

# Working Conditions and Industrial Relations in the Central Public Administration: In Depth Case studies of - Czech Republic, Slovakia, Romania, and Estonia

## Overview report

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The objective of this study is to carry out in-depth analyses of industrial relations and working conditions in the central public administration within Member States which have joined the EU since 2004. The selected states for the study are Czech Republic, Slovakia, Romania and Estonia. While in Czech Republic there is almost no civil service system, the civil service system is institutionally different in Slovakia, Romania, and Estonia. To limited and different degree, civil servants and employees could individually and collectively negotiate and consult terms and conditions with the administration representatives or office managers. Working conditions have been influenced by economic downturns, and deliberate changes in management policies and restructuring in central public administration.

## **Introduction**

Eurofound commissioned a research project ‘Working conditions and Industrial relations in central public administration’ (Project no. 0137) in 2011. In the first part, the project focused on in depth case studies looking into five “old” European Union (EU) Member States. Then, Eurofound’s Network of European observatories produced two comparative analytical reports dedicated to explore the current industrial relations and working conditions situation in central public administration of the 27 EU Member States and Norway. Thirdly, the Eurofound expanded the in depth case studies into EU Member States. This is the object of the present study and the results of the study are presented in the current overview report.

The objective of this study is to carry out in-depth analyses of industrial relations and working conditions in the central public administration (CPA) within Member States, which have joined the EU since 2004. In order to include a variety of industrial relations systems, institutional and cultural contexts, the following case countries were selected – the Czech Republic, Estonia, Slovakia, and Romania.

For a while, important deliberate and un-deliberate organizational, political-legal, economic, and socio-cultural developments have been transforming the public sector and the CPA. Although there are important differences among the selected countries, they still appear to share a number of commonalities. Central and Eastern European (CEE) countries started out their reconstruction of democratic institutions and state building efforts with a firm commitment of re-joining the community of Western democracies, from which they were separated at the end of WW-II. The Europeanization process as well as the New Public Management approach of the 1990s both left their footprints on the CPA of CEE countries (Goetz, 2001; Meyer-Sahling, 2009). Developments in CPA also owe its momentum to organisational demands for efficiency, drive for quality and pressure for flexibility, to technological developments, to changing values and to increased workforce diversity. The recent global financial and economic recession has also been a major driver of change in the organization of CPA.

These changes have also had an effect on relations between government organizations and employees of these organizations, such as co-determination and negotiation of terms of employment and working conditions, social dialogue and information and consultation of employment and working conditions, and working conditions themselves like entering and exiting service, skill development, remuneration and work time arrangements.

Therefore, analysing current situation and developments of employment relations and working conditions and how changes in CPA have been influencing industrial relations and working conditions aims to bring in-depth knowledge on one part of the public administration less researched to date.

The analyses were conducted according to methodology for cross-national case study research using multiple sources of evidence, including documentation analysis and expert and workplace level interviews to guide both data collection and analysis.

The report is structured in three main parts: the first part examines the changes and reforms in CPA to point out the most important contextual aspects for analysing employment and working in the CPA. The second and third part, accordingly, will discuss current situation and changes in employment relations and working conditions in the CPA.

## Changes and Reforms in Central Public Administration

In the context of this study, the term ‘**central public administration**’ (CPA) refers both to central administration at national government level and to central administrative bodies at regional and local level that are controlled by the central government<sup>1</sup> The study focuses on working conditions and industrial relations in the (CPA) of the member states, which have joined the EU since 2004<sup>2</sup>. In order to demonstrate a variety of contextual aspects and their impact on CPA, four different countries – the Czech Republic, Slovakia, Estonia and Romania – have been selected for the study.

**Table 1: Country Summary**

	<b>Czech Republic</b>	<b>Estonia</b>	<b>Romania</b>	<b>Slovakia</b>
<b>Population (2012)</b>	10,5 million	1,3 million	21,3 million	5,4 million
<b>GDP (2012)</b>	120,1 billion Euros	12,7 billion Euros	93,3 billion Euros	50,9 billion Euros
<b>Start of CPA development</b>	After collapse of communist regime in 1989; dissolution of Czechoslovakia in 1993	After regaining its independence from the Soviet Union in 1991	After collapse of communist regime in 1989	After collapse of communist regime in 1989; dissolution of Czechoslovakia in 1993
<b>EU entry</b>	1 May 2004	1 May 2004	1 January 2007	1 May 2004
<b>Definition of CPA</b>	<ul style="list-style-type: none"> <li>- Central administrative state bodies with national authority (e.g. ministries)</li> <li>- Territorial administrative state bodies with local authority (e.g. labour office, revenue authorities)</li> <li>- Other state bodies (e.g. state funds)</li> <li>- Other authorised entities (e.g. public safety)</li> </ul>	<ul style="list-style-type: none"> <li>- Ministries</li> <li>- Administrative agencies, boards and inspectorates</li> <li>- Constitutional institutions</li> <li>- County governments</li> </ul>	<ul style="list-style-type: none"> <li>- Ministries and government agencies</li> <li>- Government administration</li> <li>- Presidential administration</li> <li>- Autonomous administrative entities, set up according to the Constitution (e.g. the Ombudsman)</li> <li>- De-concentrated public service entities, acting as extensions of ministries (e.g. county employment)</li> </ul>	<ul style="list-style-type: none"> <li>- Central state administration (e.g. ministries, other central state administration offices and agencies)</li> <li>- Regional state administration (e.g. regional offices of state administration)</li> <li>- Local state administration (e.g. district offices)</li> </ul>

<sup>1</sup> See also Eurofound’s definition of central public administration [http://eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef1370en.pdf](http://eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef1370en.pdf).

<sup>2</sup> The staff employed in CPA, whose working conditions and industrial relations are organised according to the Civil Service Act, shall be referred as civil servants.

	Czech Republic	Estonia	Romania	Slovakia
			offices, pension offices)	

Source: Eurostat; case study reports of the Czech Republic, Estonia, Romania and Slovakia

Although there are important differences among these new EU Member States, they still appear to share a number of common features. Developments in the CPAs of these CEE countries have been driven by their democratization efforts and European integration, but also by the new public management (NPM) fashion and organisational demands for efficiency and flexibility (Meyer-Sahling, 2009; Van Buren, Greenwood, and Sheehan, 2011). The recent global financial and economic downturn has also been a major driver of change in the CPAs. The general presumption of the changes in public administration has been that the trend has been away from the previous, “outlived” traditions of organizing and conducting public services towards more “modern” ways and towards better applicable institutions and practices in the changing environment. Such changes is thought to have had implications for employment in administration (see for instance Hebdon and Kirkpatrick, 2006; Demmke and Moilanen, 2010).

Three distinctive periods of developments in CPA can be identified in CEE. **The years 1989-1997** can be characterised as an **initial transformation**, when the whole or the largest part of the structures inherited from the pre-1989 period were dismantled, new identities were found or forged, and novel rules and practices were identified. The period was characterised by a great deal of instability and volatility in the contextual conditions as major political, economic and social changes were taking place simultaneously. In the Czech Republic and Slovakia, the first stage of reforms started after the fall of communist regime in 1989 and before the dissolution of Czechoslovakia in 1993. Creating municipal self-governments and implementing the principles of democracy and decentralisation in the CPAs of both countries could be considered as major reforms during the initial transformation. In Estonia, one of the former Soviet Republics, a liberal “shock therapy” was implemented by the centre-right government coalitions of the 1990s, leading to a sharp break with the communist past, including replacement of civil servants, and contributing to major administrative reforms (e.g. creation of CPA organisation, adoption of the Civil Service Act) and to the evolvement of the current segmented system of CPA. Romania officially passed to a governing system based on democratic principles in 1989, after the fall of the dictatorship. However, a majority of the old *cadre* remained in office and a certain continuation of communist ways of governing could be detected for a number of years. That is why Romania got a slower start as compared to other countries and the Romanian early transition has been characterised by a lack of will for reforms.

In **the years 1998-2004** (2006 in case of Romania) the **accession to the EU** dominated as the main driver of change. The pursuit of the EU membership was characterised by the notion of “conditionality” – the countries had to demonstrate their administrative capacities and their ability to effectively apply the *acquis communautaire* before full membership. European integration was an important motive for reform attempts and more systematic development of employment and human resource (HR) policies and practices (Meyer-Sahling, 2011). Although civil service human resource management (HRM) *per se* was not part of the *acquis* to be formally incorporated into a country’s legal framework to join the EU, entrants were required to have a functioning administrative system. Therefore, the Europeanization process led to changes in the CPA legal framework in all the countries to address conflicts of interest and merit-based recruitment, enhance stability of the civil service and safeguard against political interference. For instance, in the Czech Republic public administration reform was initiated for the period 1998-2002 and a Civil Service Act was adopted in 2002. However, only the first part of the reform was completed, transferring more powers to local administrations based on the principles of decentralisation and de-concentration. The second part of the reform, with the focus on the CPA,

was cancelled and the Civil Service Act was never implemented. Destructive floods, especially in 1997 and 2002 contributed to the cancellation or delay of CPA reforms, as the floods had a negative effect on the expenditure side of the state budget. In Estonia, there were also several initiatives for civil service development during the European integration period, for example, adoption of the Anti-Corruption Act and Code of Ethics for civil servants. However, other more comprehensive administrative reform initiatives, including an attempt to pass the new Civil Service Act in 2002, did not succeed due to political reasons, i.e. changes of coalition governments and lack of consensus in civil service development. In Romania, as part of public administration reform Civil Service Act was adopted in 1999, granting civil servants a special status. The first strategic document mapping the future developments of CPA came into force in 2001. Its main objectives for the period 2001-2004 included restructuring central and local administration, reducing the scope of political patronage, improving management of CPA, harmonisation of legal framework with the EU regulations. The national effort for European integration and the reforming process was continued with the “Strategy on the acceleration of reform in public administration”, updated for the period 2004-2006. Setting up recruitment and remuneration system, increasing transparency and taking anticorruption measures were the main objectives of the reform initiative. However, the reform efforts did not bring the expected changes, mainly due to the financial crisis that followed. In Slovakia, the EU conditionality of having a functioning administrative system led to an unprecedented cross-party consensus on the issues of regional decentralisation and modernisation of public administration. For example, the Civil Service Act was adopted in 2001, aiming at modern, flexible, politically neutral and high-performing civil service. Moreover, the Civil Service Office as a central coordinating body was created and the Code of Ethics for civil servants was introduced. However, the Act was severely and gradually weakened in the following years, and the Civil Service Office never started to function as it was initially planned.

