

Public Sector Executives in the OECD

Recent developments and the questions that they raise

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September 22, 2015

Second Policy and Knowledge Summit, Beijing

Public Sector Executives in the OECD

Recent developments and the questions that they raise

Outline

1. **Setting the OECD scene at the national level**
2. **Recent changes at the national level**
3. **Responses to change**
4. **OECD executive leaders at the city level - different challenges, different responses**
5. **Learning from the OECD is useful, but...**

Public Sector Executives in the OECD

Recent developments and the questions that they raise

1. Setting the OECD scene at the national level

- At the national level, who are we talking about?
- These are managers first and foremost
- In a semi-political environment
- Driven by waves of management fashion

At the national level, who are we talking about?

Typically, at the national level, we are referring to the levels immediately below the politically appointed minister

Country	Level 1	Level 2	Level 3	Level 4	Level 5
Belgium	Président du Comité de Direction (Chairman of the Board)	Directeur général (Director general)	Directeur (Director)	Conseiller général, A5 (General Advisor, A5)	Conseiller général, A4 (General Advisor, A4)
Denmark	Permanent Secretary	Head of Department	Director General or Director	Head of division	Head of section
France	Directeur de Cabinet	Sécrétaire general	Directeur général	Directeur	Sous-Directeur
Italy	Vice-Minister	Under Secretary (sotto segretario)	Head of Department (capo dipartimento) or Secretary General (segretario generale)	Director General (direttore generale)	Director (direttore)
Korea	Vice minister	Assistant minister (grade 1)	Director General (grade 2-3)	Director (grade 3-4)	--
Mexico	Sub-Secretario (Vice Minister)	Titulares de Unidad (Head of unit)	Directores Generales (General directors)	Directores Generales adjuntos (Deputy to Gen. Director)	Directores de Area (Head of division)
New Zealand	State Services Commissioner	Departmental Chief Executive	Deputy Chief Executive	General Manager	Manager
Poland	Secretaries of State, Undersecretaries of State	Director-General	Directors of Department, Deputy Directors	Heads of Unit	Heads of Sections
Sweden	State Secretary	Director General/ Chief Legal officer	Deputy Director General	Heads of Departments	Directors
United States	Deputy Secretary	Interior associate	Assist Secretary	Varies depending on department	Varies depending on department

These national level public sector executives are managers above all else

Competency requirements in the job descriptions for leadership roles in 5 OECD public sectors

	Governance	Management techniques	Administrative leadership	Policy leadership
USA				
UK				
Australia				
France				
Canada				

	Present
	Absent

In a semi-political environment

Their positions have always been partly political...


<div> More political involvement <div> ↑ ↓ </div> Less political involvement </div>	Country	Appointment	Dismissal	Promotion	Transfer to another position	Performance assessment		
	United States							
	Italy							
	Mexico							
	France							
	Poland							
	Belgium							
	New Zealand							
	Korea							
	Denmark							
								Very political
								Moderately political
								Largely apolitical

In a semi-political environment

The semi-political environment is underlined by turnover

A= recent re-election of an existing government or election won by the governing party

B= recent election of a new government

High turnover	Country	Level 1		Level 2		Level 3		Level 4		Level 5	
		A	B	A	B	A	B	A	B	A	B
	USA										
	Mexico										
	Italy										
	France										
	Belgium										
Low turnover	Denmark										


	High turnover
	Moderate turnover
	Low turnover

In a semi-political environment

But with neutral competence for the executive leadership as the aspiration

	Strong public support for political non-partisanship	Political neutrality	
		In constitution, law or regulation	In administrative law
Belgium	✓	✓	✓
Denmark	✓		✓
France		✓	✓
Italy		✓	✓
New Zealand	✓	✓	✓
Poland		✓	✓
United States		✓	✓
United Kingdom	✓	✓	✓

With changes driven by waves of management fashion

Ideas	Managerialism	New Public Management		Choice	Networks and complexity
					
Role for politicians	Takers of authoritative decisions, big and small	Strategic goal setting			Forgers of compromise deals between multiple stakeholders
Role of senior civil servants	Professional implementers of laws and politicians' decisions. Public service ethical codes	Autonomous managers, sometimes entrepreneurs, held to account through performance frameworks and incentives, working in arms-length agencies			Network manager, partnership leaders, negotiators searching for synergies
Examples	Germany, Italy, EC	Finland, Netherlands, Sweden, Canada	Australia, New Zealand,	UK	As yet, largely rhetoric

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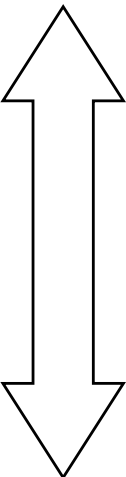
Recent developments and the questions that they raise

2. Recent changes at the national level

- **Change 1: The OECD is finding leadership skills, not growing them**
- **Change 2: Rewards are now for the short term, more than for the long**
- **Change 3: Senior executives less constrained by procedures**

Change 1: The OECD is *finding* leadership skills, not *growing* them

The nature of the employment contract is changing

Nature of the employment contract	Tenure in post	Situation on termination	Countries
 Traditional civil service	Permanent tenure	N/A	France Germany
	Permanent tenure with performance agreement	N/A	United Kingdom
	Fixed term mandate or secondment	Retains substantive, tenured position	Belgium Netherlands Poland Finland Italy
	Fixed term appointment	No automatic position within the public sector	New Zealand
Contract similar to those under general labor law			

Challenge 1: Will this politicize the administration?

