

GOVERNMENT RESOLUTION ON CENTRAL GOVERNMENT MANAGEMENT POLICY

A well-managed public administration is a national success factor. Managers in central government play a central role in contributing to social welfare and the sustainable development of the national economy, in the service of both the Government and the general public. Management appointments in central government must be attractive, and the managers appointed must have the potential to succeed in their tasks. Because of this, central government must have an up-to-date and goal-oriented management policy.

The purpose of this Resolution is to outline the principles by which the central government recruits, develops and encourages competent managers in a variety of appointments.

1 Future management challenges

1.1 Good management ensures the performance, welfare and change of administration

The central government administration operates across a wide field of duties, serving citizens, businesses and organizations. In order to function smoothly, the units of central government must actively adapt to the increasingly tight constraints of general government finances, particularly with regard to the forthcoming change in the population and age structure and the resulting decline in the dependency ratio. Goal-oriented professionals will be required for carrying out reorganizations, such as personnel reduction decisions and decentralization projects. The quality and efficiency of operations can also be improved by introducing new types of work and service processes, which require new IT and also information management, knowledge management and competence management.

Central government can reform itself if its management and managers reform themselves. In a changed administration, the successful execution of management tasks requires competence in several areas of management. In the future, central government managers will be required to have more capacity than before for strategic management in a political and administrative environment, capacity for change management, and good personnel management skills. Managers must be able to sustain continuity and undertake change management under shifting and insecure conditions.

There is demand in central government for management by example and for good personnel management skills to tap the creativity and human resources of organizations so as to improve the functioning and service capacity of the administration. The managers' role is to ensure not only efficient operations but also the renewal and wellbeing of the organizations. An organization can be efficient and adaptable only if its personnel feels good. Promoting coping at work and controlled retirement are central challenges in personnel management in central government and in the job description of every manager. A manager's own wellbeing and coping form the foundation for good personnel management skills.

1.2 Public-sector managers are at the service of the Government and the general public

The senior management of central government is a national resource in the implementation of set social objectives. The Government's potential for safeguarding the smooth functioning of central government and public services depends on the competence and motivation of the senior civil servants.

The relationships between the political leadership and the senior civil servants also have a decisive effect on the functioning of the administration. On the other hand, civil service managers do not just implement top-down decisions; they are also mediators between politicians, service providers and clients of the administration. Their job is also to interpret and balance grass-roots interests and aspirations from a market-responsive or customer-responsive perspective.

Changes in central government and its operating environment also change the role and duties of its senior management. The posts of the most senior civil servants require not only management competence but also expertise, the nature and focus areas of which vary depending on the nature and purview of each organization but which essentially consists of general expertise in central government and knowledge of the operating environment. Senior managers in central government must have a broad understanding of and cross-sectoral competence in central government, the economy and social phenomena in general. It is more important now than before for managers to act effectively in various areas of management and to manage extensive domestic and international networks that may cross employer boundaries.

The duties of senior management have become more demanding and include dimensions and requirements that are in some ways mutually contradictory. The following are some of the most prominent paradoxes that civil service managers need to deal with:

- Be interest-neutral but be competent in the political field.
- Care for your organization but commit to the shared goals of central government.
- Implement top-down decisions but take a customer-responsive approach.
- Be a line manager in central government but be an active network player.
- Ensure continuity of operations but be a change manager.
- Assume responsibility for your organization and accept its limited manoeuvrability.
- Be a manager and be an expert.

1.3 Window of opportunity for management policy

Central government management policy stems from the benefits that central government can offer as an employer. More than 60% of the senior civil servants in office now will retire by 2011, and almost all of them will have retired by 2020. The government as an employer must be able to recruit capable and motivated managers with development potential.

With the ongoing reforms, a new generation of managers is emerging in central government. Becoming a manager requires the skill to assume management responsibility as part of the central government community and the will and resolve to improve oneself in a variety of duties in different parts of the administration. The reforming senior management must be coherent enough yet diverse enough. Coherence is needed in committing to shared values and a shared management culture, while diversity is sought in backgrounds, duties and career paths. A high turnover rate offers a good opportunity for an

increase in the proportion of women in senior management posts. Diversity also involves opening up the public sector towards other sectors.

Senior civil servants are in a key position in implementing administrative reforms and in revising the entire operating culture of central government administration. How the senior civil servants are themselves managed is reflected in how they manage their subordinates. It can already be perceived that with these changes the perception of civil service managers will also change.

Management policy must be based on the concept of reform in public-sector management stemming from its particular characteristics yet pursued in close interaction with other sectors. Proven good management practices will be applied in public-sector management too.

2 Aims and reforms in management policy

The overall objective in central government management policy is to support performance, wellbeing and continuous change in the administration. The management policy must be in line with the general central government personnel management policy. The reform of management practice is part of the reform of the entire operating practice of the central government administration.

The immediate goals of the management policy are:

- 1. Attractive management roles and good development potential*
- 2. Professional and sufficiently coherent senior civil service management*
- 3. Potential of managers to perform their duties well*

2.1 Central government has attractive management appointments and development potential

The government as an employer will ensure that a sufficient number of capable managers can be recruited for vacant management appointments, both from within the administration and from outside. Management appointments must be attractive, and the development and career progress potential must be competitive compared with those offered by other employers. The strengths of the government in this respect include prominent duties in society, a strong value basis and communality. Senior managers in particular must commit to the shared goals of central government and the new management practice, both by their personal example and as a community.

Professional selection criteria and methods, methodical development and flexible career opportunities will help ensure the recruitment of managers for various appointments. The selection criteria will take into account not only the demands of the appointments but also the development potential of the managers and their possible later transfer to other central government duties.