The phase of **development after the accession to the EU from 2004 (2007)** can be seen as a period when the countries faced the issues of efficiency and effectiveness in a completely different context. When the goal of the EU accession was achieved and the EU obligations and pressures were considered less important, the internal factors became prominent again in the design of reforms. Moreover, the global financial crisis with its intensive pressure on governments emerged as the defining feature of changes that have taken place since 2008. Large-scale cutbacks as the responses to the crisis have led to changes in employment policies as well as working conditions of civil servants in all the four countries. In the Czech Republic, several CPA reforms were initiated after the EU accession. The Smart Administration Strategy, which aimed at enhancing efficiency and effectiveness of civil service, included changes in HRM (e.g. introduction of compulsory training), but also implementation of elements of e-governance and establishment of points of contact (‘Czech points’). The coordinating role in CPA HRM was transferred from the Office of the Government to the Ministry of Interior in during that period. At the same time, the prominence of domestic factors on civil service development meant that more intense politicisation took place from 2006, i.e. deputy minister and managerial positions at all levels were filled with politicians and their allies in CPA. Cost-saving measures to cope with the economic recession have focused on slimming down the CPA. Reduction of the number of institutions, civil servants and their salaries have, however, been made without any thorough mapping of functions, performance or working conditions. Some legislative activity related to CPA development was shown as of 2013. Only on the fourth attempt, upon agreement of coalition partners in the Czech government, the amendment to the 2002 Civil Service Act was adopted by the parliament in 2014, with effect from 1 January 2015. Evaluating the impact of the amended Civil Service Act will be possible only after a lapse of time. In Estonia, the main cutback instruments contained reducing operational costs, including personnel costs, such as reducing the number of civil servants and their working time, cutting down training costs and remuneration. The years of crisis also brought along complex mergers and reorganisations of

government agencies, leaving its footprints also on civil servants and their employment relations. The search for efficiency also led to consolidation of financial and payroll accounting and personnel records under the management of the Ministry of Finance. Regarding civil service reform, political consent was missing up to 2012, when the new Civil Service Act was finally adopted. The financial crisis shaped the rhetoric of the reform and provided an opportunity to come to an agreement between the coalition parties to implement the changes. Both the new Civil Service Act and the new Employment Contracts Act, which had been implemented at the peak of the crisis in 2009, aimed at achieving more labour market flexibility and got strong negative reactions from trade unions. The 2013 civil service reform further endorsed the open and decentralised nature of the civil service. As a result of the financial crisis and the subsequent recession in Romania, civil servants suffered in terms of payment, training and job security, leaving the CPA in some areas with fewer employees than the minimum necessary for effective functioning. But the structure of government institutions is still in the process of reorganisation – the political programme for 2013-2016 involves a grand strategy for decentralisation, which aims to move territorial branches of CPA to local governments. The success of this latest phase wave of reform is yet to be seen. In Slovakia, the developments in CPA after the accession could be characterised as a reform reversal. Gradual weakening of the Civil Service Act after its numerous amendments, including the abolishment of the Civil Service Office, illustrates the move away from the EU regulations and towards greater politicisation and political discretion. The Civil Service Act of 2009, which replaced the previous one, allows ministers to use their managerial skills to their full potential – in theory to minimise transaction costs and flexibly get the best people on board. In reality, ministers frequently misuse their discretionary powers to hire, fire and reward staff without any standardised procedures or criteria. Decentralisation efforts have continued after the accession – more tasks have been given to local state administrations and recently, simplification of public administration and decrease in the number of offices at the level of local public administration has been on the agenda of ESO reform (in Slovak *efektívna, spoľahlivá, otvorená*, i.e. efficient, reliable, open).

The changes in public administration in the countries during these three notional periods are summarized in Table 2 Public Administration Reforms in the Czech Republic, Estonia, Romania and Slovakia.

**Table 2: Public Administration Reforms in the Czech Republic, Estonia, Romania and Slovakia after 1989**

Period	Czech Republic	Estonia	Romania	Slovakia
<b>The reconstruction of democratic institutions 1989-1997</b>	<p>Reform of the previous, communist central and local public administration and development of a new CPA.</p> <p>Decentralisation and transfer of powers to local government authorities.</p> <p>Efficiency improvements in the new CPA.</p>	<p>Transformation of the whole politico-administrative system, creation of new structures, identities, procedures, practices of functioning and individual jobs.</p> <p>Considerable and fast changes without critical evaluation or public debate due to major changes in the civil society itself.</p> <p>Adoption of <b>Civil Service Act</b> in <b>1995</b>.</p>	<p>Certain reluctance to undertake radical reforms until 1996.</p> <p>Dissolving the power of totalitarian structures, renewing public institutions, more radical transformation of society after 1996.</p>	<p>Reform of the previous, communist central and local public administration and development of a new CPA.</p> <p>Decentralisation and transfer of powers to local government authorities.</p> <p>Territorial change and reconstruction of state administration in 1996: new districts and regions as part of civil service.</p>
<b>Europeanization 1998-2004 (2006)</b>	<p>“Public Administration Reform” document adopted for the period 1998-2002, consisting of two reforms: reform of territorial self-governing units (finalised) and reform of CPA (only partially implemented)</p> <p>Harmonisation of legal standards in public administration, related to the utilisation of financial support from the EU funds.</p> <p>Public Administration Division established at the Ministry of Interior in 1998.</p>	<p>Application of EU standards of civil service policy, e.g. adoption of the Code of Ethics and Anti-Corruption Act, other efforts of de-politicisation and professionalization.</p> <p>Provision of EU-related and EU-sponsored trainings.</p> <p>No success in implementing more comprehensive administrative reforms (e.g. new Civil Service Act in 2002) due to domestic political context and lack of consensus.</p> <p>Implementation gap between adopted formal acts, incl. Civil</p>	<p>Adoption of <b>Civil Service Act</b> in <b>1999</b>, granting civil servants a special status.</p> <p>1<sup>st</sup> wave of public administration reforms (2001-2004), including restructuring central and local public administration, decentralization of public services, reducing the scope for political patronage, improving management of CPA, harmonisation of legal framework with the EU regulations.</p> <p>2<sup>nd</sup> wave of reforms “Strategy on the acceleration of reform in</p>	<p>Adoption of <b>Civil Service Act</b> in <b>2001</b>, creation of Civil Service Office, introduction of Code of Ethics.</p> <p>New public administration reform strategy, creation of regional self-governments.</p> <p>Further decentralisation, de-concentration, delegation of decision-making authority to the local and regional level and hence, fragmentation of civil service.</p>



Period	Czech Republic	Estonia	Romania	Slovakia
	Adoption of <b>Civil Service Act</b> in <b>2002</b> , which never came into force (except for a few paragraphs).	Service Act of 1996, and their realisation in the daily practice. Continuing fragmentation and uneven development of civil service, as each organisation in CPA responsible for its HR policies and practices.	public administration” (2004-2006), including setting up systems of recruitment and remuneration of civil servants, increasing transparency, taking anticorruption measures.	
<b>Post-EU accession evolutions 2004 (2007) – 2014</b>	<p>More intense politicisation of CPA since 2006.</p> <p>Modernisation, i.e. computerisation of CPA and introduction of e-governance elements.</p> <p>Gradual implementation of the Smart Administration Strategy since 2008, incl. establishment of points of contact (Czech Points) and reforming HRM, e.g. introduction of compulsory trainings.</p> <p>Proposals for cost-saving measures and cuts in the number of bodies in CPA. Ongoing policy debate on civil servants’ rewards and training.</p> <p>Approval of the amended 2002 <b>Civil Service Act</b> in <b>2014</b>.</p>	<p>Efficiency enhancing measures, such as mergers or reorganisations of government agencies, consolidation, centralisation and standardisation of support functions.</p> <p>Cutback instruments, e.g. reducing personnel costs.</p> <p>Adoption and enforcement of new Employment Contracts Act (2009) and enforcement of new <b>Civil Service Act (2013)</b>.</p> <p>Adoption of “White Paper”, a strategic document defining the role of the state as an employer.</p>	<p>Rescue package from the EU Commission, the IMF and the World Bank, a Memorandum of Understanding (MoU) in 2009 (successfully concluded in early 2011, followed by other MoU “preventive” in nature).</p> <p>Measures on reducing the costs and increasing the effectiveness of activities.</p> <p>Grand strategy for decentralisation (2013-2016).</p>	<p>Numerous amendments of the Civil Service Act of 2001, including abolishment of the Civil Service Office.</p> <p>Abolition of regional state administration, fiscal decentralisation to regional and municipal self-governments.</p> <p>Adoption of new <b>Civil Service Act</b> in <b>2009</b>, removing civil service neutrality safeguards.</p> <p>Implementation of ESO reform (<i>efektívna, spoľahlivá, otvorená</i>, i.e. efficient, reliable, open).</p>

Source: Based on the case study reports of the Czech Republic, Estonia, Romania and Slovakia

Several legal-political, economic, organisational and socio-cultural developments in the four new member states, have influenced changes in CPA throughout these three periods and therefore, have also triggered changes in industrial relations and working conditions.

The **legal-political environment** in these newly democratic countries has been anything but stable in the last two and a half decades. The initial transformation, the European integration process and the financial crisis have demanded quick decisions and fast changes, often without serious analysis and public debate preceding the adoption of new regulation or policy. **Instability**, caused not only by the changing environment, but also by the reshuffling of cabinets, top officials and priorities, has resulted in a lack of consensus in the direction of civil service reforms (in other words, lack of strategic perspective) and a lack of continuity and consistency, as demonstrated in the current study as well as in earlier research (Randma-Liiv & Järvalt, 2011a; Randma-Liiv, Nakrošis, & Hajnal, 2011).

The Czech Republic, Estonia, Romania and Slovakia as well as other CEE countries have had to cope with the different tradition of public administration, including a communist legacy of patronage networks and considerable ideological influence. One of the problems resulted from the practice of not regarding civil servants as a category apart from any other group of employees. In order to define the scope of the civil service, grant civil servants a special status and deliberately emphasise the principles of legal predictability and accountability, the Czech Republic, Estonia, Romania and Slovakia passed civil service laws (Randma-Liiv and Järvalt, 2011b). Although this legislation was not fully implemented in all four countries, e.g. in the Czech Republic (Meyer-Sahling, 2011; Verheijen, 2007), the endorsement created a basis for the development of the merit principle in the CPAs. Through that, HR policies in the civil service were vitally challenged and in most cases also reformed.

Another fundamental challenge that stems from the legal-political context is the **politicisation** of civil service. In order to ensure principles of impartiality, political neutrality, fairness and merit as well as to contribute to the stabilisation of civil services in all four countries, EU has paid particular attention to de-politicisation and professionalization during the integration process. However, despite the efforts, these principles have not always been met in recruitment, promotion, remuneration and other HR processes of the civil services (Meyer-Sahling, 2009). For example, major problems of politicisation have been identified in Slovakia and the Czech Republic, especially after the accession, and to some extent in Romania.

The grand theme in the CPAs of the four new member states has been **organisational change and management reform**. The approach has given a way to a harder rationalist style of management, emphasising that the role of the state is more focused on achieving good performance, high quality output, service to customers and value for money (Hebdon and Kirkpatrick 2006). In Estonia, new public management (NPM) inspired civil service reform agendas sat well in the context of abolishing its one-sector economy and carrying out large-scale privatisations. Although the reforms were not NPM-driven in the case of Czech Republic and Romania, fast and radical economic transition still brought along organisational changes, such as downsizing, delayering, decentralisation and reorganisation. In HR policies, the extensive organisational changes have led to deregulation, decentralisation and increased managerial autonomy. It could be argued that it has also resulted in more individualistic, competitive and flexible notion of employment relationships and weakening role of trade unions. Only recently, some attention has been drawn to the “whole-of-government” approach to achieve coordination, collaboration and synergy across and within CPAs as a response to the problems of fragmentation, departmentalism and tunnel vision caused by the earlier reform programmes. For example, in 2014 the Estonian government endorsed a strategic document “White Paper”, which defined the role of the state as an employer and outlined its main priorities in CPA HRM. In the Czech Republic, the concept of “good governance” has been under discussion, as opposed to earlier plans to introduce the NPM concept. The organisational changes and management reforms have directly triggered changes in employment and working conditions as well as in the nature of employment of the CPAs.

It could be argued that administrative restructuring and organizational change has been characterized by tendencies to break up monolithic and centralised organizations into smaller, specialized, quasi-autonomous agencies or units, leading to the **decentralisation** of various management and budgetary responsibilities of lower level of organisations or tiers of government. De-concentration and delegation of decision-making authority to the local level in the Czech Republic and Slovakia throughout the three periods have been clear examples of decentralisation. Also, one of the key features of the Estonian administrative system has been the decentralised setup of government, which has effectively reproduced itself through different reform initiatives. As a result, every ministry and executive agency has been responsible for the recruitment, training, and setting of pay levels of its staff. Romania has also been prioritising decentralisation – during the 1<sup>st</sup> wave of reforms in 2001-2004, but even more clearly in the Grand Strategy for decentralisation 2013-2016.