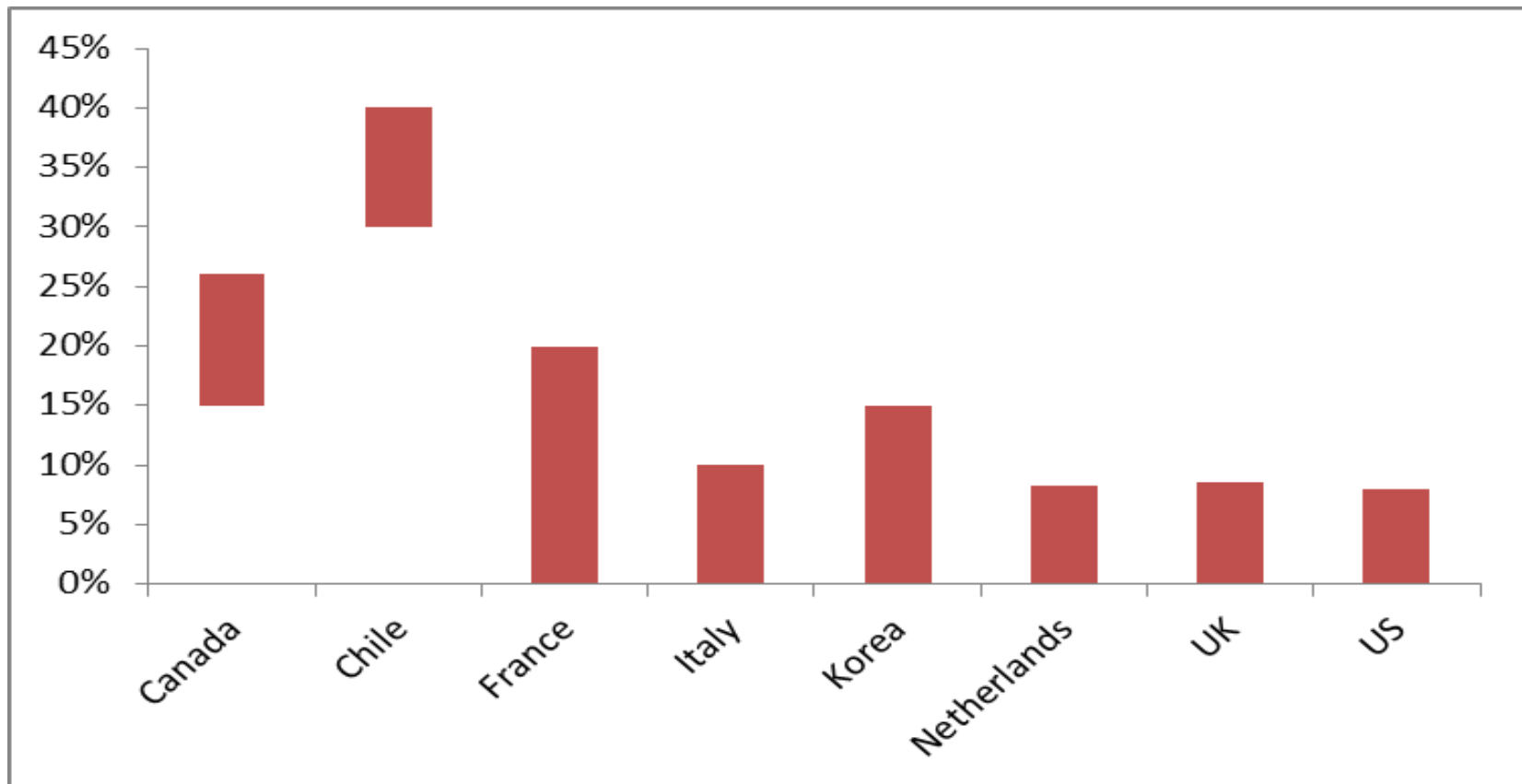
More external recruitment on contract = more scope to appoint political allies

- Increase in political appointments noticeable in Belgium, France, Finland and the UK.
- Even in Sweden some top administrative appointments have tended to become more party political.
- In Finland, there has been some erosion of the domain of the career permanent secretaries.
- In the UK, political advisers have played prominent roles under the last 3 Prime Ministers.

