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Background

Employment in central government under the main General Employment Framework (GEF):¹

2011: 85 072 employees

Total employment in the general government sector as a percentage of labour force (2010):[†]

22.8%

Central human resources management body:

Office for the Government as Employer

Government production costs (2010)^{††}



Government centralisation (2008)^{††}



Type of recruitment system (2010)



Legal Framework

<p>GEF covers all employees: Yes</p> <p>GEF includes fixed-term contracts: Yes</p> <p>Private law applicable in public sector: Yes</p>	<p>The GEF covers all central government employees in Finland; however, some temporary staff are hired outside the framework. The GEF covers fixed-term contracts which have similar employment conditions to open-term contracts. Government employees receive some funding of pensions and no guarantees are made in favour of life-long employment.</p>			
	<p>Staff have the right:</p> <p>to unionise to strike</p>	<p>Benefits, to which employees are entitled to, are:</p> <p>Full funding of social security Partial funding of social security Some funding of pensions</p>	<p>Firing rules provide:</p> <p>Different guarantees about job protection / dismissal Guarantees in favour of life-long employment</p>	
N/A = Not Applicable	Public sector	Private sector	Public sector	Private sector
	Yes	Yes	N/A	N/A
	Yes	Yes	Yes	Yes
	Yes	Yes	No	No

Composition of Employment

Central government employment¹

Total employment under GEF (2011): 85 072 employees

Part-time employment (2011): 5 605 employees

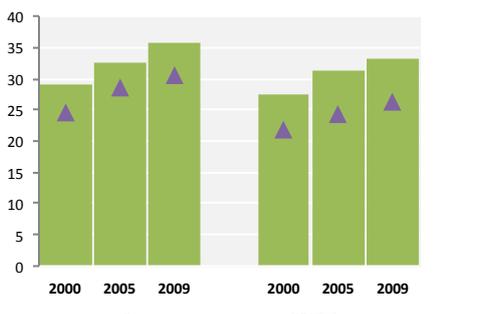
Gender in central government (2009)¹

Female participation in central government workforce: 49.6%

Share of top and middle positions who are women: 45.3%

¹ Data are for core ministries and agencies of central/federal governments, including regional agencies, police and judges, as well as military personnel.

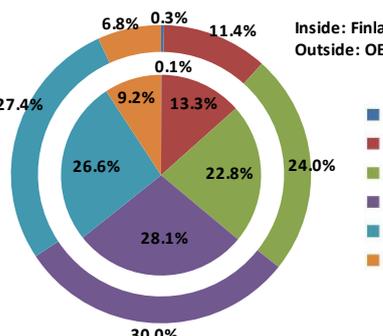
■ Central Government ▲ Total Labour Force



Finland OECD Average

Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*

Part-time employees account for a fairly low proportion of public employment, the majority of whom work less than 20 hours per week. Central government employees account for only 13.8% of general government employment, the latter of which comprised 615 200 employees in 2011. The age structure of central government is fairly close to the OECD average in all age brackets. The proportion of employees aged 50 or older, 35.8% in 2009, is only slightly higher than the OECD average of 34.3%. The representation of



Age structure of central government 2009

Inside: Finland Outside: OECD28

- <20
- 20-29
- 30-39
- 40-49
- 50-59
- 60+

this group is growing, consistent with the average OECD trend. The proportion of staff aged under 30, 13.4% in 2009, is slightly higher than the OECD average of 11.7%. There appears to be a fairly high representation of women in central government. Women accounted for 49.6% of central government employment in 2009, which is very close to the OECD average. The representation of women in management, 45.3% in 2009, is substantially above the OECD average of 34.7%.

Public Sector Restructuring

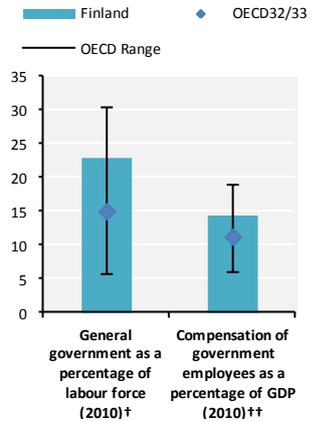
Finland is one of 27 OECD countries that reported an anticipated decrease in public employment levels as a result of planned reforms. A number of structural measures were implemented in 2009 and 2010, including merging agencies, a major university reform and a regionalisation programme. Measures to reduce operational costs feature as part of the fiscal consolidation plan and mostly rely on staff reductions through productivity measures and rationalisation of support services. Redundant civil servants receive an allowance and have a right to priority redeployment in their own agency; however there is no right to priority placement in the state sector generally. General government sector employment (excluding public corporations) as a percentage of the labour force, 22.8% in 2010, is well above the OECD average of 15.1%. Compensation of public employees as a percentage of GDP, 14.4% in 2010, is also above the OECD average of 11.3%.