A decision to decentralise has been driven by the wish to increase responsibility and flexibility of individual organisations. However, earlier studies have pointed out that decentralisation may create an opportunity for abuse by individual public organisations and their leaders, increasing politicisation as well as levels of corruption (Verheijen & Coombes, 1998; Meyer-Sahling, 2011). Based on this study, it could be argued that some of the risks of decentralisation have realised because of an insufficiently developed legal framework, a lack of democratic values in administrative culture, inexperienced managers, and the general insufficiency of control mechanisms. The question has been and remains how to back up the decentralisation efforts by other cohesion-building tools on the macro level.

Working conditions and industrial relations in the civil service also depend on the establishment, role, mandate and competence of the **central coordination institution**, responsible for the cross-governmental management of the civil service. It is needed in order to steer micro-level strategies, provide for their coherence and minimise the problems related to the unequal quality of HRM. In reality, however, central coordination units have been rather weak with a limited role in the four countries and even abolished in the case of Slovakia. As a result of weak coordination and decentralisation, the development of civil services has been inconsistent and fragmented with gaps in both the vertical and the horizontal coherence of different HR policies and practices in the region, raising the concerns of politicisation, lack of transparency, unfairness and inequity.

In terms of **socio-cultural context** that has had its impact on public administration in the four countries, the **missing positive concept of the state** has continued to be a fundamental challenge, leading to serious problems, including low prestige and low competitiveness of the civil service, a lack of interest in civil service careers, an absence of common administrative culture, public discontent with civil service rewards and lower levels of commitment of civil servants (Randma-Liiv & Järvalt, 2011b; Järvalt & Randma-Liiv, 2012). In the Czech Republic, relatively low prestige of the profession of civil servants has been partly explained by historic reasons – it is not only the heritage of the former communist regime, but also results from subordination to the Austro-Hungarian monarchy. At present, the negative image of CPA is still strengthened by a high number of corruption practices. In the Estonian CPA, lower levels of commitment of civil servants as compared to the level of commitment in the private sector have represented a serious challenge, leading to relatively high employee turnover at around 10%. Lower commitment can be partially explained by the considerable difference of working conditions, especially salaries across CPA organisations and as compared to the private sector. In Romania, the problems have been reflected in the continuing drainage of staff, leaving the public sector as it has not provided them with the basic means of decent living, particularly after the financial crisis. In Slovakia, the negative image of civil servants has been mainly connected to the significant level of corruption perception. Such “anti-state” attitudes, caused by perception of corruption, inefficiency or politicisation, might have also fostered the popularity of ideas related to minimal state.

In CPA, it is expected that **public service motivation** is an important factor that needs to be taken into account in developing HR policies, employment relations and working conditions in the civil service. The process of building trust and positive motivation to perform is seen to depend on the track record of fairness in HR decisions (Boxall and Purcell, 2011). In all the

four countries, conceptualizing the principles of merit and fairness remains to be a challenge. The discrepancy between civil servants' attitudes towards politicisation and the actual HRM practices in the countries suggest that political interference with HR decisions has a negative impact on the satisfaction and motivation of civil servants in the region (Meyer-Sahling, 2009). Moreover, the substantial differentiation of salaries across government institutions, for instance in Estonia, does not fit with the European principles of administration, which favour the concept of equal pay for equal work, regardless of the location in the governmental apparatus. Relatively high employee turnover could be another consequence of low motivation (e.g. in the Czech Republic and in Romania). This represents a serious challenge for decentralised systems, which are dependent on cooperation and common values among various government units.

Last, but not least, changes in public administration have been strongly influenced by **economic factors**. In the 1990s, the countries have transformed from centrally planned economies to market-driven economies that among other things have opened the economies to fluctuations. Moreover, integrating to the European and global markets as well as being able to adapt to fluctuations has been crucial. In 2012, among the four countries the Czech Republic was the biggest economy, where the **gross domestic product** (GDP) at 2005 market prices was 120.1 billion Euros (See also Annex B Statistics, Figure 1 Percentage change of GDP on previous period 2001-2012). In Romania GDP was 93.3 billion Euros, in Slovakia 50.9 billion Euros and in Estonia 12.7 billion Euros. GDP per capita has on average been smaller than the average in the EU 27. In 2012, the average GDP per capita in EU 27 was 23 300 Euros, whereas it was 11400 Euros in the Czech Republic, 9500 Euros in Estonia, 9400 Euros in Slovakia and 4400 Euros in Romania. In the average GDP growth, the new member states have been stronger than the rest of EU, but during the economic downturn the decline has also been steeper. In general, more rapid growth has diminished the gap in GDP per capita between EU 27 and the new member states. During the period 2001-2012, GDP per capita in the Czech Republic increased from 40.4% to 48.9% as a share of EU 27 GDP per capita. In Estonia the share increased from 29.1% to 40.8%, in Slovakia from 27.2% to 40.3% and in Romania from 13.6% to 18.9%.

Regarding the size of the public sector in financial dimension, the selected new member states have a smaller public sector than in the EU. In the EU 27, the average **total general government revenue of GDP** was 45,4% in 2012, whereas it was 40,3% in the Czech Republic, 39,3% in Estonia, 33,5% in Romania and 33,1% in Slovakia (See also Annex B Statistics, Figure 2 Total general government revenue percentage of GDP). Still, it has been brought to public attention that public sector expenditures have been constantly bigger than revenues. In 2008, average for the EU-27 in terms of sovereign debt has been 62.3% of the GDP, increasing to 85.3% of GDP by 2012. The share of debt in the selected new member states has been smaller than in the EU, but it varies greatly. The share of government's consolidated gross debt has been larger in Slovakia (27.9% in 2008 and 52.1% in 2012) and in the Czech Republic (28.7% in 2008 and 45.8% in 2012) and smaller in Estonia (4.5% in 2008 and 10.1% in 2012) and in Romania (13.4% in 2008 and 37.8% in 2012).

During these economic developments the labour market has also gone through important changes. In 2012, the average **employment rate** in the EU 27 was 64.2%, whereas it was above that threshold in Estonia (67.1%) and in the Czech Republic (66.5%), and below the rate in Slovakia (59.7%) and Romania (59.5%) (See also Annex B Statistics, Figure 3 Unemployment rate in 2001-2012). In terms of unemployment rate, there are more contrasting differences among the countries. In 2012 unemployment rate in EU 27 was 10.5%. In Slovakia the unemployment rate was higher (14.7%), but lower in other three countries (Romania 6.4%, the Czech Republic 8.2% and Estonia 9.3%). Due to economic downturn, the steady decrease in unemployment turned into increase. The trends of both employment and unemployment rate show that among the four member states, the Estonian labour market was most drastically influenced by the economic downturn and recent recovery.

These structural characteristics and changes in these characteristics have been one of the key drivers of changes and reforms in public administration, especially during the recent period after the accession to the EU. During the economic and financial crisis, all the selected new member states have discussed and made efforts to restructure public administration and public services, to reduce size and scope of the public sector and to control public expenditures. Although the responses to the economic factors have been diverse and there seems to be no straight correlation between resource shortage and likelihood on restructuring, it can be noticed that there has been **large-scale cutbacks** undertaken by all the governments of the four countries, leading to changes in public administration practices as well as working conditions in the region. The main cutback instruments have contained reducing personnel costs, such as reducing the number of civil servants, their training costs and salaries, possibly leading to lower job satisfaction and increased job intensity in CPA. The years of crisis also brought along complex mergers or reshufflings and **reorganisations of government agencies**, leading to considerable instability of administrative structures and thus, affecting security of employment in CPAs. As also discussed above, arguably necessary cutbacks have been made without thorough mapping of functions, performance or working conditions that could have lead to interruptions in functioning. However, the economic and financial changes have created **opportunities to undertake major reforms** in CPA (Smart Administration Strategy and the new Civil Service Act with effect from 1 Jan 2015 in the Czech Republic, the new Civil Service Act in Estonia, Grand Strategy of Decentralisation in Romania, ESO (from Slovak *ESO – efektívna, spoľahlivá, otvorená*) public administration reform in Slovakia). However, the effects of these reforms are yet to be seen.

## Current Situation and Changes in Employment Relations

After discussing changes and reforms in central public administration, the following chapter focuses on two distinct but interrelated concepts: employment relation and industrial relation. The Eurofound's definition of employment relation focuses on individual relationship of employment between employer and employee<sup>3</sup>. The other way around, according to the definition offered by the Eurofound, "industrial relations deal with the collective, rather than individual, aspects of the employment relationship"<sup>4</sup>. It focuses on relations between organisations of workers and employers, and covers different interactive processes, such as forms of employee and employer representation, information, consultation and participation of employees, collective bargaining and social dialogue and industrial conflict" etc. The chapter, firstly, focuses on employment relations, then the section about industrial relations follows, and the chapter is concluded by discussion on enforcement and dispute resolution in CPA.

## Civil Service System and Public Employment Developments

In the following section about employment relations three topics of interest will be discussed. Firstly, employment in CPA could be organized in general terms that are applied to all the employment in labour market or by introducing special terms of employment for those serving public interest. Secondly, the question of employer representation emerges, as employers' rights and obligations might be divided with different levels and different authorities in administration. Lastly, co-determination of working conditions in the interaction between state, employer and employees will be discussed.

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<sup>3</sup> Definition of "employment relationship" in European Industrial Relations Dictionary <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/employmentrelationship.htm>

<sup>4</sup> Definition of "industrial relations" in European Industrial Relations Dictionary <http://www.eurofound.europa.eu/areas/industrialrelations/>

## *Civil Service and Employment System*

Previously, it has been discussed that the gradual civil service developments in the CEE region have been taking place without comprehensive civil-service-wide strategies and with decreased coordination. Several authors (Ridley, 1995; Verheijen and Coombes, 1998; Drechsler, 2000; Goetz, 2001) have noted that the absorption of decision-makers in immediate economic, political and social problems of post-communist transition tends to downgrade administrative reforms and the development of civil service to a lesser priority in CEE. This resulted in great differences in civil service systems (Verheijen and Kotchegura 1999). Usually, there are two categories of workers with different employment status in public administration – civil servants and public employees. Civil servants are subject to public law, administrative law and therefore linked to the authority of the state; public employees are contrary (to a larger extent) subject to labour law and private law. Still, the relationship between public employees and administration is not only based on private contract as usually employees' duties, accountability and disciplinary liabilities (including loyalty to constitutional values) might be to varying extent regulated by public law or administrative law. It has been argued (Cardona 2009, 3) that the objective of a law on civil service is to set up an institution of the state and define responsibilities and not to define better or safer employment conditions. Therefore, the rights and obligations of civil servants, public employees and employees in private sector might vary considerably across CPAs. However, as it turned out, not all countries have different categories of employees working in CPA. Only in Estonia and Slovakia, there is a dual system of civil service and public employment. In Estonia, the proportion of public employees in core of the CPA is about to increase significantly due to the impact of new Civil Service Act that was put into effect in April 2013. In Romania, however, substantially only civil service system is in force in CPA that significantly differentiates private sector and public sector employees' terms of employment and working conditions, including restrictions to civil servants to hold positions in corporate sector or leadership positions in political parties. While in Czech Republic the (classical) civil service system has yet to be implemented. Therefore currently, employment relations in Czech Republic's CPA are based on similar private contract as in private sector. However, there are still some specific resolutions set to public employees by the government (e.g. salaries, rules of training etc.). Additionally, to varying extent, there are constraints set for civil and public employees depending also on the position one holds in CPA.