Change 2: Rewards are now for the *short* term, more than for the *long*

Performance pay is now widespread across OECD public sectors

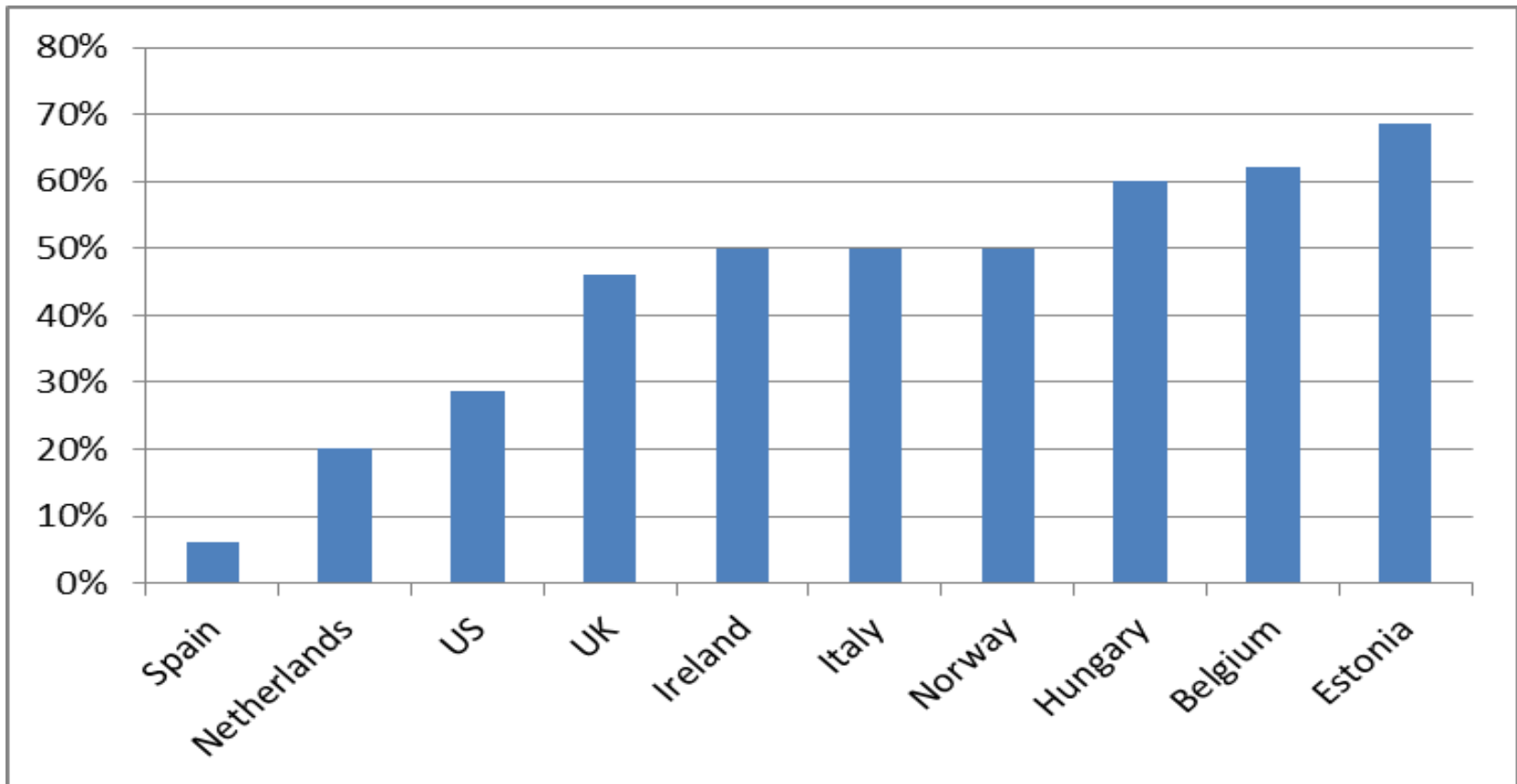
Performance-related “at-risk” pay (merit increments and bonuses) for senior public servants is generally around 15% (with exceptions)



Change 2: Rewards are now for the *short* term, more than for the *long*

In a context where pay matters now more than it did at the senior levels

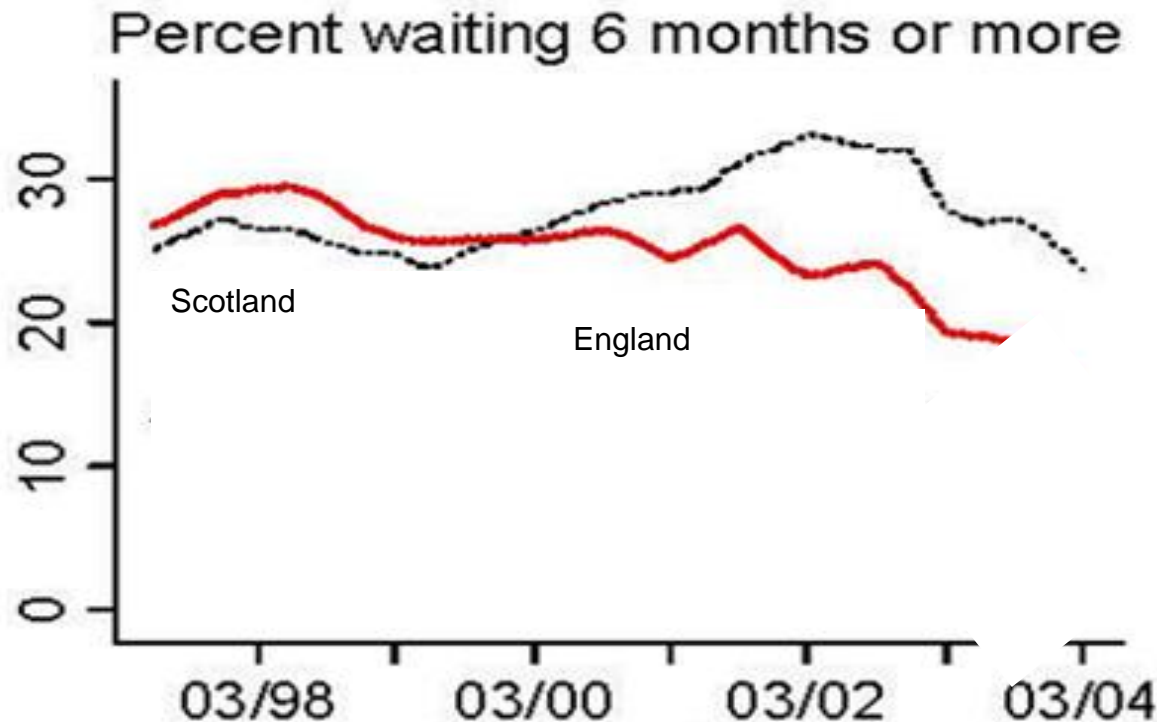
Increases in base salaries (1994-2007) for senior civil servants in the OECD



Challenge 2: When are short term incentives too strong?

