

Social partners role in Pay formation in Swedish central government administration

Swedish Agency for Government
Employers (SAGE)

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Swedish Government HRM Characteristics

Discretion	Collective agreements instead of law	Checks and balances
<ul style="list-style-type: none"> • Autonomous agencies that ✓ get overall budget appropriations ✓ may decide themselves how to use their resources ✓ recruit and dismiss their own staff 	<ul style="list-style-type: none"> • Central agreements make up general rules and conditions • Local agreements that are adapted to business needs • Increasing individualisation 	<ul style="list-style-type: none"> • Openness to the public • Strong unions – mutual interdependence • Co-operative culture ✓ between employers ✓ between employers and unions • external accountability

Swedish Government HRM Characteristics

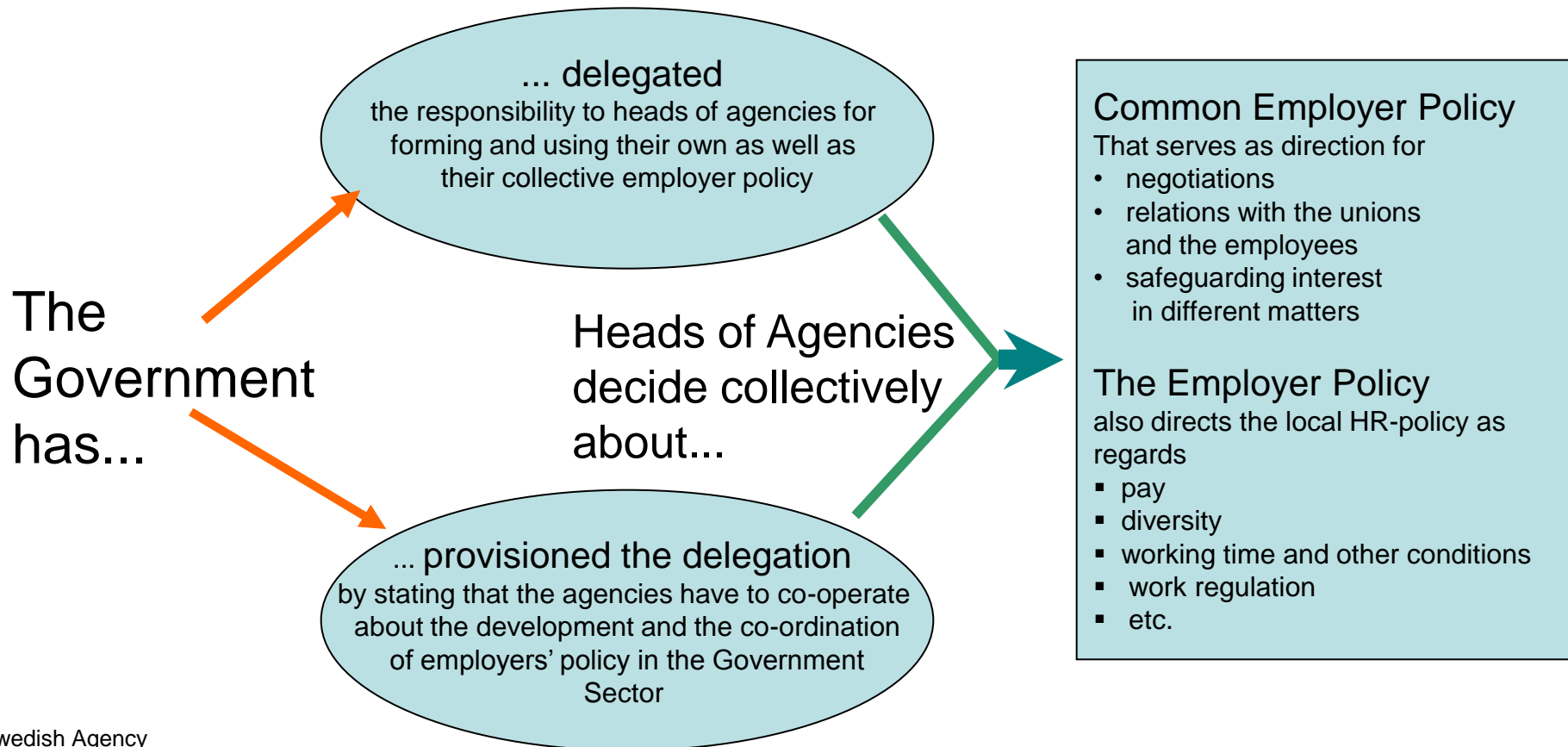
Position-based system	• Individual terms of employment	Checks and balances
<ul style="list-style-type: none"> • Little use of ranking and grading • No formal careers • No formal senior civil servants career • Open recruitment • Merits and Skills 	<ul style="list-style-type: none"> • Individual and differentiated pay related to <ul style="list-style-type: none"> ✓ level of responsibility ✓ profession, market price ✓ performance and results 	<ul style="list-style-type: none"> ✓ Openness to the public ✓ Strong unions – mutual interdependence ✓ Advanced statistical information open for the social partners