Factual employment in CPA forms the size and structure of administration. Some quantitative description of the systems is valid, but it shall be kept in mind that administrative systems differ as well as reporting of the employment differs that does not make the following administrative statistics fully comparable. In Czech Republic, the total number of employment in CPA was around 50,000 in 2010, it decreased by 11% between 2003 and 2011. In Estonia, in 2011 55,313 persons worked in central public administration of which 22,286 were civil servants. Comparing 2011 to 2008, the employment in CPA has decreased about 4% and in civil service in CPA about 9%. In Slovakia, state administration holds about 88,000 state administration staff employed at ministries and central government agencies. Lately, one can see a steady decrease in both the number of civil servants and public administration staff. In Romania, in 2011, there are around 200,000 employees in public administration. Also, the socio-demographic composition characterizes employment in CPA. From the gender perspective, women have a larger share of position in CPA than men do (brought out by Czech Republic, Estonia and Romania). Also there is gender segregation in positions, as in Romania women hold more managerial positions contrary to Czech Republic, where despite majority of women workers, men dominate managerial positions. In some countries (Czech Republic and Estonia) older workers constitute the majority of workers.

## *Employer Representation*

**Employer representation** in civil service is a complex issue, as both legislative body and government as executive organ with its different authorities play its role in determining terms of employment and working conditions (Ozaki 1987a, 283). Legislative body has the

authority to develop the legislation that determines terms of employment and working conditions, and uses its authority to make decisions on these conditions. The legislative body can also delegate the authority to make decisions regarding personnel policies and working conditions to the government, and the government might be represented by different authorities or bodies like ministries or departments. Therefore the “authority to make decisions on labour relations or personnel matters tends to be much more dispersed in the public service than in private enterprises” (Ozaki 1987a, 284). To overcome this dispersion of authority among various governmental bodies, a body with general responsibility in the field of labour relations, personnel policies, human resource management might have put in place in some countries. Looking at countries under investigation, Romania is the most centralised in this respect as it has been established that state is the employer in the civil service system. Different authorities and organizations of the state administration act only as representatives of the state by operating in the legal framework given by the state. The state as the employer coordinates employment policies and practices in CPA. In Slovakia, it has been established that in case of higher level employment and working conditions issues, including collective bargaining it is the Prime Minister’s Government Office which acts as a single employer for all civil servants and public employees. Still in general each employer is represented by individual office and the framework allows these bodies to use their managerial discretion to their full potential. Overall, the system of public administration in Slovakia still lacks any coherent human resource strategies and coordination. The Czech Republic and Estonia are examples of decentralized CPAs, as the role of employer is carried out by an every single organization or authority that is expected to act to a large extent as independent employer, taking the responsibility for development of employment relations, personnel policies and working conditions. Also, in both countries there is a lack of central coordination of employment matters. In Czech Republic, some coordination responsibilities have been delegated to Ministry of Interior while in Estonia coordination is divided between different institutions.

Then, the discussion on status of employment of servants and employees and discussion on employer representation leads to the working conditions setting mechanisms, i.e. how in employment relationship terms of employment and working conditions are co-determined.

### *Co-determination*

The scope of codified terms of employment and working conditions vary, and the question of managerial prerogative and employee control, bargaining power emerges. One of the basic principles of employment relations in CPA it is to larger extent controlled by the government in the legal framework designed by legislative authority, and therefore both managers of government bodies, and civil servants and public employees usually have narrower decision-making margins compared to corresponding private sector parties. In other words, civil servants are appointed by an authorised public institution in accordance with the civil service law (and other regulations), and once appointed there are constraints established by law (Demmke and Moilanen 2010, 128). In this context, “model employer” and “sovereign model” ideal types (Truss 2013, 22) has been proposed to differentiate systems, where working conditions are unilaterally determined by the government or where employee voice, bargaining and industrial action is allowed.

From the four systems, Czech Republic stands out as the system where the working conditions are to the greatest extent result of free bilateral negotiation between employer and employee (or employees), and can include anything which is not directly forbidden by law. For instance, in the legislative framework it is not allowed to negotiate (or define in-house policies) to shorten working hours of a full-time week, introduce an account of working hours, extend length of holidays, and also main components of salaries are fixed. However, despite the enabling framework negotiations and employer policies are not that wide spread in practice. The role of legislation is more crucial in civil service systems of the other countries. In Estonia and Slovakia, where there is a dual system of employment, the terms of employment and working conditions of civil servants are regulated by public law and of public employees by private law. Civil servants’ terms of employment and working

conditions are mostly determined by the law and these could not be changed or negotiated in favour of employees. In Slovakia, the legislation stipulates that only a) reduction in working time, b) extension of the basic annual leave, c) increase in redundancy pay, d) increase in severance pay, e) increase in the salary tariffs, f) other conditions if specified by relevant law or regulation) could be negotiated at national and individual service office level. In Estonia, public employees whose terms of employment are regulated by private law can on the contrary to civil servants negotiate their working conditions. Nevertheless, favourable conditions for public employees are rarely set or negotiated. Also, in Estonia the recent reforms of individual employment relations and civil service at least in theory have increased employers' authority in developing employment and personnel policies and enabled parties to negotiate terms of employment and working conditions. In Romania, civil servants are considered as a special category, in the service of the state and as such they cannot negotiate the rights and obligations of their service relationship with all amendments and changes being exclusively decided by public authority or institution. However, to limited extent the public authorities and institutions may, on an annual basis, conclude agreements with civil servants representatives, including clauses concerning setting-up and use of funds to improve working conditions, health and safety at work; daily schedule, professional development, and employment protection measures other than those detailed by the law. Thus, as in Slovakia, while the space for negotiations is very limited, however, compared to other countries, it is mandatory to negotiate and conclude collective agreements and thus co-determine working conditions.

We have seen that civil servants and public employees and their employers have variable negotiation space to co-determine working conditions due to their special status of employment in employment relations system. Additionally, similar to large organizations in private sector, big governmental organizations in CPA usually tend to practice their own personnel policies. Due to these standardized practices the government bodies might be reluctant to individualized practices and differences in working conditions, and thus employers in CPA might not be open to negotiations with different outcomes for different sections of organizations or groups of employees. But their practices are to be challenged, and that leads the analysis to civil servants and public employees' industrial relations, i.e. collective representation and collective bargaining to empower individual civil servant and public employees in their employment relationships, focusing mostly on employee representation, collective bargaining and consultation, and collective interest dispute resolution.

## Industrial Relations

To characterize industrial relation systems in the selected countries, it is essential to identify the different forms of employee representation in the CPAs. Eurofound has described **employee representative** as an organisation or an individual who on behalf of the employee negotiates with the employer on working conditions and takes part of information and consultation processes (Welz 2013). In all four countries, at least two different employee representative forms can be found in CPA. As the oldest form of employee representation, trade unions remain to be the main employee representatives also in CPAs of Romania, Slovakia and Czech Republic. Only in Estonia, non-union employee representatives, employee trustees, seem to be more widely-spread form of employee representative than trade unions. The situation in Czech Republic seems to be to certain extent similar to Estonia as other forms of employee representatives are also allowed by the law, but their activity in the sector is unknown (Hála, 2008). In Romania, non-unionized employees can choose their own representative and in few government organizations both trade union and employee representative are present at the same time both representing different group of employees. In Slovakia, CPA workers can be represented by trade unions or staff council or staff confidant depending on the size of the staff.

Employee representation structure in Estonian, Slovakian and Czech Republic CPA has been shaped by the implementation of information and consultation directive 2002/14/EC as in addition to trade unions it was necessary to introduce other forms of employee representation



types so that the new directive could be transposed into the national law (see Geissler 2013; Kallaste 2013). Still, in Estonia, Czech Republic and Slovakia, trade unions have prerogatives compared to other employee representative forms (e.g. in CZ only trade union can conclude collective agreements; in Estonia employees trustees can take part of collective agreement negotiations in case there is no trade union at the employer or employees belonging to a trade union). In Romania, special commissions are institutionalized through which civil servants propose measures to improve the personnel practices in the organisations.

In all four countries, CPA workers have the same rights as everybody else to freely associate and, as a rule, there are no differences **in the right of association** between civil servants and public employees. However, in all four countries certain restrictions exist for specified positions. For instance, in Czech Republic, Slovakia and Estonia soldiers or members of Defence Forces are prohibited to join a trade union. Previous to 2003, in Romania, the legislation did not permit employees in managerial positions or those exercising public authority in central bodies of state administration to be a member of a trade union. Since 2003, the law narrowed the circle of those institutions (mostly involved with state security) whose employees on executive and managerial positions cannot join a trade union. Overall, such limitations to right of association are in accordance with ILO recommendations regarding the freedom of association that allows certain employees groups such as police and armed forces that are responsible for security of the state to not have the right to associate (Recommendations 1994).

While to a larger share of civil servants and public employees there are practically no differences in the right of association in the CPA compared to the private sector, there are crucial differences regarding the rights for **collective bargaining** and bargaining structure. Nomden et al (2003) has brought out that based on collective bargaining level there are three groups of countries within the EU – centralised collective bargaining, decentralised collective bargaining and those partially centralised and decentralised. In Estonia and Romania, collective bargaining is decentralised. In both of these countries, most of the working conditions are unilaterally determined by the law leaving the parties with limited space to negotiate. In Estonia, civil servants pay has been the only condition that had been negotiated between the government and labour unions, however the last collective agreement on civil servants' wages was concluded in 2001 (Nurmela 2007) and bipartite negotiations conclusively ended in 2007. Nevertheless, most collective agreements are concluded at company level in general and currently there are only a few collective agreements in CPA. In Romania, art.24 paragraph 2 of GD no. 833/2007 states that collective agreement can be concluded only at the level of a government organization. Although the law does not rule out national level collective bargaining, the last national level collective bargaining and national level collective agreement covering CPA workers lasted until 2011 and with the implementation of the new labour code and Social Dialogue law, now only organization level collective agreements are concluded. In Slovakia, both centralised and decentralised collective bargaining occurs. There is a national level collective agreement and organization level collective agreements. In the Czech Republic currently only company level collective agreements have been concluded. However, higher level collective agreements may be concluded as of 2015 after Act No. 218/2002, Civil Service Act, or the government act on civil servants become effective.

From all the four CPAs, **collective bargaining** is mandatory in Romania and Slovakia. In Romania, the negotiations to conclude a new collective agreement should start within 30 days after the approval of the organizations budget and in case a new agreement has not been concluded after the expiry of the last agreement, employees can commence a conflict of interests or even organise industrial action. In Slovakia, Collective Agreement Act (No. 2/1991) states that a new collective agreement and especially higher level collective agreement has to be negotiated and prolonged before the previous agreement expires. Collective agreements are binding in all of the countries and in Czech Republic, Estonia and Slovakia, collective agreements are valid for one year, the only exception is Romania where collective agreements can be concluded up to 24 months.

In all four countries, the collective agreement applies to all employees of the institution regardless of whether the employee belongs to a trade union or is represented by non-union employee representative. However, there are differences in terms of who has the right to conclude collective agreements. In Estonia and Slovakia no specific representativeness criteria is set for employees' representative. However, in Slovakia the trade union with more members within the organization is preferred in case of collective bargaining. In Czech Republic, representativeness criteria is set for trade unions representing police, fire-fighters and customs service (e.g. at least 40% of union membership in case of the police as a part of armed forces of the Czech Republic). Until 2011, there was no representativeness criterion set in Romania, but it was changed with the implementation of the new Social Dialogue law. The reform has been regarded as one more step by the government to reduce the voice of trade unions. According to the new legislation, the trade union is representative in CPA if its members comprise 50%+1 of the total number of employees of the institution. The acknowledgment of being regarded as representative is received through court ruling. The new Social Dialogue law also roughened the minimum threshold demand for organizing a trade union.