Incentives on senior managers can work

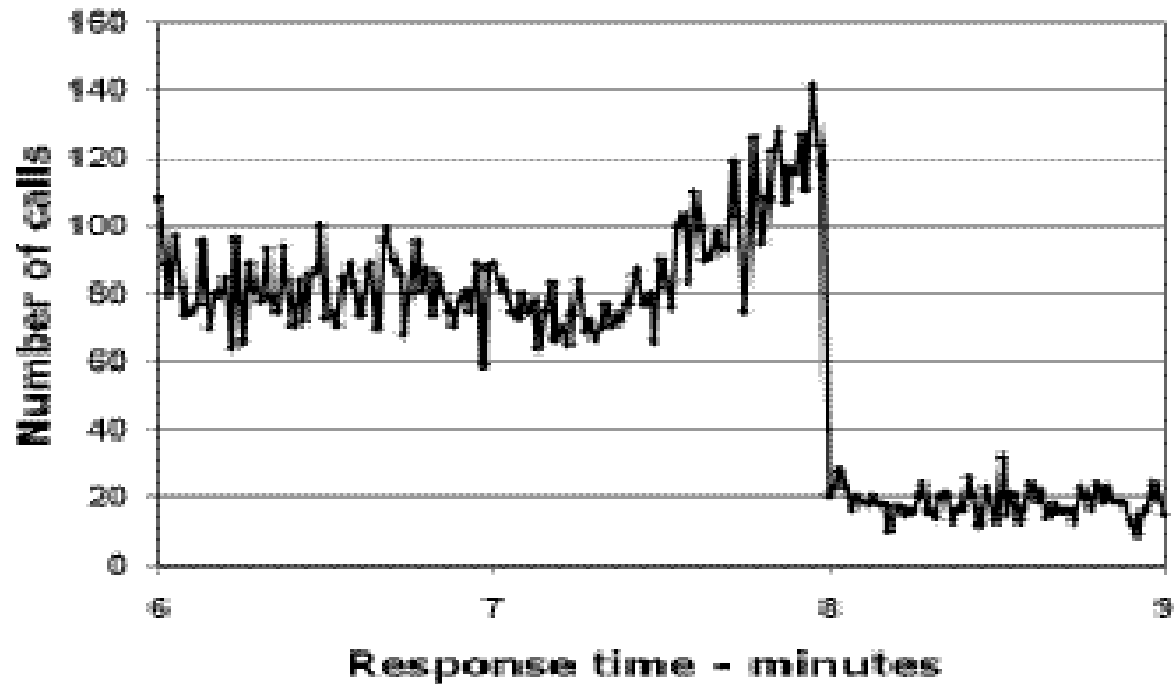
Waiting times for elective surgery in England were reduced following introduction of performance regime



Challenge 2: When are short term incentives too strong?

But they can also lead to distortion

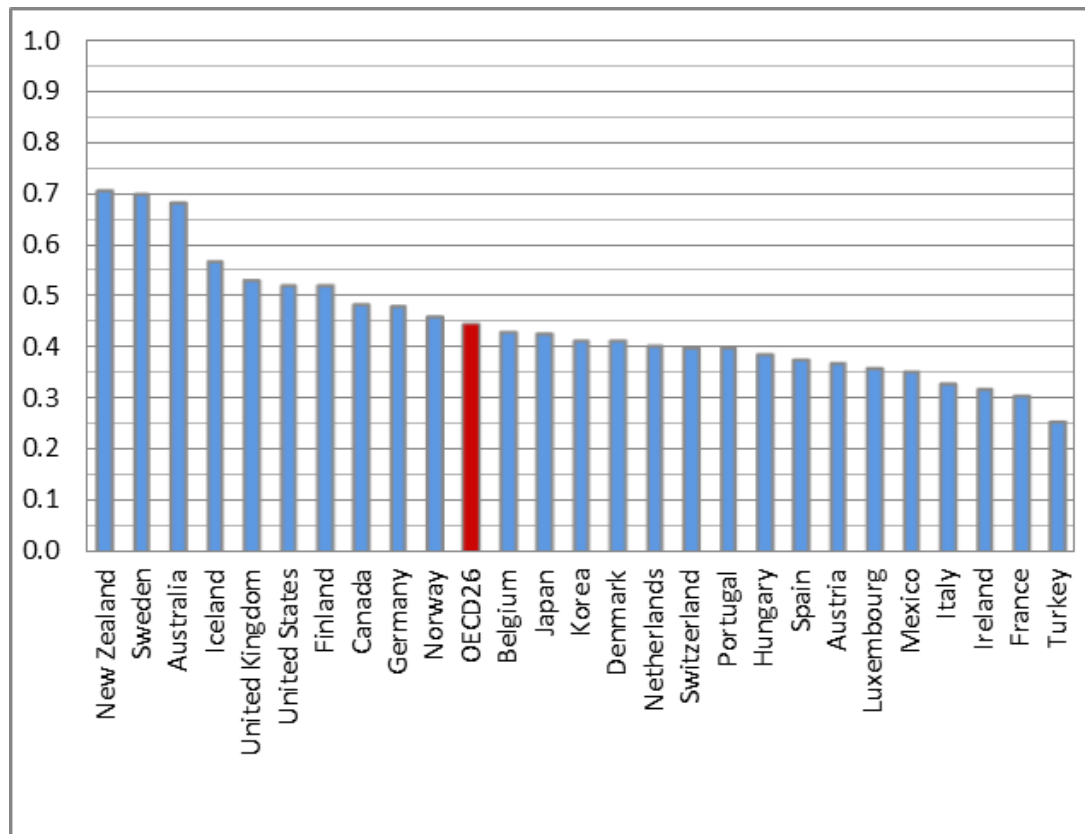
Ambulance response times for life-threatening emergency calls in England were “massaged” to fall below the target



Change 3: Senior executives less constrained by procedures

Senior public sector managers in the OECD are increasingly acting as the employer for their staff

Extent of delegation of human resource management practices to line ministries in central government



Change 3: Senior executives less constrained by procedures

Particularly in relation to pay

Pay setting authorities delegated to senior staff

Country	Basic pay	Other types of remuneration and social benefits	Country	Basic pay	Other types of remuneration and social benefits
Australia			Luxembourg		
Austria			Mexico		
Belgium			Netherlands		
Denmark			Norway		
Finland			Poland		
France			Portugal		
Germany			Spain		
Hungary			Slovak Republic		
Iceland			Sweden		
Ireland			Switzerland		
Italy			Turkey		
Japan			United Kingdom		
Korea			United States		

(OECD, 2009)

Challenge 3: But will this create other difficulties?