Co-operative culture

- A constructive climate between employer and unions
- The agreement 'Co-Operation for Development' supports motion
 - from debate to dialogue,
 - from confrontation to agreement,
 - from union-based loyalty to work-based loyalty,
 - from strict employers' perspective to leadership.

Delegated responsibility for employer policy

Aim: The agencies shall form and use HRM-policies of their own as means for their work towards further effectiveness (still keeping a high level of confidence from the citizens).



The System of Framed Appropriations

How does it work?

- An agency receive a framed appropriation to cover their costs, with no restriction on how the appropriation should be used.
- Important characteristics are the possibility to save unused amounts and use them during the following year and the credit facility.
- To compensate the agencies for general price and cost increases each year, the appropriations are automatically adjusted by predetermined indexes calculated by the Statistics Sweden.
- Automatic adjustment of 3 different types of appropriations: appropriations for *labour* costs (approx. 60%), appropriations for *premises* (10%) and appropriations for the *remaining expenses and administrative costs* (30%).



The automatic adjustment technique of appropriations for premises and administrative costs

- Appropriations for *premises* increases with 70% of the Swedish consumer price index.
- Appropriations for the *remaining expenses and administrative costs* increases with a weighted basket of price indexes.

The automatic adjustment technique for labour costs is a bit more complicated

- Appropriations for *labour costs* is increased with the labour cost index (AKI) for white collar workers in the private industrial sector
- ...and deduced by the increase of productivity in the white collar sector.

Figure. Automatic Labour Cost Adjustment (%)