Anticipated reforms' effect on employment level:

Decrease

Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:

- Discretionary hiring / dismissal
- Change in retirement age
- Devolution of authority over other levels of government
- Contracting out
- Delegation to other public or semi-public organisations
- Reorganisation / restructuring



Organisation of HR Management

Decentralisation of HR Management

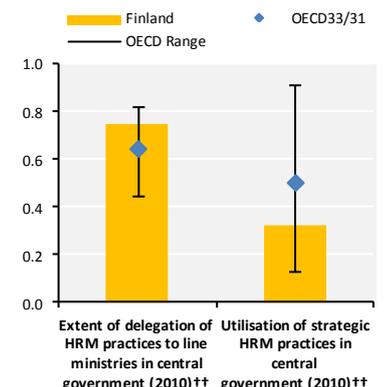
Central HRM unit:	Office for the Government as Employer
Role:	Responsible for defining HR policy
Location:	Ministry of Finance
Responsibilities:	<ul style="list-style-type: none"> • Provide leadership and guidance • Coordinate and supervise HR policy/strategy • Provide advice on legal framework • Define and control the payroll • Promote diversity • Manage retirement and pension plans, excluding legislation.
Personnel, budget and pay delegation:	<ul style="list-style-type: none"> • Budget allocation is set centrally, with some latitude for ministries in application. • Pay systems, bonuses and the distribution of posts are managed by ministries and agencies. • Units/teams are also involved in managing bonuses.
Classification, recruitment and dismissal delegation:	<ul style="list-style-type: none"> • The post classification system, recruitment, individual contract duration and dismissal following restructure are managed by ministries and agencies. • Other forms of dismissal and contract duration for posts are managed by units/teams. • Career management is the responsibility of ministries and units/teams.
Employment conditions delegation:	<ul style="list-style-type: none"> • Equal opportunity issues and flexibility in working conditions are set centrally, with ministries responsible for application. • Performance appraisal, the code of conduct and adjustments to working conditions are managed by ministries and agencies.

Strategic HR Management

Existence of HRM accountability framework for managers:	Yes, but still lacks clear objectives.
HRM targets feed performance assessments:	No
Regular HRM assessment of ministries and departments:	No
Framework requires top & middle management to plan and report on:	<ul style="list-style-type: none"> • Compliance with HR rules & targets for employment and pay
Forward planning use:	Yes, with framework design left to discretion of different organizations.
Forward-planning horizon:	Data unavailable
Key aspects explicitly considered in forward planning:	<ul style="list-style-type: none"> • Civil service demographics • Efficiency savings (for example, through e-government)

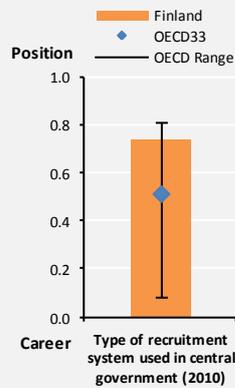
Finland delegates HRM practices to line ministries and agencies to a greater extent than the average OECD country. The central HRM unit is responsible for a select range of co-ordination issues and is involved in the management of only a few HRM issues. Ministries are responsible for the majority of HRM decisions, with units/teams being involved in the management of bonuses and career development. Overall, delegation has led to broadly comparable employment frameworks across central government, but with diverse pay scales and conditions within ministries. Finland

makes substantially less use of strategic HRM practices compared to the OECD average. A general accountability framework exists for management, but it covers a narrow range of issues. HRM targets are not considered in performance assessments and regular assessments of ministries' HRM capacity are not undertaken. Forward planning is used and left to organisational discretion. Government wide automatic productivity cuts are used and assist in forward planning of personnel.

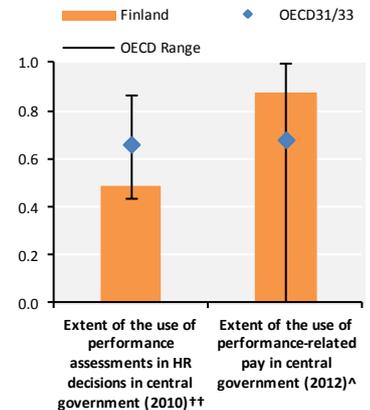


HR Management Practice

RECRUITMENT: The recruitment system used in the Finnish civil service is substantially more position based than career based. Entry into the civil service is gained through direct application and interview for a specific post, with all posts being published and open to internal and external recruitment. Measures have been taken to increase the use of external recruitment for management, but decrease it for secretarial positions and technical support. There are general targets to encourage women to apply for management positions.



PERFORMANCE: Finland makes substantially less use of performance assessment in HR decisions compared to the average OECD country, and lies in the lower region of the range. Assessment is mandatory for almost all employees and takes the form of an annual meeting with the immediate superior, with some organisations also using 360° feedback. A narrow range of criteria is used, focusing on outputs, improvement of competencies and interpersonal skills. Assessment is of high importance to remuneration, and lesser importance to career advancement and contract renewal. Finland uses much more performance-related pay (PRP) than the average OECD country, and lies in the upper region of the range. RP is used for most employees in the form of permanent pay increments ranging between 1% and 50%.