- When merging administrative units, delegated human resource management and salary setting:
 - Can add more complexity
 - Can create extra costs in the short term, since salaries are harmonized upwards
- It might also:
 - Lead to expensive competition for labor within the public administration
 - Encourage a competitive mindset between business units

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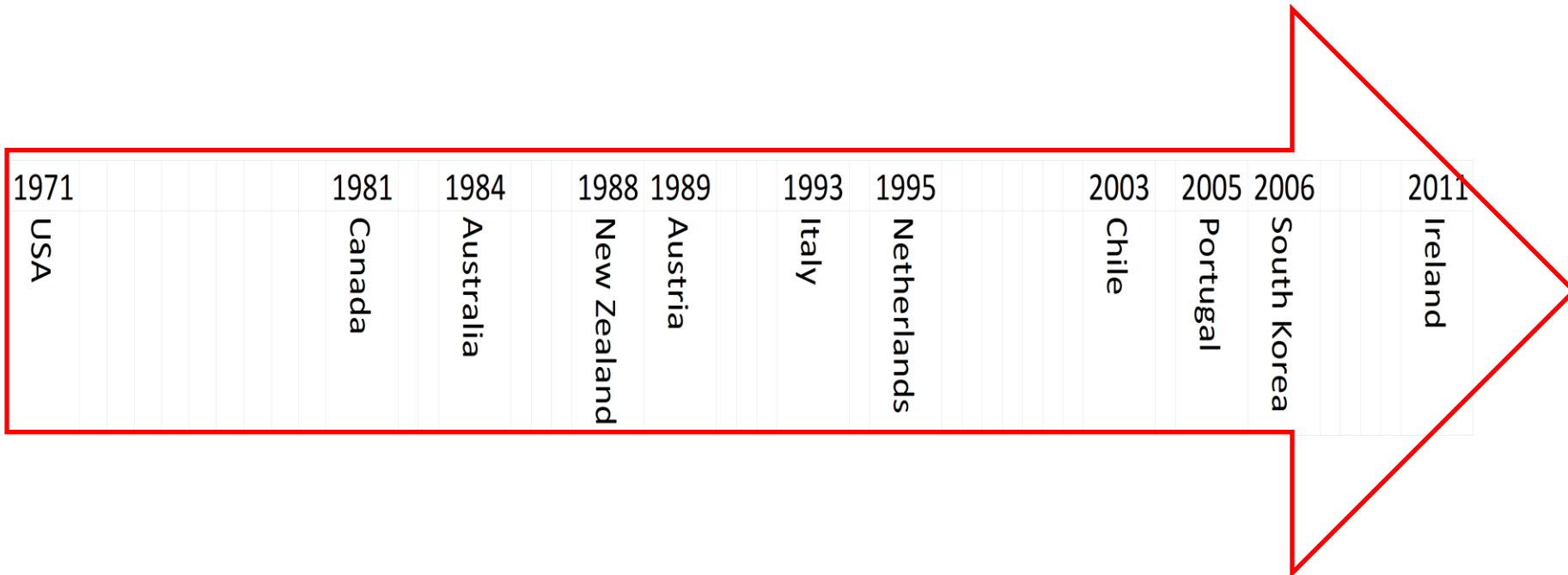
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3. Responses to change

- Senior Executive Services
- Stepped up training

Senior Executive Services are a common response

OECD governments have created Senior Executive Services (SES)



Outside of the OECD, Peru and Ecuador introduced Senior Executive Services in 2008 and 2013 respectively

(EUPAN, 2012; Government of Spain, 2010; Lafuente et al., 2012)

Senior Executive Services are a common response

What is a SES?