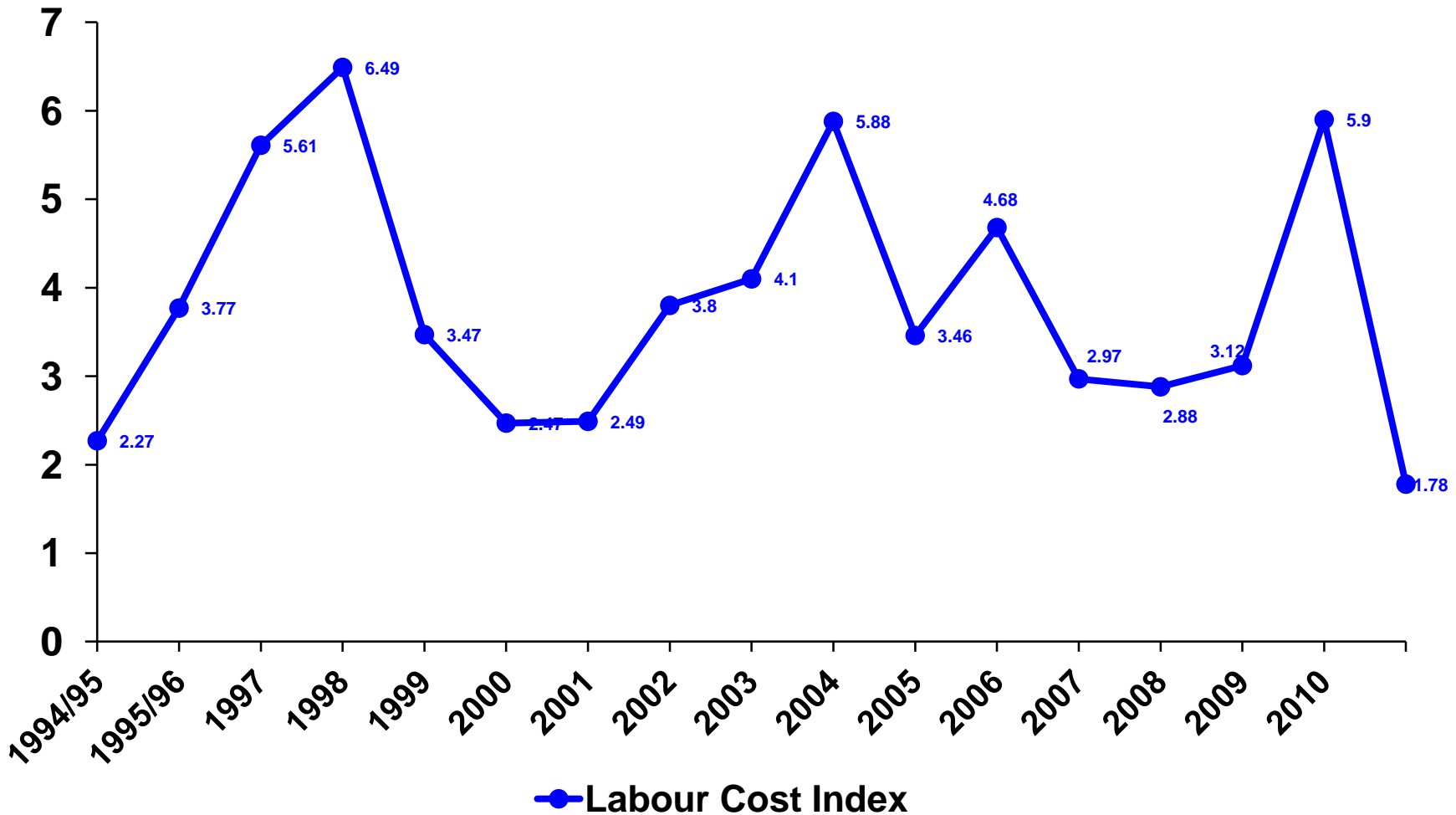


Figure. Automatic Labour Cost Adjustment (%)

