

GOVERNMENT DECISION
IN PRINCIPLE

On state personnel policy line



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ON STATE PERSONNEL POLICY LINE 30.8.2001
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1 STARTING PREMISES AND CHANGE FACTORS, 2001 – 2005

1.1 A well-functioning public administration is a national success factor

Finland's state administration promotes the nation's interests and well-being. Its function is to serve citizens, companies and other organizations at the central, regional and local level, and to contribute to attainment of Finland's goals within the European Union and in international relations more generally. As part of the overall public sector, the state administration is responsible for a wide and diverse range of functions:

1. the foundations of society, such as the legal system and general security,
2. welfare functions, such as higher education and science, culture and social security, and
3. other basic conditions for society and the economy, and for balanced and sustainable development.

Global changes in the operating environment and new government functions and services underline the fact that a well-functioning and cost-effective public sector is more important than ever for economic sustainability and society as a whole. There must be cooperation and networking between the various administrative units, and with private-sector organizations, to boost efficiency and social impact.

As an employer, the State must both create preconditions for advance of the information society and itself be a forerunner in the process. It must actively adjust to foreseeable trends in the public economy, particularly changes in the demographic and age structure and international tax competition, in this decade and the next.

1.2 Keener competition for labour

Largely because of reorganization, the number of State personnel fell from 215,000 to 119,000 between 1988 and 2001, i.e. by a total of 45%. Over two thirds of the remaining personnel work in the six largest sectors:

28,300 in the universities, 19,500 in national defence and frontier guarding duties, 11,000 in the police and rescue services, 10,400 in financial management and in insurance and financial services, 9,800 in research and 9,500 in business services.

54% of the personnel are men and 46% women. Though women and men are recruited equally for managerial and supervisory posts on a basis of merits, women account for only some 13% of top management posts. The percentage of women in senior civil servant positions is currently lower in Finland than in the other European Union countries. In 2000, the average age of personnel was 42.4.

Because of the age structure, staff turnover is rising. It is estimated that nearly 60,000 of the present personnel, i.e. nearly half, will be leaving because of natural attrition in 2001-2011. Over 40,000 of them will be leaving for retirement. Changes in the job profiles and new skills requirements will also contribute to a shortfall of competence in government.

Competition for labour will get keener, and the State must be able to recruit new personnel to replace those leaving. Competition for skilled employees is to some extent global; internally, there is considerable regional divergence. It is also taking place in a changing social climate. Specifically, the young have different values concerning work and life in general from those of their parents. Those entering the labour market early this century expect more varied, diversified and interesting work, opportunities for personal development, and work modes that suit their own lifestyle.


If it is to succeed in attracting competent employees, the State must be a model employer and pay attention to its image, making jobs attractive, devising motivating pay principles and systems, guaranteeing a motivating working climate, showing concern for staff standing, and offering ways of boosting skills. The need for highly trained personnel will remain particularly great: there are far more highly educated people working for the government than for other employers. In this competition, the state administration's assets are the international character of its work, its pioneering role in advance of the information society, and its embodiment of a new operating culture.

1.3 Personnel building a new operating culture

Personnel policy is gaining importance in work to reform state administration. The challenge is to develop personnel management as an integral part of result management and strategic management of operations. Developed

management skills, visionary leadership and a new motivating managerial climate are needed, as well as modern management tools and systems. The resources of work communities evolve out of each individual's skills and creativity, and due respect for that individuality.

State personnel policy acknowledges that operating units are different, while recognizing the need to build a uniform operating culture for the state administration. Individual operating units must be able to compete for labour on the terms of the surrounding environment, i.e. also amid regional divergence.



THE GOVERNMENT considers it important for the State to be a model employer in purposefully implementing good personnel policy. With well managed employer and personnel policy, skilful management, and competent and committed personnel, the conditions will be created for effectiveness and good service capacity in public management, and thus for national competitiveness.