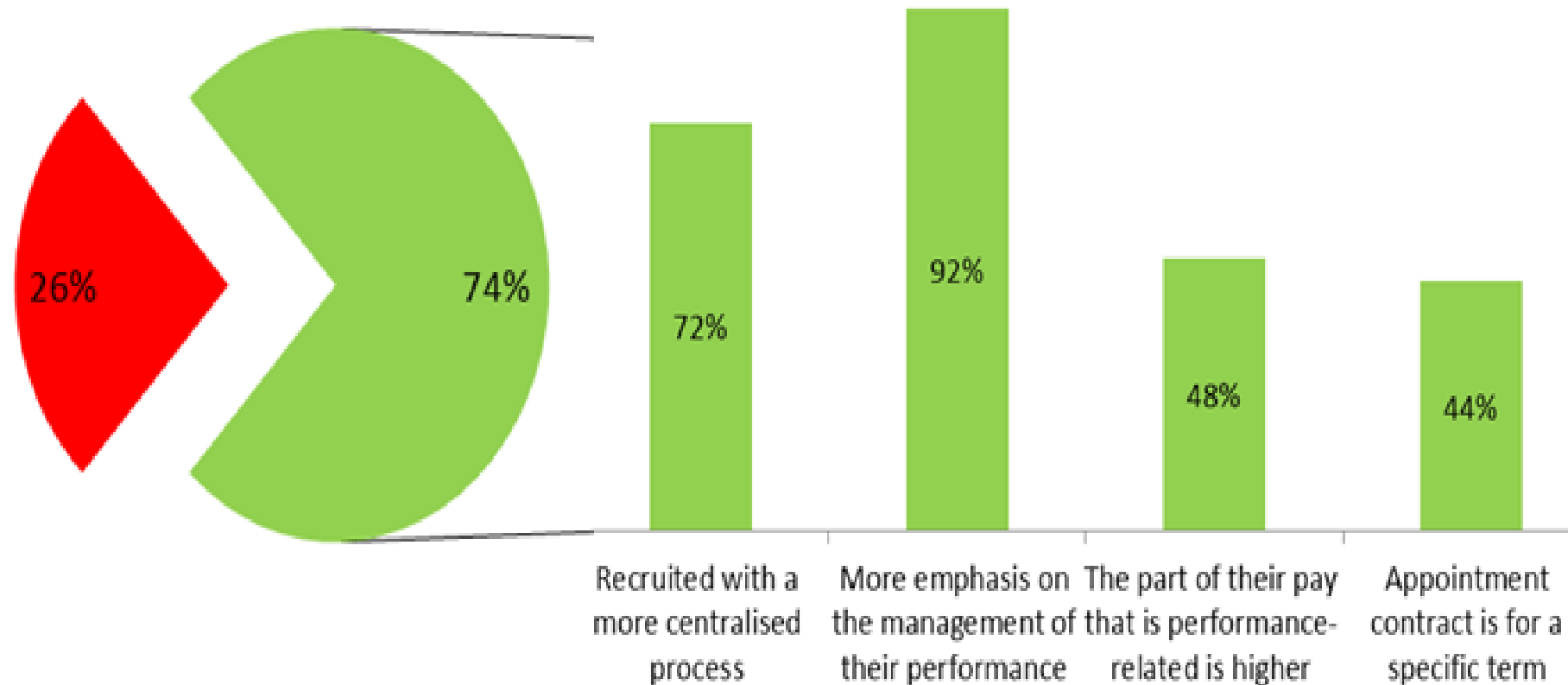
A Senior Executive Service is a distinct cadre allowing OECD governments to “manage their senior public servants within a distinct human resource management (HRM) regime”

The objectives of SES are to:

- strengthen leadership skills and competencies
- ensure continuity despite short term political pressures
- minimize competition between results-hungry executives who each have more autonomy

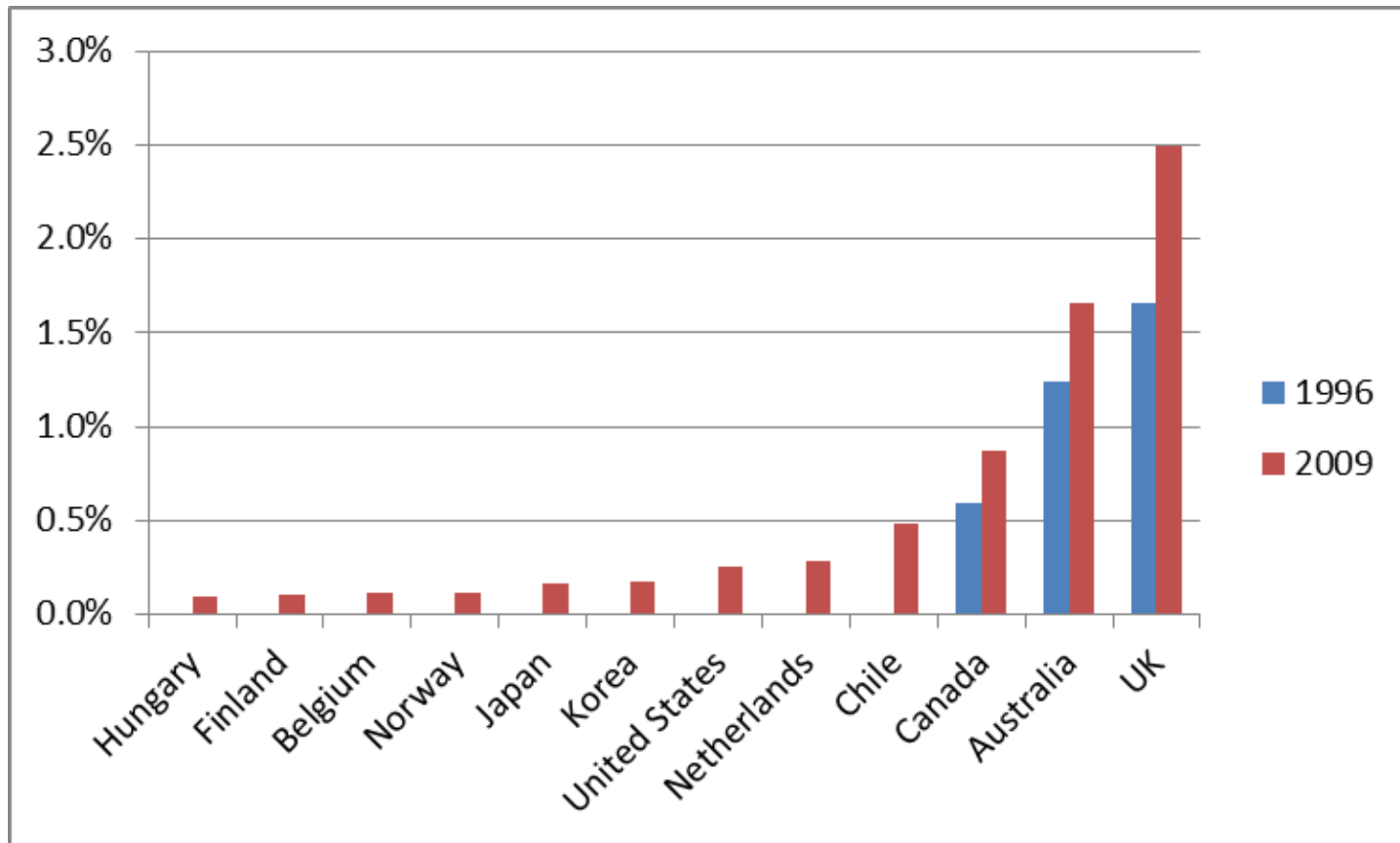
Senior Executive Services are a common response