PAY SETTING: Base salary is set through a collective bargaining framework, with centralised negotiations and adjustments at the decentralised level. Bonuses are set through decentralised collective bargaining. Remuneration is not indexed to other variables, with bonuses revised annually and base salary revised every 1-2 years. Job content and performance are the most important determinants of base salary for all grades, with relevant experience of lesser importance. Seniority based pay is not used.

Most important factors to determine base salary	Top Management	Middle Management	Professionals	Secretarial Level	Technical Support
Educational qualification	○	○	◐	◐	◐
Job content	●	●	●	●	●
Ministry	○	○	○	○	○
Performance	◐	●	●	●	●
Age	○	○	○	○	○
Seniority in the position	○	○	○	○	○
Relevant experience	◐	◐	◐	◐	◐

● Key importance ◐ Somewhat important ○ Not at all important

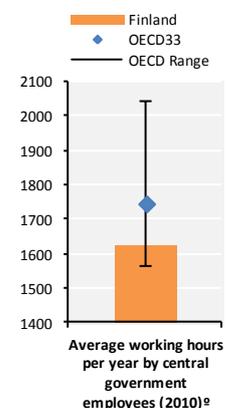
PROMOTIONS: Performance appraisals and qualifications are the key determinants of promotion decisions for all grades. All openings are published on a transparent listing accessible government wide, and there is some use of assessment centres to facilitate merit-based selection. Specially directed information sessions and coaching are available for women, with promotion targets also applying.

MOBILITY: Internal mobility has been increasing, along with the publicity of available positions in the civil service. Staff on external postings retain the right to return to their post, and external mobility is promoted through special secondment, as well as explicitly being taken into consideration in promotion decisions and career planning. Employees on external postings face no costs if they do not return to the public sector.

TRAINING: Some agencies provide in-house training for almost all of their staff upon entry. Public employees receive an average of 3-5 days of training per year.

WORK CONDITIONS: The average yearly working hours in the Finnish central government, 1 621 hours in 2011, is well below the OECD average of 1 745 hours, and toward the bottom of the range. This is driven by notably fewer weekly work hours and several more days of annual leave. The average number of sick days taken per employee is 9.9 days per year. Recommendations for preventative medical care are given to those with high absenteeism.

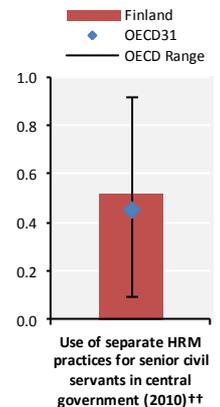
Number of regular working hours per week: ^g	36.9
Average number of annual leave days per year: ^g	34
Average number of bank (public) holidays per year: ^g	7
Total number of hours worked per year: ^g	1 621



Senior Management

Finland uses separate HRM practices for senior civil servants (SCS) to a slightly greater extent than the average OECD country. SCS are considered a separate group and have a centrally defined skills profile. No policies are in place to identify potential leadership early in their careers. SCS are recruited with a more centralised process, and more attention is paid to the management of their performance and potential conflicts of interest. All senior management positions are open to external recruitment and assessment of

candidates includes interviews and tests, if necessary. The selection criteria for senior management posts in central government were revised in 2011. The minister and ministry head have influence over the appointment/dismissal of all management levels. Cabinet also has influence over the appointment/dismissal of heads of department/agency. Of all civil servants, only political advisors to ministers turn over with a change in government.



Industrial Relations

Civil service unions are closely involved in industrial relations in Finland, and receive no public funding. Consultation and agreement with unions is mandatory regarding remuneration and work conditions, with consultation also mandatory regarding the employment framework, the code of conduct and government restructuring. Unions are voluntarily consulted regarding the right to strike/minimum service. Bonuses, working conditions, the

employment framework, the code of conduct, the introduction of new management tools and government restructuring are negotiated at central and delegated levels. The right to strike/minimum service rules are negotiated centrally, whereas base salary negotiations are delegated to departments. All public employees are granted the right to unionise, and most are guaranteed the right to strike, except in times defined by convention.

Reforms

The General Government Productivity Programme 2005-15 aims to increase the productivity and efficiency of the central government and services through structural and functional reforms, as well as increase labour-force competitiveness and know-how. It focuses on: leadership and management; operational processes; use of IT; and developing

the know-how, motivation and professional well-being of the staff at work.^o The productivity program was subsequently replaced by a new program with emphasis on effectiveness and results. A new project on reform of the central government in Finland was launched at the beginning of 2012.

Challenges

A key challenge facing the human resources management of the Finnish public sector is the escalating financial burden and critical workforce capacity issues as a result of an ageing population.^o

No further information regarding challenges faced in HRM was provided.

Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.

* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.

o OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

o OECD (2010), *Public Governance Reviews – Finland*, OECD Publishing, Paris

Further Reading

OECD (2012), *Public Sector Compensation in Times of Austerity*, OECD Publishing, Paris.

OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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