2 THE STATE EMPLOYER'S TARGETS

The Government has set the following general targets for the State as an employer. The roles and responsibilities of the various actors in implementing this personnel policy line are outlined in section 3.

2.1 A basis of clear values and ethical standards

Amid an increasingly global environment, the state administration's values are founded on democracy, rule of law and the Nordic welfare society. The aim of state personnel policy is to strengthen and draw on these basic values and a basically uniform operating culture. Values and high ethical standards must be strengthened through training, especially of management. In addition, guidance on ethics must be increased, together with the provision and monitoring of good practices and models.

Operating units must build their values on a shared foundation. Organizations must engage in debate about values, and the consensus reached must be integrated into working practices. All levels must ensure that any ethical problems encountered by the civil service are solved and that the recognized high ethical standard of the Finnish civil service is maintained, even at times of high staff turnover.



THE BASIC VALUES of the state administration are effectiveness, quality and expertise, the service principle, transparency, trust, equality, impartiality, independence and responsibility.


2.2 Competitiveness as an employer will ensure units competent and committed personnel

If it is to have good operating and service capacity, the State must be a competitive employer. Its units must have a correctly scaled, skilled and committed staff. Prime responsibility for acquiring such staff must be carried by the units themselves.

State organizations must be able to control the effects of staff ageing and high turnover in the near future. They must also attract competent personnel, hold onto them, and offer them development opportunities. Ways must be found to even out the age structure of work communities and transfer know-how from ageing personnel to younger employees.

Job profiles of State jobs, work communities and the terms and conditions employment relationships must be made attractive. In jobs of a permanent nature, permanent contracts should be used. Competitiveness will be furthered by changing over to a pay system based on the demands of the job and personal performance by the end of 2002, as well as devising other forms of incentive and reward. Putting a motivating pay system in place will call for reform of the entire management culture.

Advance of the information society and of new electronic services underlines the importance of knowledge and skills at work. Skills management must be promoted, and the necessary preconditions created for learning organizations. Employees need new-style forms of work networking, and an operating culture based on cooperation and new knowledge and skills. Movement of personnel, skills, new approaches and innovations across the boundaries and levels of organizations are all crucially important for good operating and service capacity.



THE GOVERNMENT remains responsible for the general preconditions of the State's employer and personnel policy as part of its budget policy.

The Government considers it important to balance out the age structure of work communities. The recruitment of new staff will be supported with systematic induction and trainee programmes, by developing motivating forms of pay, and by communicating the State's new operating culture.

The State employer will improve career planning and job mobility among its personnel, and demand a wide range of experience, and of international work, in growing numbers of jobs.

The State employer will promote the information society by ensuring that personnel, management, working processes and operating culture all support learning. The personnel resources needed to provide for the transfer of work skills, and funding for them, will be systematically safeguarded in key posts.

2.3 Good managers look after every individual as well as staff resources overall

New functions and operating principles, and a changing operating environment, face those in managerial and supervisory posts with new demands. Ministries and other organizations in the state administration must encourage more professional approaches in public management and the creation of a new generation of managers, by systematically promoting management recruitment, assessment, career planning and training. A comprehensive joint management strategy for the state administration will be drawn up to support operating units.


The general goals are to make management jobs more attractive, increase managers' capabilities, and support them amid the pressure of growing demands on their career and life management. With a view to the State's operating capacity, it is important to utilize all the untapped managerial resources that exist within organizations and units. One important target is to systematically increase the number of women in managerial and supervisory positions.

All managers and supervisors must accept responsibility for the effective operation of their organization and the efficient use of all resources. This also means developing work communities. Supervisors must contribute more to creating the climate of work communities, motivating staff and ensuring interaction and collaboration on a basis of trust. It is up to them to ensure every employee's wellbeing and working capacity, as well as to raise skills and knowledge overall.

Effectiveness in work communities also means that every civil servant and other person employed by the State must accept responsibility for their work community, their own working contribution, and their personal development. If employees can influence their work community and their own work development, we are well on the way to this goal.

