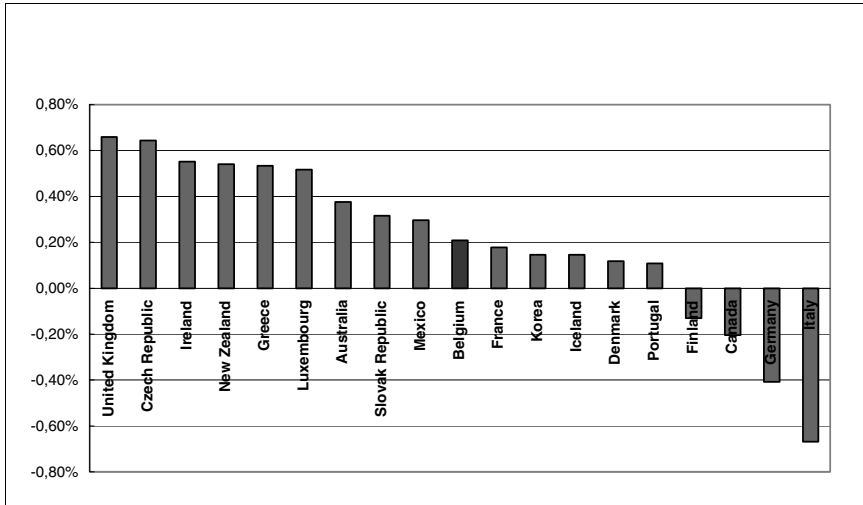
Sources Labour Force Survey, OECD; General Directorate for Statistics in the Federal Department of the Economy and National Bank of Belgium, Revised data by the Belgium national statistical sources, based on the Labour Force Surveys.

However, this situation seems to have at least partially existed for a long time, since the increase over the past 10 years has been limited compared to other countries (like the United Kingdom or the Czech Republic) (see Figure 3A.9).

Interestingly, however, the increase of employment in administrative tasks has been driven by the sub-national levels of government. The federalisation process seems not to have resulted yet in a decrease of the

weight of employees working on tasks related to public administration, defence and national social security. On the contrary, the number and share of these employees in the government workforce have increased in recent years.

Figure 3A.9. **Public administration, defence (excluding armed forces) and compulsory social security, as a % of total population, evolution between 1995 in 2005**

Sources: Labour Force Survey, OECD; General Directorate for Statistics in the Federal Department of the Economy and National Bank of Belgium, revised data by the Belgium national statistical sources, based on the Labour Force Surveys.

Notes

1. "Creating a New Methodology for the Comparison of Employment in the Public Domain", paper presented at the 2005 meeting of the OECD Human Resources Management Working Party, OECD/GOV/HRM(2005)6.

2. All figures presented in this section are extracted from the OECD/GOV study on "Comparison of Employment in the Public Domain" (CEPD), based on Belgian official statistics and from the National Accounts (OECD).

3. Including non-profit institutions. Data come from OECD/CEPD survey (2006).

4. Belgium has relatively low labour participation rates compared to OECD member countries (see OECD (2003), *Ageing and Employment Policies: Belgium*). If the ratio used total population instead of labour force, Belgium would have a lower number of employees in general government in relative terms to OECD member countries and compared to its place for general government employees as a percentage of total labour force. However, in terms of production of value, it is more interesting to compare employment in general government to the total labour force.

5. This figure is in terms of employees and not in terms of full-time equivalents. Our partial data show that the number of part-time employees seems to be high in governments of Belgium compared to other countries (it is also high in the general labour force compared to the average of other countries but it seems a bit higher in government). In this sense, the number 17% might be slightly "overestimated".

6. For 17 countries the median is around 13.6% of the total labour force.

7. This is confirmed by the high level of social transfers in kind via market producers compared to the GDP (see Figure 3A.5).

8. Austria: Data do not include private non-profit institutions financed by government.

   France: Data exclude some public establishments.

Mexico: 2000.

Slovak Republic: Data refer to the ISIC classification under the hypothesis that private institutions financed by public funds are of marginal importance.

9.   Austria: mixed data 2004 and 2005; for 1995, data of social security are lacking, but minor compared to the Labour Force (around 26 000 employees).

Belgium: 2004 and not 2005.

Finland: Mixed data 2004 and 2005.

France: Data are for 2004.

Poland: 2004 and not 2005.

Slovak Republic: Categories L (public administration, defence, social security) + M (education) + N (health and social work) of the ISIC classification.

10.   The output of general government comprises general government's compensation costs, intermediate consumption, and consumption of fixed capital.

11.   Wage data gathering in the national accounts do not take into account the costs for supplementary pensions involved in the transition to capitalisation. The Netherlands data for example include reservation for future (defined benefit) supplementary pensions paid by employers and employees. This is not the case in many other countries. This ultimately creates distortions.

12.   Compensation costs per employee in the GDP have been relatively stable over the past 10 years in general government.

13.   A more subtle analysis would need to be carried out regarding the distribution of pay within general government. However, these data do not exist for general government as a whole, and conclusions cannot be drawn out of partial data on this matter.

14.   Høj, Jens and Sylvie Toly (2005), "The Labour Market Impact of Rapid Ageing of Government Employees: Some Illustrative Scenarios", OECD: Paris.

15.   Intermediate consumption consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital. The

goods and services may be either transformed or used up by the production process.

16. These market producers are outside the general government sector. In terms of the SNA they belong to the (quasi-) corporations sector.

17. Please note that social transfers in kind via market producers are not part of general government output (as opposed to intermediate consumption).

18. Of which around 5 700 belonging to the public audiovisual services have been reclassified from the sector of corporations to the general government sector.

19. Source: OECD/GOV CEPD Survey.

20. Data provided in HRM Survey (OECD/GOV) 2006.

21. This section mostly analyses results from the CEPD survey, except the part on the ISIC classification. Data come from the National Bank of Belgium.

22. Forty-three percent of the 782 508 employees were mentioned to work on general administration tasks. These include primarily regulatory tasks. Specific experts, like education professors or health employees, are not included in this category of function. Source: CEPD results based on data from the National Bank of Belgium.

23. Source: OECD/GOV CEPD results based on data from the National Bank of Belgium.

24. The definition can slightly differ from the concept of "core general administration" used above, in particular for the non-armed forces in the defence sector. However, the data are similar.

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OECD Reviews of Human Resource Management in Government

BELGIUM

BRUSSELS-CAPITAL REGION, FEDERAL GOVERNMENT, FLEMISH GOVERNMENT, FRENCH COMMUNITY, WALLOON REGION

The review of human resource management (HRM) in Belgian government is the first country review of its kind to be carried out by the OECD. It provides a detailed diagnosis and solutions for improving the management of government employees in the Brussels-Capital Region, Federal Government, Flemish Government, French Community and Walloon Region. The report compares the policies and practices of Belgium with those in other OECD countries, as well as those across different governments in Belgium.

Are governments managing the size, skills and competencies of their workforce in a sustainable manner? Are government HRM systems performance oriented? Is there a balance between the flexibility and consistency of HRM rules within and across the different governments? Are the values promoted by governments consistent with management rules and practices? These are the main questions addressed in this report, which is based on the lessons learnt from the experience of other OECD member countries.

While reforms are progressing in all governments, albeit at a different pace, there are a number of key issues and recommendations that will need to be addressed to ensure a successful modernisation strategy in this field. Recommendations include that governments should reform the intergovernmental framework on employment to remove rigidities and enhance co-operation, pay special attention to staff productivity and efficiency, and enhance the good governance of their HRM systems.