In law, it is left to the discretion of the authority making the appointment whether to appoint a successful candidate for a fixed term or indefinitely. The number of fixed-term management appointments will be increased so that the reform will cater to both the operating needs of the organizations and the individual development needs and wellbeing at work of the managers. The fixed-term appointment practice will boost the profile and competitiveness of the government as an employer. Recruitment will involve the principles of good governance such as transparency and efficiency.

Whenever a senior management post is filled, consideration must be given as to whether the appointee should be appointed for a fixed-term. Whenever a person is appointed to a post for the first time, it is usually expedient to make the appointment for a term of more than five but no more than seven years. 'Senior management' is defined in this Resolution as including permanent secretaries, permanent under-secretaries, directors general and other civil servants in similar positions, and the heads of government agencies. The Ministry of Finance is responsible for issuing the necessary guidelines.

Broad-based experience is required particularly for senior management appointments.

The government will introduce a flexible range of employer means to support the implementation of fixed-term appointments from the perspective of both the employer and the individual manager. When an appointment is made, agreement is reached on individual practical support measures involved in the termination of the fixed-term appointment and its terms, such as pay.

The Government requires ministries to cooperate in preparing and introducing professional management selection criteria and methods that will include procedures to ensure that all persons who are competent and have development potential may apply for vacancies, even from outside central government.

2.2 Senior management has high level of professional competence and is sufficiently coherent

Principal responsibility for the professional development and career progression of managers rests with the managers themselves. Becoming a manager requires a long and methodical learning process consisting of learning on the job in various duties, studies, coaching, job instruction and other support. Career planning should be seen as a tool for acquiring the skills required for more demanding or different posts, not as outlining a pre-determined and closed path. The main principle is that career progression in management requires successful performance and development as a manager in general.

The government as an employer is active in its support of manager development. In addition to support for individual development, communal development is also taken into account. From the organization's viewpoint, the development of future managers involves the development of the resources of the organization, the ensuring of continuity and preparing for future management tasks. Central government must offer each individual manager and expert clear development goals and opportunities. From the viewpoint of communal development, the senior managers in central government are a resource for the Government and also members of the management groups of their respective ministries and units. Successor planning is a part of management development.

Persons with the will and the potential to progress must have flexible career path opportunities available at the beginning and middle of their careers. At its best, career progression involves flexible moves between various expert, project leadership and line management duties. It should be taken into account in career planning that senior management duties in particular require a wide range of competence. Flexible senior manage-

ment career progression includes the possibility of transferring to distinguished expert or project leadership duties.

The basis for central government management development is developing a diversity of management duties through a diversity of means. Shared management development will ensure a general level of management quality and will help strengthen the shared management practice while at the same time leaving scope for the special management requirements of each ministry and unit.

A new shared development programme will be launched in central government, entitled 'Managers of the future'. Its target groups include potential senior managers, strategic experts and recent senior management appointees. Senior local government civil servants, political decision-makers and managers of businesses and organizations will also be invited to participate.

Ministries and their subordinate units must introduce a procedure for assessing senior management potential.

The Government promotes the applying and appointment of women to management posts, with the aim of increasing the percentage of women among both applicants and appointees in all supervisor and management appointments in central government.

2.3 Employer support for job performance

Achievement is a key management success criterion. The government as an employer must be able to combine agreement on operating targets, job guidance and support, evaluation, development and a comprehensive compensation package into a functioning performance management process. This will help improve the performance and well-being of individuals, organizations and the administration as a whole. Effective performance evaluation requires the defining of clear-cut supervisor relationships right up to the senior management.

An active management compensation policy is an essential component of management policy, prompting candidates from outside the administration to apply for central government management posts.

Ministries must introduce shared professional management evaluation principles and practices, prepared jointly by the ministries. The evaluation must include criteria on management, personnel, performance and service ability.

The personal target-setting and evaluation of senior management will be supported by expanding the use of personal management agreements. The Government recommends that management agreements be applied to the performance management of middle management too.

The terms and conditions of the employment relationships of senior management will be completely re-evaluated. Pay progression and the demands in the terms and conditions must be considered in comparison with trends among government personnel as a whole and among management in other sectors.

3 Implementation and responsibilities

3.1 Management policy harmonizes shared and individual interests

Successful management policy requires that policies and their implementation form part of the overall guidance and development of the administration. The shared interests involve good working relations between the political leadership and the senior civil servants, and the commitment of civil servants to the shared targets of the government community. Increasing cross-sectoral activities and safeguarding the constant renewal of the operating units are current management challenges. Performance management will be enhanced to highlight how the Government's programme goals are linked to the personal performance responsibilities of the individual managers.

The ministries must, by the end of 2008, define the development principles for management and strategic experts. These principles must be drawn up on the basis of this Resolution and implementation guidelines issued by the Ministry of Finance.

3.2 Effectiveness through cooperation and networking

The management policy reform requires enhancement of shared support measures in central government and development of management in the ministries. The aim must be to achieve a largely network-like structure with close cooperation between the ministries. The ministries must be prepared to use outside professional management development services as necessary.

Shared central government support services will ensure a sufficient degree of uniformity and quality in management development practices throughout central government. The shared support services will help both ministry management in general and individual managers personally.

A management policy steering group will be appointed to assist the ministries and to coordinate the central government management reform. The steering group will participate in the evaluation of management agreements, the promotion of successor planning and consideration of potential, the selection of participants for shared coaching programmes, and so on. The group will include invited representatives from central government and outside management development experts.

3.3 The reform will be phased in between 2008 and 2011

The new management policy will require many profound and far-reaching changes which will be mutually supportive. These will be phased in and evaluated and monitored regularly.

The Government will evaluate the implementation and effectiveness of the new management policy in 2011.