It has been argued (Bordogna 2008a, Traxler 1999, Ozaki 1987b) that in the civil service, employment and working conditions are regularly to larger extent determined by the law, and to a lesser extent negotiated collectively. Countries under the observation also differ in this regard (see also the part of co-determination). While in Czech Republic and Romania, the law states what can and cannot be determined by collective agreements, in Slovakia the law only states what can be determined through collective bargaining, and in Estonia, main working conditions are set by the law and in larger part cannot be negotiated. In Czech Republic, however, with recent implementation of the new labour code in 2007, collective bargaining freedom in both private and public sphere was increased. Thus, on the contrary to earlier system, working conditions that cannot be negotiated are determined in the law and these limitations apply to all public sector employees. This means that the parties are free to negotiate over other working conditions. In Romania, civil servants are not allowed to negotiate over salaries, which are established by the law (art. 72 of Law no. 188/1999), however they can negotiate over clauses regarding setting-up and use of funds to improve working conditions; health and safety at work; daily schedule; professional development, and protection measures other than those detailed by the body law for the persons elected in the governing/representative bodies of trade unions. In Estonia, collective agreements are mostly used to determine wage, working and rest time conditions (Põldis and Proos 2013), however since in civil service all of these working conditions are already determined by the law, collective bargaining to determine working conditions in CPA practically does not exist. In contrast, public employees whose employment relationship is regulated by more flexible private law, have the right to negotiate over all of their working conditions. Nevertheless, the general practice in CPA is that all employees regardless of their status are treated equally and same working conditions apply to everyone regardless of their status of employment and right to bargain. In Slovakia, collective agreements can be concluded at sectoral and individual level and it has been stated in the law what working conditions can be subjects of collective bargaining in sectoral (higher) and on individual (organizational) level collective agreements. Also, civil servants, public servants have quite similar rights in terms of industrial relations, and in practice their respective trade unions sign separate higher level collective agreements. Although in Czech Republic, Slovakia and Romania, employees have the right to negotiate over certain working conditions and bargaining has its prevalence in CPA, rivalry among employee representatives only exists in Romania. In Romania there are 5 major trade union confederations that all fight over CPA unions just to have more members. However, as the bargaining under current conditions is formal and trade unions do not have bargaining power due to legal restrictions (national level collective agreements are not concluded not to mention that there are no trade unions that would represent the whole CPA sector/branch to conclude a sectoral level collective agreement) civil servants do not benefit from the rivalry. In Czech Republic and Slovakia, there is one trade union association (In Czech Republic there is OS SOO and in Slovakia there is SLOVES) that represents interests of civil servants, but these

trade unions do not solely represent civil servants but other public sector workers as well. In Czech Republic, OS SOO was present in 20 out of 26 CPA authorities in 2012 and in all of these, company level collective agreements were concluded. However, over the years, the number of collective agreements in public sector has been steadily declining. On national level collective agreements have not been concluded and OS SOO representatives have been very disappointed that the government refuses to participate in the collective bargaining. In Slovakia, SLOVES currently represents around 5% of CPA ministerial civil servants, and its membership has been declining for the last two decades. One of the reasons behind it is that civil servants automatically fall under the more favourable conditions regardless of whether they are members of SLOVES and whether they pay the membership fee. SLOVES was founded in 1990 and currently its main role has been drafting and negotiation the higher level (i.e. national) collective agreement. Estonia also has one trade union (ROTAL) representing employees working in CPA, however most of its members are CPA workers whose duties, responsibilities and obligations are set by specific laws (i.e. border and rescue workers). There is no rivalry as most working conditions have been determined by the central legislation, which also does not motivate CPA workers to associate in trade unions. Also, as in Slovakia, it does not make any difference whether the employee belongs to a trade union and whether there is a collective agreement or not as most employers apply same working conditions to all employees in CPA regardless of their status and trade union membership. Overall, the general trend in all four countries seems to be trade union associations declining membership and loss of bargaining power or both.

In addition to concluding binding agreements via collective bargaining, working conditions could be developed via employee participation practices. **Information and consultation** process has been greatly influenced by the EU Directive 2002/14/EC which also affected employee representative structure (see above) and established the minimum requirements for the right to information and consultation of employees at workplace level (European Commission, 2012.). Thus, in all four countries, information and consultation mechanisms have been applied. In Romania, where the EU Directive 2002/14/EC was transposed in the national legislation as of 1 January 2007, parity commissions were created. Parity commissions are committees established within an organization where employer and employees (civil servants) regularly discuss different work related issues (except salaries). Civil servants have the right to be consulted on the issues such as their organization, training, promotion rights, career management as well as when certain acts are prepared and/or elaborated by the Government that involves civil servants. While this is the formal system where information and consultation takes place, civil servants also use other informal channels to promote and implement their proposals and therefore are known to be quite satisfied with current practices. In Slovakia, all CPA institutions have the obligation prior to implementation to consult and take into account trade unions suggestions on different staff regulations and measures affecting a large number of employees. Still, the trade union does not have a veto and employer is ultimately the one making the final decision, thus it is not obligated to take trade unions opinion or suggestions into account. As trade unions membership is declining, trade unions lack leverage to pressure their employers. As an additional mechanism of information and consultation, trade union representative is the member of an advisory body that is set up in every institution within CPA and can through that monitor the terms of civil service conduct. In Czech Republic, a comprehensive amendment to the Labour Code in 2000 (Euro-Amendment) and partly also the EU Directive 2002/14/EC that was implemented in the national law in 2005 and came into force in April 2006 significantly changed information and consultation regulation by defining information and consultation, while employers have free hands to decide over the process of information and consultation. The new regulation applies to all employees including those working in CPA, and according to experts the information and consultation process in CPA is in accordance with the new legislation. Compared to previous legislation, the circle of issues employers have to inform and consult employees increased significantly (previously employer had to inform and consult in health and safety related issues etc.). While it has been complained that changes implemented are time-consuming and costly, it has also been

welcomed as it has increased dialogue opportunities between employers and employees. In Estonia, while the information and consultation is regulated by the act which was impelled from the EU Directive 2002/14/EC, the regulation does not apply to CPA and it is largely employers and employees discretion how they organise the process of information and consultation. Overall, employees in CPA are quite satisfied with how they are informed and consulted. Still, since there is no system of information and consultation established, trade unions have argued that it has been used against them as justification to not invite them into meetings (Espenberg 2011). In addition to this, every employer in CPA has the obligation set by the law to inform and in some occasions ask opinion from employees, however as in Slovakia, the employer does not have to take employees' opinion into account.

In Czech Republic, Slovakia and Romania, tripartite bodies for **social dialogue** on national level have been established while in Estonia, no such body exists. However, none of these tripartite bodies focus specifically or exclusively on CPA. In Slovakia, Economic and Social Council of the Slovak Republic meets regularly and among other elaborates standpoints and recommendations on different issues involving social and economic development, but also state budget, legal regulations regarding working conditions etc. SLOVES, the only public administration trade union association in Slovakia has their representative in that body, however issues related to CPA have not been in the focus of tripartite meetings. In Romania, with the implementation of the new Social Dialogue law implemented in 2011 a new tripartite body was also created — Tripartite Council is the platform where issues relating to employment, labour relations, salary policies etc. are under discussion and issues involving CPA could be elaborated. However to this day no agreement regarding CPA has been concluded. The new body does not include government representatives, civil servants voice is represented by large trade union associations that also have member unions from CPA. Before 2011, tripartite negotiations were held in Social and Economic Council, it also included government representatives and issues related to CPA were also discussed (only national defence, public order and foreign affairs were left out of discussion). In Czech Republic, Council for Economic and Social Agreement is the national platform for tripartite consultations. Although the Council should also discuss the remuneration in public sphere, it has been argued by experts that the Council last operated in 2006 and since right-wing government and trade unions do not seem to come to an agreement and trade unions argue that their opinion is not taken into account, the functioning of the Council has been formal (interviews Rovenský and Pauerová 2013). In Estonia, no national level tripartite body for social dialogue in CPA exist. However, Technical Rules for Drafts of Legislation of General Application have been elaborated that establish rules that regulate authority, procedure, form and publishing of developing relevant legislation and policies including timely engagement of relevant stakeholders such as trade unions or employer associations. Stakeholders can express their opinion or may be asked to give their opinion in different issues (specific where their opinion is valuable such as Civil Service Act etc.).

It has been argued that since civil servants and public employees provide essential services for the public, their rights to **industrial action** is allowed to be limited (Stokke and Seip 2008). This also applies to all four countries analysed in this report as industrial action in these CPAs is somewhat more extensively regulated compared to private sector. Furthermore, there are differences between all of the four countries. Estonia having the most limited industrial action legislation and Slovakia being the least regulated in this respect. In Czech Republic, Romania and Slovakia, most civil servants have the right to strike. Only employees working in some specific positions (mostly regarding state security such as judges, policemen, armed forces etc.) are not allowed to strike. In addition, in Czech Republic workers of some specific facilities are also not allowed to strike (e.g. employees handling equipment in nuclear power stations, fissile material facilities and oil pipeline and gas pipeline facilities, members of firefighting brigades, employees of company firefighting crews and those whose work interruption could endanger citizens' life). In Estonia, total strike ban applied to government agencies and other state bodies and local governments and in the Defence Forces, other national defence organisations, courts, and firefighting and rescue services until April 2013. Employees' status (civil servants or public employees) did not play

any role and everyone working in above mentioned organisations were denied the right to strike. The ban was justified with public servants possible potential disruptive power that will significantly affect necessary service provision and its possible negative impact on state budget (Raul Eamets 2005). The ban was heavily criticized by trade unions and even ILO. With the implementation of the new Civil Service Act in April 2013, the right to strike was expanded to employees who work in government agencies and other state bodies and local governments, but whose employment relationship is regulated through Employment Contracts Act (except employees working under Employment Contracts Act in rescue services and in defence organisations. This expanded civil servants options to pressure their employer and solve their dispute as previously civil servants only options to resolve their collective labour disputes were negotiations, mediation of a conciliator or in the courts and according to unions not sufficient options in case the parties did not reach an agreement during the conciliation process.

That said, in all countries, there are alternative dispute resolution procedures that need to be used prior to calling a strike. Both in Czech Republic and Romania mediation and arbitration procedures are used for dispute settlement and resolution. However, while the Czech Republic's legislation mandates them, the Romanian legislation is more lax only calling them into force when disputing parties agrees as such. In Slovakia, the parties are obliged to try mediation. In Estonia, conciliation is used to resolve collective labour disputes.

In all four countries, strike is the last resort that is allowed to use after all other possibilities have been exhausted. In Czech Republic, Slovakia strike can be organized only if the parties cannot conclude a collective agreement. In Romania, double notification demand applies to civil servants. Thus, compared to private sector employees, in addition to trade union, the individual taking part of the strike has to notify their employer as well. According to experts, this demand seriously obstructs employees' participation from strike action as employers use it to intimidate employees to force them to abandon their idea of participating in strike. In Romania and Slovakia, employees do not get remuneration during the strike. In Romania, this was brought out as one of the possible reasons why employees are not enthusiastic about participating in strike action and defending their rights, in addition to pressure coming from the employer varying from threats to lay-offs. It has also been brought out that in order to organise a strike some formalities have to be taken care of. For instance, in Slovakia the trade union has to inform the employer of its exact start date, its reasons and aims and names of representatives of the personnel who participate in the strike action; and in Romania, strike can be declared after conducting a warning strike and employer has been notified at least 2 days before the strike.

Although in most of the countries' civil servants have the right to strike, it is not widely used. In Estonia, no strikes have been organised due to total strike ban ended only in 2013, but a few small-scale protests have been organised by the civil servants demanding higher wage or the right to strike, still with only little influence. In Slovakia, SLOVES has been passive and has not been actively involved in any of the public administration reforms nor has it been active in fighting for civil servants rights via industrial actions, including strikes. Overall, Slovakia as Estonia has not witnessed a lot of industrial action during the previous years, in Slovakia low industrial action is also explained by the lack of job security and employment safeguards. In Czech Republic, OS SOO organised a strike in 2010 as a protest against government cost-saving measures, however it did not have an effect as the government still proceeded with its plan (see Veverková 2010 and 2011). In Romania, the right and wish for industrial action is curtailed by employers' intimidations and threats. The situation is especially difficult in small cities where according to experts there may not be suitable job alternatives to highly educated people and disagreements with the employer (CPA) may end up with a dismissal. At the same time, as employees awareness of their rights has increased, workers turn to court to fight for their rights and to a larger extent the decisions have been in their advantage.