Supervisors must set a good example and show special care for just and equal treatment of personnel in terms of different age groups and other population categories. The service capacity of organizations can be raised if they have tolerant, multicultural personnel.

In implementing good personnel policy, the State employer will be actively involved in overall development of working life, i.e. should help reconcile work and family life by promoting equal use of family leaves. As an employer, the State will also arrange development programmes to maintain working capacity and various forms of participation. The standing of staff must be safeguarded in all organizational changes that have to be made to meet operational needs.



THE GOVERNMENT'S aim is to change the management climate towards clear emphasis on innovation, trust-based interaction, cooperation and skills in human relations. It will encourage civil service managers to embrace visionary leadership and to implement change through their example. It expects acceptance of personal responsibility and personal commitment to public targets from its managers. Better ways of evaluating the performance and skills of managers and supervisors will be developed as part of result responsibility.


The State employer will systematically develop its managers and those seeking management posts. It will encourage women to apply for managerial and supervisory jobs.

3 IMPLEMENTATION, RESPONSIBILITIES AND FOLLOW-UP

3.1 Personnel policy integral to operations

The personnel strategies of State units must support their long-term operational goals. Thus, they must predict in good time not only their staffing needs and supply, but also labour market trends in their particular fields. There must be a balance between the targets set and the resources available. This is a matter for the result management process.

Forecasting economic, labour market and information society trends and finding ways to influence them will be of increasing importance in operational planning. Cooperation between State employers and the social partners demands a common basis of information, advanced monitoring and information technology, and shared procedures. Units must develop personnel policy and management evaluation and follow-up as part of general assessment of effectiveness, also utilizing various working climate surveys and management feedback systems.



THE RESULT TARGETS formulated for units must incorporate the main personnel policy goals in terms of operations, including those for raising skills, mobility and the wellbeing of their staff. Ministries must interact closely with operating units and allocate them sufficient resources for employer functions and personnel management.

The right allocation of resources must be integrated into key operational planning, decision-making and control processes. Methods will be developed for ensuring the right quantity and quality of personnel.

3.2 Responsibilities in implementing personnel policy

The prime responsibility for personnel must be carried by the individual units. It is their job to specify and implement their own personnel policies, based on their operational needs and special features, and on the principles and targets of this decision in principle.

The ministries are responsible for general control of the implementation of personnel policy within their own sectors of government. Their functions include coordinating employer and budget policy, allocating funding within the result management process, incorporating personnel policy targets into result management, and assessing and monitoring personnel policy among the units in their own sector of government.


With this decision in principle on the State personnel policy line, the Government is endorsing a general foundation and operating culture for the State sector. It guarantees long-term operating conditions for the various units and is responsible for the State's employer and personnel policy as part of budget policy.

3.3 The State's joint employer and personnel policy

The personnel department of the Ministry of Finance or the State Employer's Office, is responsible for formulating the State's joint personnel policy and its functions as an employer at the central level. In accordance with its operating principles, the Office serves both State management and individual units, watching over the interests of the State employer and developing common personnel policy. It also contributes to EU workplace development and the personnel policy of its institutions.

The State Employer's Office will formulate and develop employer and personnel policy in accordance with the aims of this decision in principle. It will remodel its operations to meet the needs of State management and individual units, and assess and monitor the effectiveness of its operations.

Work to improve conditions of employment are founded on well-functioning and trusting labour market relations. Negotiating and cooperative procedures will be developed at both the central and the individual unit level. The State Employer's Office and the units will work with personnel organizations in the State sector to monitor and further implement this personnel policy line.



A SPECIAL ADVISORY committee on State employer and personnel policy, made up of top civil servants from the ministries and operating units, guides the State's joint employer and personnel policy and the operations of the State Employer's Office. The standing of this committee in managing employer and personnel policy will be strengthened.

The Government will evaluate attainment of the targets of personnel policy line set in this decision in principle in 2004.