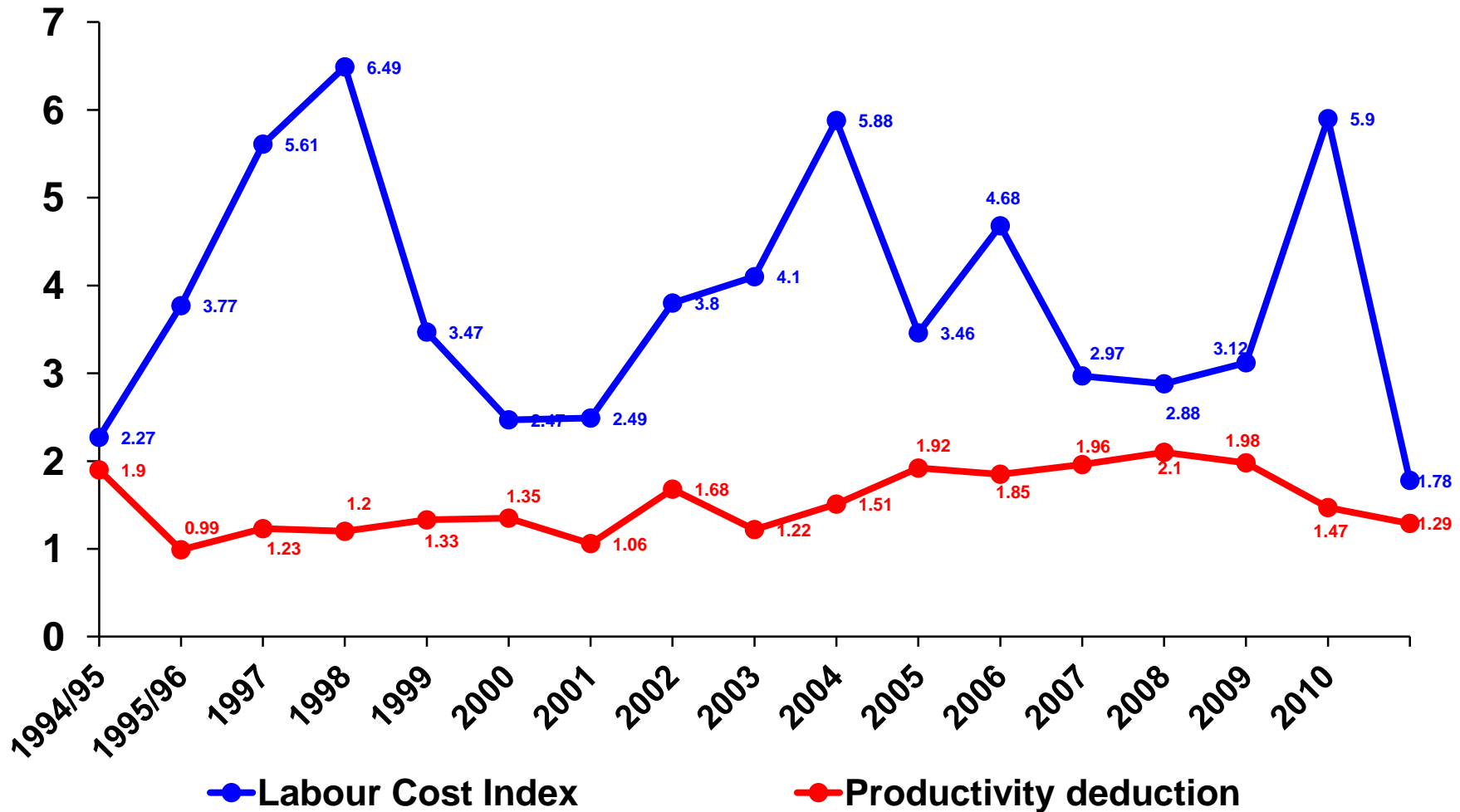
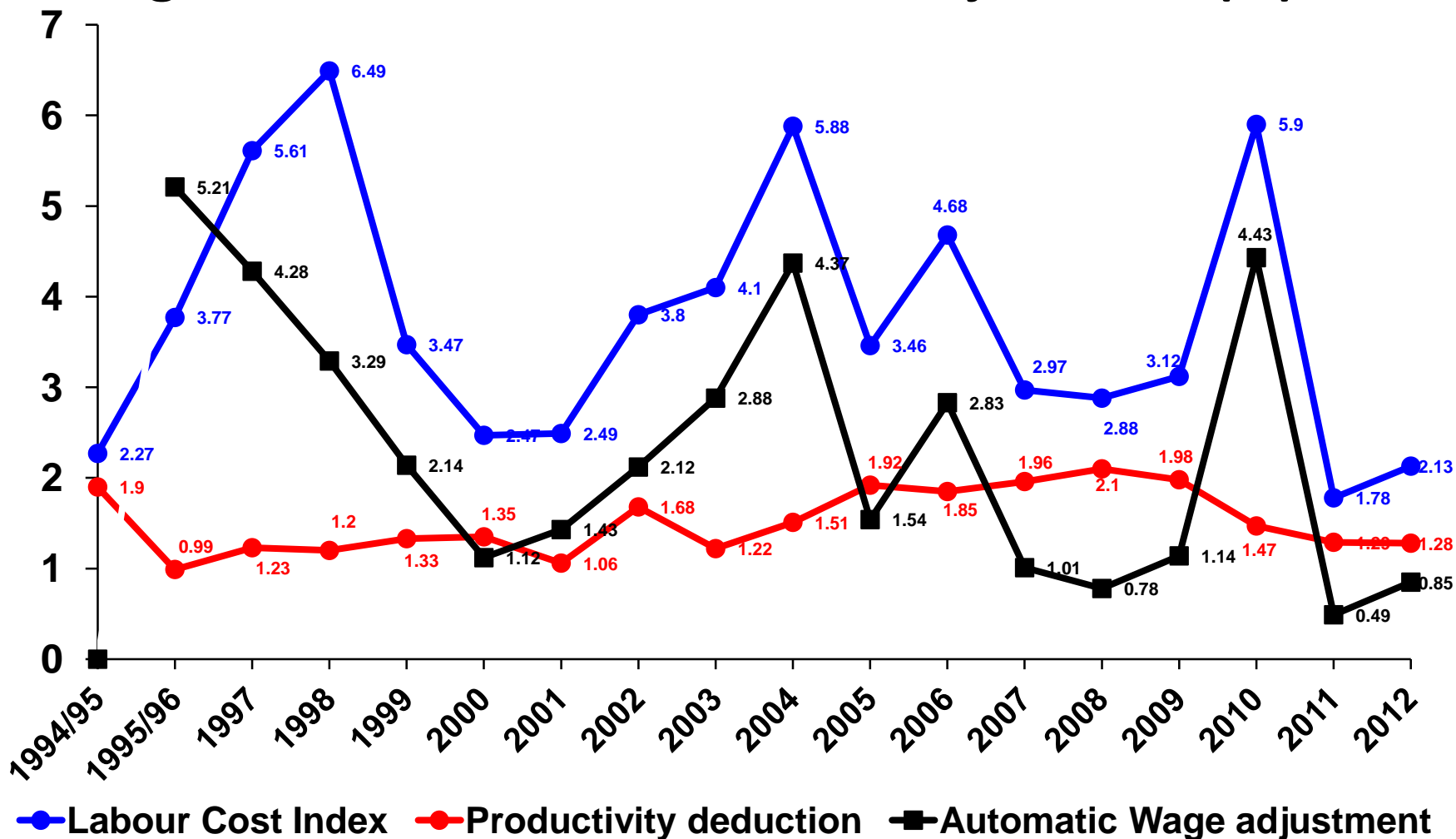