## **Enforcement and Dispute Resolution**

The outcome of civil service and employment relations system are settlement of terms of employment and working conditions in CPA. However, the factual terms of employment and working conditions depends on compliance. The problem of non-compliance arises from non-application or misapplication of a legal act on labour relations, administrative act on civil service, a rule established by the administration or binding contract agreed by the parties of employment relation. Prevention of non-compliance requires the establishment of enforcement procedures to increase (legal) certainty and dispute resolution procedures to safeguard rights and obligations. The following section focused on enforcement and legal dispute resolution mechanisms in CPA.

### *Enforcement*

In different employment relation system, different institutions and procedures might be developed to prevent infringements and safeguard respect for and implementation of rights. It has been argued (Eurofound 2010) that “historically, administrative processes of enforcement were established in national labour laws, where workers were unable in practice to enforce their rights through judicial processes, and lacked the organisational strength to be able to rely on industrial relations practices”. In private employment relations, usually labour inspectorate is the most crucial body responsible for enforcement procedures, for instance visiting workplaces to supervise compliance and improve labour relations with immediate effect or providing information and advice for parties (also via campaigns) (International Labour Organization 2013, 59). However, in CPAs oftentimes this supervision might be the authority of other body or organization (for instance a ministry), and also methods might be different (e.g. sanctions, instructional materials, training, consultation with social partners about loopholes and issues in law, rules etc.) (Liebert, Condrey, and Goncharov 2013).

The case studies indicate that path dependently different enforcement mechanisms have developed in the investigated countries, while similarities can be found as well. In all four CPAs, enforcement issues have been delegated to labour inspectorates, but their role in enforcement in different countries varies quite a bit. In Estonia, Labour Inspectorate covers only those CPA workers whose employment relationship is regulated by employment contract and in practice the inspectorate is focused on inspection of private sector organizations. The Ministry of Finance who in theory is the central authority developing employment and personnel policies in CPA, has the authority to point out problematic issues and consult with organizations in case of non-compliance, but it cannot apply any coercive measures. In Slovakia, Labour Inspectorate has been put in place to supervise and verify whether rights and obligations stipulated by law and obligations arising from collective agreements are met in both — CPA and private sector. However, in practice it does not inspect or use other means of enforcement in offices of state administration, but is focused on private sector. Despite the impression that enforcement mechanisms in Slovakian CPA are quite non-existent, civil servants consider them adequate. In Romania, Labour Inspectorate exercises prevention, control, inspection and investigation in case of all cases pertaining to labour law compliance for all employees, but as in Slovakia and Estonia, the focus of attention is on private sector. In Czech Republic, where civil service system has not been implemented, procedures of traditional labour inspections apply for public employees. The inspectorate observes that working conditions are in accordance with regulations and that individual rights of employees stipulated by legal and internal regulations (such as collective agreements) are fulfilled.

Overall, in none of the countries, specific enforcement body for CPA has been created. Slovakia has been the closest to such an idea as Civil Service Office that no longer exists was originally meant to act as a central dispute resolution and enforcement body. Therefore, despite the differences, it can be concluded that compared to private sector, enforcement mechanisms in CPAs are rather limited due to limited application of these mechanisms in CPA. Therefore, both civil servants and public employees have to have good awareness and knowledge about their rights and in case of non-compliance shall rely on personal and group resources (e.g. trade unions,) to enforce application of a legal act on labour relations,

administrative act on civil service, a rule established by the administration or binding contract. That brings the study to rights dispute resolution mechanisms in CPAs.

### *Right Disputes Resolution*

Despite the enforcement practices, right disputes might arise in employment relations and civil service. According to ILO (2013, 18) a rights dispute is a disagreement between a worker(s) and their employer concerning the violation of an existing entitlement. It is a difference of opinion that has not been possible to be settled between a worker and an employer, arising from application of a legal act on labour relations, administrative act, contract or a rule established by an employer. Here, we are interested of dispute resolution institutions and procedures that are put in place for settlement and conflict management. In the context, labour disputes may cover both court as well a non-court resolution with the latter remaining nonetheless and acknowledged judicial process<sup>5</sup>. Crucial differences in employment relations system are related to alternative pre-court systems and resolving individual or collective disputes.

In all four countries, there are pre-court opportunities implemented to solve a dispute. In Slovakia, civil servants can file a complaint in writing to the respective service office in case they feel that their rights have been violated. However its rulings are not legally binding and civil servant can bring the case to the court if they are not satisfied with the service office ruling. In Czech Republic, employees in CPA may contact Labour Inspectorates and file an application for rectification regarding (real or alleged) claims arisen from labour-law relations. However, these authorities are not entitled to make a decision in disputes between an employee and an employer. It can only be proposed that the conciliation proceedings could be made and if conciliation is achieved, the court will approve it by its ruling. Similarly to Slovakia, the last resort of resolving a dispute is a civil court proceeding. In Romania, civil servants labour disputes are solved internally by mediation or with the help of disciplinary commissions. In most cases, only simple and purely administrative matters are solved internally while more complex matters almost always reach the courts. In case of collective labour dispute, the parties could seek mediation or turn to court. In Estonia, the system is a bit different as in case of individual labour disputes, civil servants only option to solve a dispute is to turn to court, while public employees working in CPA under private labour law have also an option to turn to labour dispute committees. Thereby, civil servants have somewhat higher barrier to seek solution to their individual dispute due to costs and complexity of court system relative to pre-court system. In case of collective labour dispute, both civil servants and public employees could recourse to labour dispute committee or to court. Similarly to other countries, employees have the right to turn to court in case they are not satisfied with labour dispute committee's decision.

In all the countries it was estimated that the number of disputes in civil service is low, and some of these were triggered by hasty reforms and restructuring during the economic downturn. Also as a rule, civil servants in CPA have higher skills and better qualifications than workers in the private sector in general, and thus usually have personal resources for preventing and resolving labour disputes. Also, although unionisation in the CPAs is low, unions also provide their members legal advice and representation at court in case of dispute.

## **Current Situation and Changes in Working Conditions**

After discussing the general framework of employment relations in CPA, the time is turn to outcome of employment relations system – working conditions in CPA. According to the

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<sup>5</sup> There could be also non-judicial dispute resolution systems (Cardona 1998), where the dispute resolution is based on the role of social partners engaging in joint effort to resolve the problem through negotiation and problem solving procedures, but these are more common in resolving interest disputes.

definition by Eurofound, “working conditions refers to the working environment and aspects of an employee’s terms and conditions of employment. This covers such matters as: the organisation of work and work activities; training, skills and employability; health, safety and well-being; and working time and work-life balance. Pay is also an important aspect of working conditions”<sup>6</sup>.

The concept of employment relations (and industrial relations) and working conditions are closely related. To varying degree, working conditions could and should be negotiated, and therefore working conditions are at least partially outcome of employment relations (relative to “objective” characteristics of work, job, organization, economy etc.). Also, differences in working conditions across different workers, i.e. civil servants, public employees, private employees and different positions, i.e. managerial positions and non/managerial position, indicate relative quality of employment and work.

As the definition above indicates, the scope of working conditions in employment relationship is comprehensive, and choice shall be made to characterize employment in CPA. Most of all, the current study focuses on four spheres of working conditions:

- entering and exiting service;
- remuneration;
- skill development;
- work time arrangements.

## Entering and Exiting Service

Arguably one of the most common general approaches to discuss entering and exiting opportunities and constraints in civil service is the discussion on civil service career systems. Auer et al. (1996) and Bossaert et al. (2001), for instance, differentiate ideal types of **career system and position system**. In career system, the recruitment takes place only for entry position based on educational background, and then training periods exist for improving skills, the promotion is based on seniority and the remuneration system is based on statutory schemes. In position systems, contrary, the recruitment takes place also to mid and upper positions, for particular post specific skill and experience requirements are set to guarantee performance standard in the job position from the beginning, sometimes there are pre entry examinations but no required training periods assumed, no permanent tenure guarantees are provided, performance related pay is used. Also, when career system to larger extent assumes long service period, the position system to larger extent foresees temporarily of job. Of the four selected case-countries, Romania would classify, to the highest extent possible, as a career-oriented system. This is although at times the system has witnessed abrupt changes, with rapid mobility being the rule as new challenges have never ceased to emerge and new structures appeared sometimes overnight. In other countries, more or less employment and civil service system has been based on job system where the recruitment takes place to all positions and servants are expected to have competencies, education, skills, experience to do his/her work. In this regard, also previously, it has been discussed (Demmke, Moilanen 2010) these classical distinctions between the two systems slowly disappear and that classical career systems hardly exist in any civil service system anymore.

In this general framework discussing entering and exiting service the analysis focuses on access to public positions and cuts in employment due to economic developments.

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<sup>6</sup> Definition of “Working Conditions” in European Industrial Relations dictionary, Eurofound (<http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/workingconditions.htm>)



## *Entering to Service*

Conditions of entering service prescribe the employment opportunities for new servants as well as moving between positions and organizations in administration. Arguable, open access based on one's merit is expected to be in administration and employees interest, still both administrative and political practices might induce deviations from this. In countries where the special status of employment is more thoroughly developed at least formally there is drive for well-defined rules for entering service. In this regard, Czech Republic, the terms of employment are not crucially different for public and private sector and consequently there are no obligatory, centrally mandated selection procedures put in place and it is upon a given manager and administrative authority to decide on recruitment conditions and procedures. Although usually the system stipulates requirements on skills and competence required for performing the position, it is not unusual to hire a person without selection procedures due to managers preferences and political considerations. This entrance barrier and bias is also under discussion currently. In contrast to Czech Republic, the civil service system in Estonia defined the job system with central regulation for entering service either by competition or direct recruitment. Still, before the civil service reform in 2013 quite often employees entered without competition enabled by exemptions in the system and lack of enforcement, and therefore the recent reform tries to introduce to larger extend open competition based system. Then, similar to Estonia, in Slovakia there are central rules for entering either open job contest, based on selection or without selection procedures. Still, the issue with the system is that due to considerable level of politicisation in CPA and also extensive ministerial discretion, oftentimes job contest and selections are held only pro forma, that limits equal access to employment in CPA. Also, in practice, the candidates are often pre-selected and at the time of a public contest the "right" candidate is only confirmed. This has also raised criticism for dissolving the central office for responsible for selection procedures and weakening of Civil Servants Code of ethics. Likewise in Romania, although the conditions for participation and organization of the contest procedure is established by law, in practice especially when it comes to decision-making positions and high-ranking appointments quite often political patronage prevails.

In sum, the case studies indicate that oftentimes the system fails in implementing system of equal opportunities based on professionalism, neutrality, impartiality, effectiveness. The greater openness of the system based on merit is required to create real equal opportunities to get employed in civil service based on merit not personal ties.

In career system, after entering to service, one have potential to move between positions based on merit, rules and opportunities, the system to larger extent assumes permanent or at least longer lasting service in the system than in job system. Still, in both systems there are institutional frameworks that structures exiting practices. Exiting due to restructuring or cut-back measures will be dealt with by the next section of the report.