The proportion of OECD countries with a SES is rising



Senior Executive Services are a common response

Percentage of public servants who are in the SES is rising



(OECD, 2009)(Australian Public Service Commission, 2011)

Training has been stepped up

Training for senior civil servants is more focused

	There is a flagship program for the senior civil service	Many training programs focus specifically on the senior level	The senior civil service use the training programs extensively
Australia	✓✓	✓✓	✓✓
Austria			
Belgium	✓	✓✓	✓✓
Denmark	✓		
Estonia		✓	✓
Finland	✓✓	✓✓	✓✓
France	✓✓	✓✓	✓
Hungary	✓✓	✓	✓✓
Italy	✓✓		
Netherlands	✓✓	✓✓	✓✓
South Korea	✓✓	✓✓	
Switzerland	✓✓	✓✓	✓
UK	✓	✓	✓
US	✓✓	✓✓	✓✓

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4. OECD executive leaders at the city level - different challenges, different responses

- Their task is networking and branding in a turbulent environment
- With politics more evident
- Cities have always had to *find* the skills necessary to manage this
- The emerging way forward is through the labor market, not a formal SES


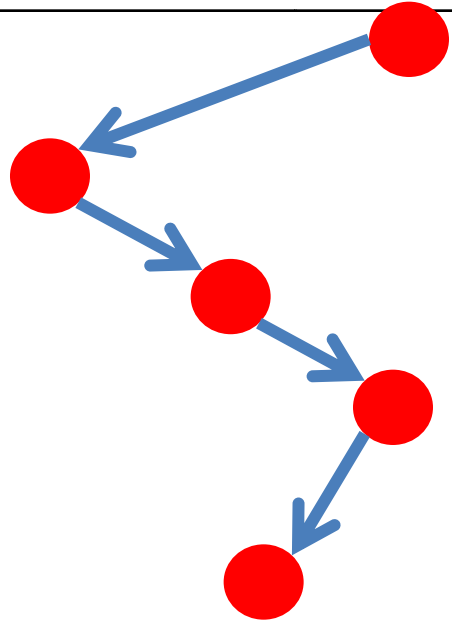
Their task is networking and branding in a turbulent environment

3 dimensions of leadership difference at the executive leadership level:

	Executive leadership at the national/large state level	City, small state and municipal levels
Organizational environment	Emphasis on hierarchical management	Emphasis on networking, broader range of overlapping actors, fast-changing economic and social factors
Role and competencies	Managing externally imposed change within formal constraints	Selling the jurisdiction in an essentially competitive environment with less formal relationships
Political administrative boundary	Unclear in practice	Unclear in principle

With politics more evident

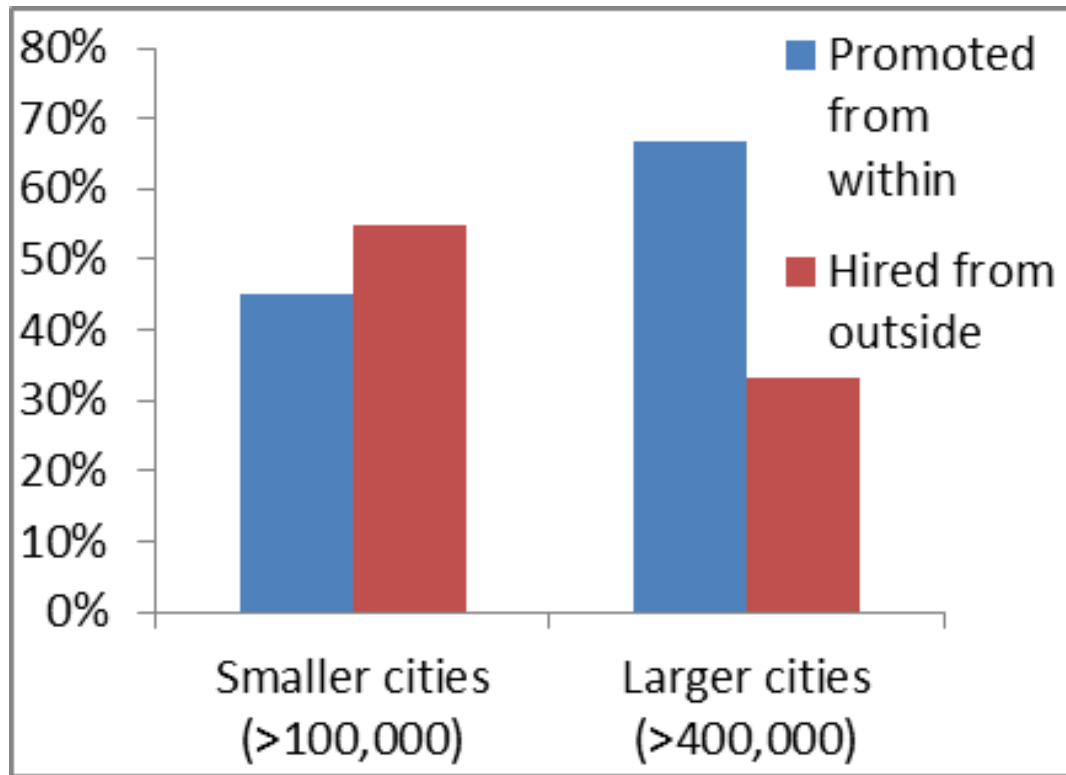
The objective of neutral competence has always been less clear for city managers than for national level public sector executives