Figure. Automatic Labour Cost Adjustment (%)



Responsibilities of each Management

HRM - Policies

Each head of agency is responsible for that agency's employer duties as regards

- staffing
- skills development/training
- mobility
- **pay**
- conditions of employment

in order to adapt to the needs for the agency's activities

SAGE – an employers' organisation

Cooperate by:
Representative
groups
Thematic
meetings
Educations
Networking
Giving support
and advice

SAGE' office
65 staff

Employers' council

All heads of agencies.

The Board of Directors

15 Members (Heads of agencies)

**Advising Delegations
and sectoral meetings**

HR-directors

Five national priorities – Taken by the Employers Council in October 2010

1. A clear employers' policy supports effective and efficient business and operations
2. Strategic operational needs shall be in charge for the allocation of skills and competence
3. Our agreements contributes to efficient business and operations
4. Leadership in cooperation with empowered workers develops the business and operations
5. A good work environment triggers good development of the business and operations



3. Our agreements contributes to efficient business operations

- We have a pay formation that focuses operational results while deciding pay and other working conditions **in direct dialog between manager nad employee.**
- Working time is steered by operational demands
- We develop the implementation of agreements through employer cooperation.

Social Dialogue

- Terms of employment are established in collective agreements between the social partners

Central agreements

- ✓ General working conditions
- ✓ Pay policy
- ✓ Pensions
- ✓ Job Security
- ✓ Co-operation
- ✓ Other matters ...

Local agreements

- ✓ Individual pay
- ✓ Working conditions within the framework of central agreements

Individual pay

- Pay scales abolished in 1990
- Individual pay set on the basis of
 - the difficulties and responsibilities inherent in the post
 - the performance of the employee (skills, results and contribution related to agency objectives)
 - the market situation