## *Exiting Service*

The other crucial side are conditions of termination of service or employment that influences civil servants' and public employees' job and employment security, i.e. perceived or actual chance of losing the job and becoming unemployed. Here, especially recent austerity measures and cut back management strategies have led to cut-backs of positions and employees and civil servants, and had indirect effects on skills and competencies in the organization. Also, the same developments might have led to freezing recruitments with similar effect to skills and competencies among other things (Raudla, Savi, and Randma-Liiv 2013). In Czech Republic within the public administration streamlining plan, the government set a target in 2007 to reduce the number of employees by 3% each year as a part of the reform of public finance (reduction of public deficit). Consequently, the number of employees in the CPA decreased as a consequence by 4.4% in 2009–2011, that is more than in other sectors. Also in Estonia, the severe economic downturn and public finance constrains triggered cutbacks and as a result, comparing 2011 to 2008, the employment in CPA has decreased about 4% and in civil service in CPA about 9%. In Slovakia, even before the

economic recession in 2006, it was boldly targeted to cut 20% of civil service jobs to streamline public sector, in practice there has been more gradual decrease in employment. In Romania following 2008 financial crises the public administration reform has included to measures to reduce costs, including reorganization or dissolution of public authorities and institutions, and witnessed suspension of procedures for vacancies.

Remarkably, what characterizes the more or less centralized systems is that decision on restructuring and dismissals remained to larger extent in the competence of individual administrative units or offices. Consequently, the cut-back practices had different effect in different parts of the CPA in the countries, including in general degrading working conditions also employers and managers could use the savings to preserve or improve the working conditions of the remaining personnel. Also, in general as information and consultation practices have not well developed and employers wanted to make the cutbacks effective in a hurry, the measures was not most of the times discussed with employee representatives. Still, in the countries employee representative's opinions regarding the restructuring shall be taken into account and workplace level interviews indicated that in best practice it was the case.

To varying extent, there has been put in place safety nets for smoothing employees' transitions out of employment and improving employment security in civil service in case of restructuring. In this regard, in Czech Republic, the pre-notification period of 30 days is mandatory only in the case of collective dismissals; in other cases there is no obligation to inform employees in advance. Also, in case dismissal due to cost-saving measures, public sector employees are entitled to a severance pay that's levels are graded depending on the duration of employment with the authority. In Estonia, the employment relations reform in 2009 and civil service reform in 2013 equalized civil servants and employees mandated pre-notifications periods. Also, in case of tenure less than a year the notification period shortened from 1 month to 15 days, in case of tenure more than a year, the pre-notification for employees also decreased. Also, the reform both reduced the severance payment that the employer was obliged to and equalized the severance payment for employees and civil servants. In Slovakia, in most cases civil servant are entitled the notice period of 2 months and to two months equivalent of their functional salary. In Romania in case of dismissal, the public authority has the legal obligation of providing the civil servant concerned with a 30 days legal notice period. Any employees (including here civil servants to which this provision applies) dismissed for reasons other than his fault, may receive severance payment according to collective labour contract/agreement.

In addition to Romania, in other countries the exiting terms and conditions have been negotiated or debated. For instance, Czech Republic, employee representatives may affect staff recruitment and dismissal via collective agreements if they succeed in bargaining for certain rules above and over the Labour Code, which is mainly the case of a severance pay. In Estonia, although the civil servants shall not bargain the rules and collective representation is not the developed, the above mentioned reduction of pre-notification period and severance payment was heavily debated during the reform and labour unions were concerned of reduction in employee security, but the change was pushed through for increased flexibility of employers and sustainability of unemployment insurance. Also in Slovakia, the public administration's staff union SLOVES has attempted to start consultation with the government regarding the regulation of employment termination, especially the possibility of a return to life tenure. However, the union has so far been unsuccessful.

The **turnovers** in CPAs have been rather high, at least partially due to entering and exiting rules and practices. In Czech Republic the total annual turnover of employees is estimated at 10%, due to insufficient personnel policies and unstable staffing situation, among other things, also employees also leave service due to salary level. The system have been criticized for that there is no personnel strategy of central authorities, management positions are not separated from political representation, employees demotivation due to a low level of job security. In Estonia, the turnover was at its peak in 2008 when labour scarcity and better working conditions in private sector pulled employees out of public sector, later the economic and financial crises decreased employment security and turnover decreased. Turnover has

varied between 9% and 16% during the period 2008-2011. In Slovakia, the civil service staff turnover, major staff changes, reorganisation and redundancies occur especially after each general election due to the high level of politicisation and the missing civil service life tenure, and it has been argued that termination of contract should not be made as easy as of now. (Reliable figures or estimations about the situation in Romania CPA is was not available during the study).

It could be concluded that all the selected employment systems have seen cut-backs to adapt to changing economic contingencies and deliberate administrative changes. Arguably, cutbacks and high rate of turnover could have influenced skills and skill development practices in CPA that is discussed in the following section.

## **Skill Development**

The classical human capital theory (Becker 1994) considers personal attributes like skills and competencies as cornerstone for doing work and producing economic value. One's employability depends education and training one has received (Hillage and Pollard 1998). OECD (1997) has argued that the objective of public service training is to, on the one hand, improve professional skills and qualifications of staff (to increase efficiency of the public service), on the other hand, to support the implementation of administrative reforms and modernisation. Therefore, the next section discusses rights that employees have regarding their skill development and then skill development system and practices put in place in administration.

### *Right for Training*

Firstly, civil servants and employees might have right for training and administration or organizations has obligation to train employee, secondly, servants and employees might have obligation to participate in training for the improvement of vocational knowledge and skills, particularly an "obligation of the civil servant to keep his expertise and qualifications up to date" (OECD 1997, 11). In Czech Republic the right for training is no different from right of training in the private sector and there has been no development in this area. And both employers and employees have obligations and therefore mutually dependent rights for skill development. In Estonia, since the recent civil service reform in 2013, both public sector employers and servants have obligation to take measures to develop the professional knowledge and skills of servants. Contrary to civil servants, public employees have had the obligation since 2009. Similarly in Slovakian civil service system servants have both the right and obligations to improve his/her qualifications, and each service organization is responsible for development of its servants' skills and competencies. In Romania, the legislation stipulates both the right and obligations of public servants to improve and acquire new skills and competencies.

In addition to general employers' and employees' right and obligations, the employees' right for study leave is crucial for improving work related and more general skills and competencies. In Czech Republic the legislation stipulates the minimum period of study leave related to the improvement of qualifications that correspond to the job performed, within which the employee has the right to receive a compensation in the form of salary, e.g. two working days for a standard examination, five days for a final leaving examination, 10 days for the elaboration of the thesis etc. In Estonia, both servants and employees have right for 30 days study leave in a year, of which 20 days are compensated in case the leave is for formal education or vocational training, and one is entitled for additional 15 days compensated leave for completing the formal education with a degree. Still, there was an exception that differentiated civil servants and public employees right for study leave. Before the civil service reform, servants had an additional right once in five years to take a paid three month long study leave. The right was cancelled during the civil service reform to equalize servants' and employees' rights and working conditions. In Slovakia, civil servants have right for at least 5 compensated working days a year on improvement of qualifications. Additionally, the regulation imposes option of skill acquisition which could also be in the form of university

study and/or study abroad. In Romania, the training period is limited to 30 working days per year that is compensated provided the training is useful for the employer. Also, an employee is entitled to a leave for professional training paid by the employer up to 10 working days in case the employer has not complied with the obligation to train their employees.

To larger extent, the right for training are tied to employer, i.e. public organization's needs for improved skills and competencies, and consequently the employer's discretion in specifying training. In Czech Republic initial training is obligatory to all employees and advanced training is ordered or approved by a manager and depends on nature of the position the employee occupies. Also, as the relationship is based on individual agreement between employee and employer, they could negotiate the rights and obligations. In Estonia, it is employer prerogative to decide servants' participation in training, but servants have institutionalized channel via evaluation meeting to discuss the professional development plans. Also, the consultation regarding the obligation could take other forms in practice. In Slovakia each service office organises, secures and provides both compulsory and optional training and systematic training for its civil servants, and it is employer prerogative to make relevant decisions. However, employer may allow a civil servant, at his/her request, to further his/her career development signing an agreement to stay in service for specified period. In Romania, the system enables workplace democracy through annual collective bargaining of clauses concerning professional development and training measures, but in practice the dialogue is oftentimes absent or employees rarely have a say ultimately.

### *Training System*

Education and training system consist of (Tessaring 1998) "all more or less organised or structured activities - whether or not they lead to a recognised qualification - which aim to provide people with knowledge, skills and attitudes that are necessary and sufficient in order to exercise a job or a set of jobs". Regarding the training system in CPA, the interest lies in the question, how well the system provides civil servants and public employees access to skill development.

Currently, training system in Czech Republic includes initial training to transfer basic skills needed for work in administration that is organised by administrative authority, follow up training to give essential knowledge regarding needs of the public administration and legal regulations, and skills needed for exercise of public administrative activities, and, additionally, an advanced training that depends on one's position in the administration. In practice, the scope and access to training depends on personnel policy of a given authority and availability of resources. In the framework, employees and their representatives may bargain for content of advanced training courses, but in practice favourable conditions are rarely bargained. Also, the lack of comprehensive strategy of human resource development, employees' access to training might be problematic. In Estonian system, the general assumption is that if a servant takes a position in the administration one already has qualifications, competencies, knowledge and skills for the professional work. Still, most of the ministries have developed introduction training procedures to introduce new servants and employees to the organization and administration in general. It has been argued (Randma-Liiv et al. 2011) that in the CPA training system fragmented organization level perspective dominates and central coordination and cooperation is not systematic and strong in developing coherent competencies. In this framework, there is limited individual and collective bargaining at the workplace level, but institutions and practices on administration level social dialogue on training system and skill development does not exist. In Slovakian civil service training system, adaptive training at the beginning of service, continuous training for professional development and specific training that focuses on priority areas is discerned. Since 2006, the skill development and training does not have any central coordination or education body but each central public administration institution and the respective service office is responsible for own civil service staff's skill development and training. As a result, collective bargaining and negotiations may take place in order to discuss the building blocks of the training system and its operation in practice. Still, it has been argued that the training process is rather unsystematic and does not reflect clearly set targets. Instead, training should

better reflect and match civil servants career paths and should be part of a sophisticated personnel skills development system. In Romania, the training system drives for continuous education for public servants. Authorities are required to annually identify training needs and set training priorities. Also, on annual basis public authorities and institutions may conclude agreements with civil servants representatives concerning professional development, including training measures. Though in practice, dialogue and bargaining over skill development is underdeveloped. After submitting civil servants development annual plans to central agency, training programs and professional development is coordinated centrally.

In addition to issues related to coordination, training practices and employee access to training was also influenced by economic recession. In Czech Republic, the extent and structure of advanced training were influenced by the economic crisis since the shortage of funds also resulted in elimination of some types of trainings, especially those that cannot be provided by the authority's own staff, e.g. language training. In Estonia, during the recession decline of both training costs and number of participants in training took place to reduce the operating costs of CPA. Although it reduced access to training, these cuts also helped to preserve employment and wages in CPA. In Slovakia, some training practices and training expenses had to be cut down. However, this is very individual and depends on every service office and the financial conditions of the office. Also, in Romania, as result of the recession and financial crisis there have been cutting of budgets allocated on training and improvement of skills for civil servants.

In sum, the skill developments practices in CPA deteriorated during the recession as resources were cut. Also the challenge of coordination remains as identifying skill development goals and providing training for public employees and civil servants is sometimes too hectic to develop high quality skills in every section of CPA.

## **Remuneration**

The basic principles of employment relations, also employment relations in public sector is that employee is certain extent subordinated to management and control of the employer while carrying out obligations that reciprocity is compensated monetarily. The following section focuses on two interrelated questions of remuneration in CPA. The first sub-chapter focuses on (formal) wage setting mechanisms and then evolution of wages in CPAs are discussed.