International City Management Association Code of Ethics		Largely administrative	Largely political
			
1924	The Code allowed the city manager to engage in in policy making and community leadership (Stone, Price, & Stone, 1940)		
1938	The Code revised: city manager now an administrative technician (International City Management Association, 1957)		
1952	The Code revised again: city manager could have some involvement in civic life and policy making (Stillman, 1974)		
1980	The Code revised again: allows for a complete continuum from neutral technocrat through to full involvement in policy-making (Demir, 2009)		
1998	Further revision: city manager as a community leader who refrains from electoral politics but who is active in the policy-making process (International City Management Association, 2015)		

Cities have always had to *find* the skills necessary to manage this

Hard to *grow* skills except in large cities

Where US city managers are hired from



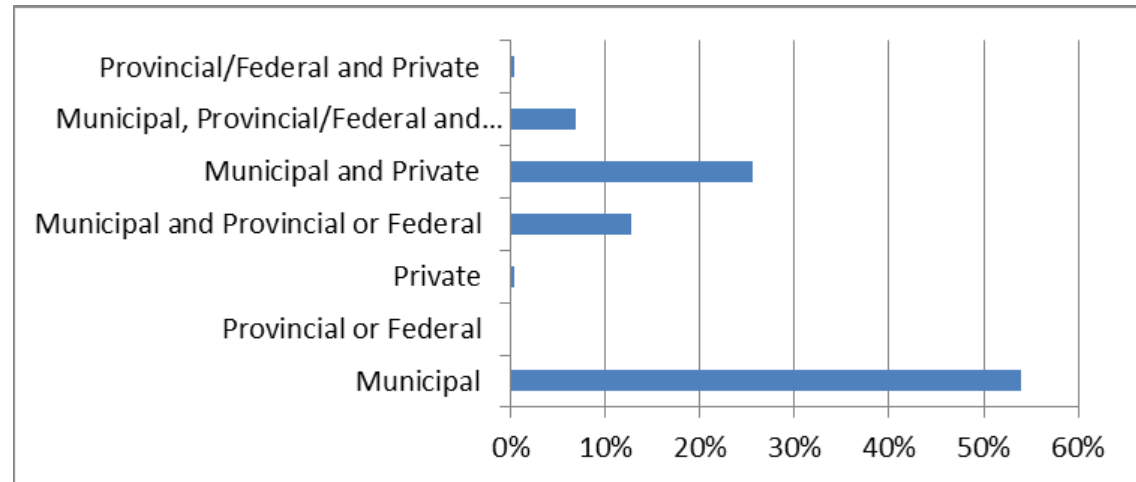
Cities have always had to *find* the skills necessary to manage this

Hard to *grow* skills except in large cities

Executives careers move between cities/jurisdictions

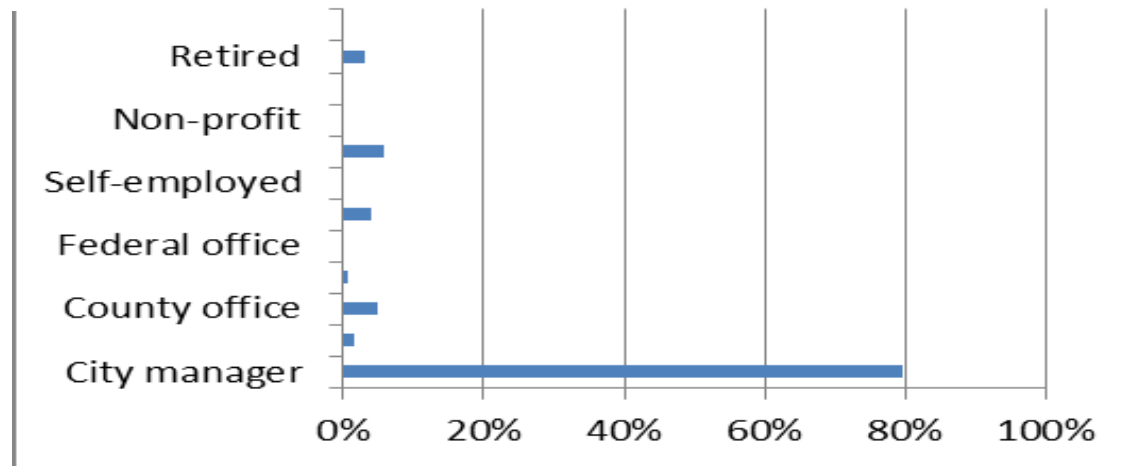
Where are Canadian municipal Chief Administrative Officers hired from?

(O'Flynn & Mau, 2014)



Where do US city managers go to?

(Enikolopov, 2014)



Challenges being responded to differently

- SES and flagship programs not feasible – no single employer
- Research points to:
 - Mentorship (Watson & Watson, 2006)
 - Encouraging the development of a labor market between cities (Callanan, 2006)
- Work needed with national associations of subnational senior executives and international associations to scale up mentoring and identify policies which encourage mobility

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5. Learning from the OECD is useful, but...

Change is inevitable – but there are reasons for caution

- Reforms can be over-packaged
- And can be over-sold
- Excess reform volatility can undermine performance
- The history of many OECD countries is very different to that of others

(Daunton, 2003; Pollitt, 2007; Poór, Milovecz, & Király, 2012; Silberman, 1993)

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Recent developments and the questions that they raise

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