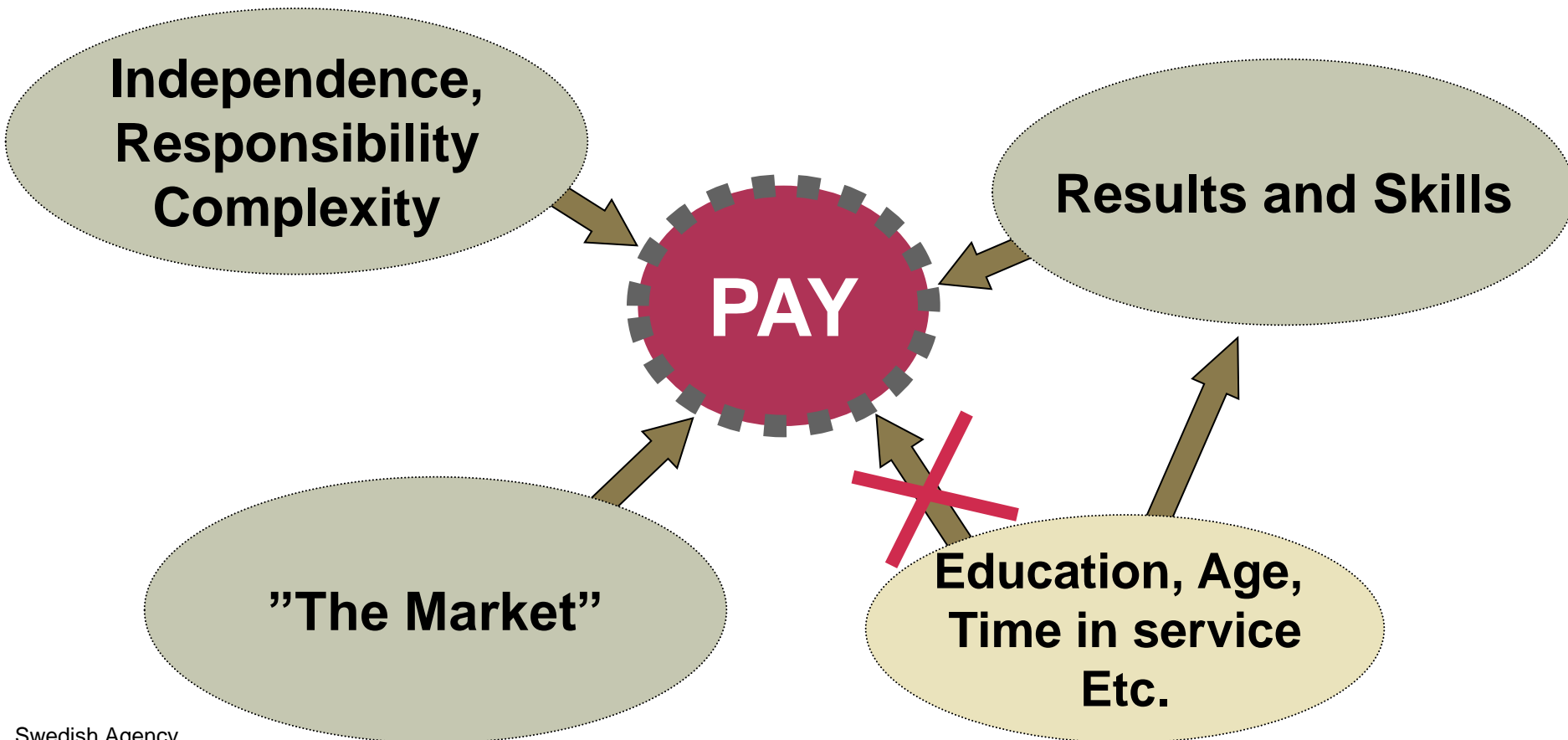
The transformation of pay systems

Pay scales	➔	Individual Pay
Pay for classified positions	➔	Pay for performance
Central pay formation	➔	Local pay setting
Negotiations	➔	Dialogue manager – subordinate

Currently promoted development: Pay setting by direct individual dialogue

- Aim: Pay should be set in dialogue between each manager and subordinate.
- Prerequisites:
 - Decentralised budget
 - Visible objectives
 - Trustful relationship

Pay criteria in the central agreement



Why a direct pay setting dialogue?

- Increased visibility of your role as employer and of your leadership
- Increased understanding of the connection between results and pay
- Tool for development of the business
- More effective business

Towards a constructive dialogue

- Be clear and concrete
- Explain and motivate standpoints
- Give the subordinate room to give her/his arguments
- Point out roadmaps for the subordinate how to improve work results and pay
- Be open for a continued dialogue

- If agreed – sign a written agreement
- If not agreed – the matter moves to local negotiations between employer and union.

Thank You
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