### *Remuneration System*

Wage setting mechanisms describe co-determination of wage components and wage levels in employment relationship in CPA. **Base pay or fixed pay** is usually linked to a civil servant's or employee's position and is uniform across similar positions (Ketelaar, Manning, and Turkisch 2007a). Base pay is usually (centrally) determined by salary scales and rules that correspond to job grades or in servant's/employee's rank or status within the administration or organization. In Czech Republic, employees in CPA are remunerated on the basis of unified system of salary categories and levels on the basis of a governmental decision and legislation. In Estonian the previous, central wage scales were abolished in 2013 as there was substantial implementation gap due to extensive use of variable pay components that led to decentralized remuneration system, not transparent wages and wage setting. The current system stresses that servants salary shall comprise the basic fixed pay that is based on the job description, official functions and knowledge, skills, and experience. In Slovakia there is centrally determined fixed salary that is based on job classification. Also, there is a legislative arrangement that the fixed salary is increased by 1% each year in service up to 32 years. Currently other wage setting mechanisms are frozen due to fiscal considerations. In Romania civil service system, salary levels are centrally determined by legislation. Civil servants are entitled to basic pay and seniority pay. The basic pay is based on central job classification, and seniority payment may go up to 25% after 20 years of service.

Current reforms in the public sector are characterized by the introduction of business like incentive measures, in particular the introduction of **variable pay** based on performance

schemes in public institutions (Weibel, Rost, and Osterloh 2010). It has been argued that at least some aspects of performance related pay conform to the contractual model and could be regarded as indicators of a fundamental shift in the employment relationship (Heery 1998). In the Czech Republic, the variable pay components theoretically enable otherwise centrally determined systems considerable flexibility. This way, total salary resources to departments are allocated to departments based on political and administrative decision making processes and office managers decide how to distribute the means beyond the obligatory components of the salary. Nevertheless, the decisive power over salaries in the CPA is considerably limited by the fact that the fixed pay is relatively low in the Czech Republic's CPA so that the variable pay component serves to even up the lag of salaries in public administration behind wages in the private sector. In Estonia, before the reform in 2013, different employers paid different bonuses (for instance for birthday, vacations), supplements that increased flexibility in differences in wages, but the newly reformed system allows only bonuses for performance and additional duties. The new system is expected to make the remuneration more transparent and avoid situations where the wages do not reflect real performance of workers, though it might reduce flexibility in co-determining wages. Also in Slovakia, offices' authority to practice their own remuneration policies is enabled by bonus schemes that could significantly increase and differentiate servants' salary. Although the system allows numerous variable pay options, it does not guarantee that servants are paid for performance adequately and objectively. Instead, pay is determined by the civil servant's superior who very often exercises sole discretionary power over variable pay. In Romania, until recently, the remuneration system included supplements, but this was repealed in 2009 to unify payments to employees who get the payments from public funds. The goal of the new payroll system was to simplify by eliminating supplements and bonuses. Variety of bonuses and benefits created important, sometimes even significant differences between different public authorities or even inside the same public authority where civil servants holding the same administrative rank or position experienced important salary differentials.

We have seen that, on the one hand, there is central determination on wages, but, also, on the other hand, variable pay components have allowed some flexibility in wage settings. That also leads to discussion **on co-determination of wages** in CPA. In the Czech Republic, central determination of fixed salary also allows unilateral reduction that excludes the possibility of negotiation and consultation with employees or their representatives. Consequently individual offices have capacity to set salaries independently and employees have limited negotiation space. Employees and their representatives are only entitled to discuss and negotiate the internal rules (if they exist) for the purposes of award of the non-obligatory salary components and out-of-salary payments. Additionally, no rules and conditions for a dialogue between the social partners in the civil part of the public administration and services in relation to the preparation and approval of the public budgets have been defined. In Estonia, the remuneration system is quite deterministic – although the government does not centrally predefine rates or salary ranges, it expects every organization to develop the rates or ranges based on the job analysis. Also, motivated by the recent economic recession and wage cuts that had to be negotiated and agreed in dialogue; managerial prerogative to unilaterally decrease pay was introduced. The system leaves room for individual and collective negotiation and consultation regarding development and application of the salary ranges, but as a rule, there is only limited individual or collective bargaining. Also, although civil servants and public employees have different status of employment could enable more contractual freedom for employees compared to servants, in practice employers state in the salary guide that they remunerate employees similar to servants. Alike in the other countries under study in this report, remuneration system in Slovakia is rather deterministic, and government has prerogative to determine wages and also can unilaterally freeze salaries without negotiation or consultation with employees or their representatives. Also, taking into account variable pay components, wages are also determined by the civil servant's superior who very often exercises sole discretionary power over variable pay, which frequently does not guarantee that servants are paid for performance adequately and objectively. Still, the variable components of the system also allow individual civil servants to negotiate his pay level based on his skills

and experience with his superior. In Romanian civil service system, salary levels are centrally determined by legislation, and civil servants could not negotiate their salaries. Also, this entails that government can unilaterally reduce civil servants wages without consent. Still the social partners are participating in the process of elaboration the law, when deemed necessary and when possible. In practice, the consultation remains rather limited and in most cases with little influence on decision making. Before the supplements were abolished, at least in theory these increased negotiation space for employees. Still, in some cases collectively bargained supplements were ruled as illegal and the civil servants were required to return the received amounts.

### *Evolution of Wage Level in CPA*

After discussing the wage setting mechanisms in CPA, the discussion on actual evolution of wages follows. Firstly, the discussion focuses on wage level. In Czech Republic, the average earning of a public administration employee is higher than the average earning paid out in the private sector and in the economy as a whole. However, as it includes a considerably higher share of employees having reached a high level of education, it has been found that for comparable job based on educational attainment and occupation, the average earnings in the non-business sphere are lower than those paid out in the business sphere. Moreover, as public budget is prepared in advance for every year, wage level in the sector does not respond as flexibly to the fluctuation in the economy as in the private sector. Developments in Estonia are rather similar, it has been found that, in general, wage level of lower paid employees is equal to or higher, but of higher paid employees lower in public sector than in private sector. This suggests that the incentives for lower paid employees to work in public sector are higher than for higher paid employees (Leping 2005; Virkus, Hanna-Liisa 2011). Also, it has been found those activities and occupations more open to labour market competitions would more likely have comparable wage levels, but other occupations where the open labour market has not developed employees have had not very competitive wages. It has been shown that wages in public sector have tended to react with some delay. Similarly to previously described countries, also in Slovakia the average salary of civil servants have been higher than average wage in Slovak economy as a whole. Still, it has also been found that it is hard to attract qualified people to higher positions as in these positions the salaries are lower than in comparable positions in private sector. In Romania, the wage level in public sector is lower than in private sector, though the gap decreased before the economic downturn. Currently they can be characterized as rather low-to-average, with the actual average salary slightly below the average for the national economy.

Indeed, the economic developments in the countries and related public sector financial constrains have had effect on wage levels in CPA. In Czech Republic, the reduction resulted from the central governmental decision to reduce salary expenses paid in the state organizations by at least 10% in 2011 and keeping it unchanged for the following three years. As individual organizations had discretion how to implement the ordinance, instead of reducing actual wages they could also restructure the organizations and this way decrease personnel budget. It has been argued that financial reductions in the public sphere and the government employees have hereby become the most visible target in the effort to stabilize the public finances, but at the same time this brings to focus the legal insecurity in the sector and entails motivational challenges for public sector employees. Developments in Estonia the reduction of wages during the recession was centrally coordinated by reducing the budget across the board, but implemented decentrally by organizations, whose managers weighted whether to cut wages, cut variable components like bonuses, cut other expenses like training expenses or downsize or restructure organization. In Slovakia economic and financial developments have not been as severe as in other selected countries, and consequently there has not been similar across the board cut in salary expenses and average salary. Still, during the recent years, the salary expenses have only slightly increased, and since January 2010 the civil service fixed salaries, i.e. base pay have been but on freeze till 2014 by central administrative intervention, motivated by the same economic developments. In Romania, when the crisis started to bite bonuses and all types of incentives were removed as early as

2009. Similarly to Czech Republic and Estonia, due to the significant budget deficit recorded in the first months of 2010 and under IMF pressure, a decrease of spending on public sector wages was assumed by the Government at the end of May 2010. Wages were cut across the board by 25%. Some 10% were recovered as of the first quarter of 2011 with the rest being only recovered in 2012.

These reductions and freeze were unilaterally decided by the government and rarely the way of implementing these measures was discussed with employees or servants representatives.

In sum, the analysis has shown that CPAs have reacted in coping with fiscal crises by changing the remuneration system, including, used prerogative to unilaterally decrease the pay or override any pay increases. The saving measures introduced in the past years have disrupted the system typical of the modern countries in which the government guarantees to its employees a secure and stable income. Also, the ongoing process of finding balance between central coordination and workplace level flexibility has been affected by these developments and induced reforms.

## **Work Time Arrangements**

The working time arrangements comprise two interrelated aspects: **time** and **timing** (Golden, 2001, (Berg, Appelbaum, and Kalleberg 2004). The notion of time describes here the duration of work as expressed in hours worked by a labourer throughout a day, a week or a month. The notion of timing refers to the precise interval or period within a day, a week or a month when a certain task or “work” is performed (i.e.: “done”). Thus, the section focuses on work time and work schedule arrangements of civil servants and public employees in CPA. Also, at the end of the section annual leave arrangements as timing of work and non-work during the calendar year will be discussed. The underlying issue to what extent work time setting mechanism allow servants and employees work-life balance will be discussed.

### *Working Time*

Duration of work hours in a day, week and month is crucial for employees and servants’ work-life balance, as work time arrangements and changes in these, including part time work, working hours, overtime work could give parties leeway to match work with work demands, but non-compliance with expectations have effect on or could lead to decline in job quality, including stress.

Firstly, the working hours stipulated by regulation differ in countries. In Czech Republic the legislation stipulates for both private and public sector employees normal working time of 40 hours per week, but reduction of a full-time week stipulated in the legislation is not allowed in CPA via personnel policies or bargaining. In Estonia, both civil servants and public employees work time is 40 hours per week, and both could negotiate their working time. In Slovakia work time arrangements depend on the national legislation and collective agreements, as a result, the current legislation and the currently valid collective agreement guarantee all civil servants and public employees a working week of 37.5 hours which is less than the standard 40 hours set in the legislation. Then in Romania, the normal working time for civil servants in Romania is 8 hours per day and 40 hours per week, that is same to contractual personnel in public and private sector, though as rule, civil servants could not through bargaining reduce the working hours.

Related to working time determined by regulation or agreement, the **part-time work**. Part-time work is usually defined as shorter working hours than in the country, field of activity or occupation (Thurman and Trah 1990). In Czech Republic, employee and employer can agree shorter working hours within a part-time employment contract, but in practice there is a very low proportion of employees working part time (3.2%). On one hand, employers are not willing to offer part-time jobs due to administrative burden to employ a higher number of persons to cover the necessary job positions, and employees, on the other hand, are scared off by lower level of job security, of the low income and of the disadvantage consisting in a higher work load than what would correspond to the part-time job and the related



remuneration. In Estonia, although most of the civil servants work full time, the regulatory framework enables part-time work. In practice, employers are in certain cases open to negotiate working time and agree on part time work, especially to reconcile work with learning and parental commitments, if work arrangements allow. In Slovakia, where also civil servants could bargain their working time, also employer and employee could agree on part-time work. What distinguishes civil servants in Romania is that the working time is determined by the legislation and it does not allow for a civil servant to work part-time, while contractual workers could negotiate working time in their contract.

In contrast to shorter than typical working hours, the question of overtime work needs some attention. Overtime work refers to amount of time someone works beyond hours determined by legislation and/or agreement between employers and workers or their representatives. The countries are rather similar in the way the overtime work is determined. In Czech Republic in both public and private sectors, overtime work can be required by employer only for serious operational reasons. Similarly, in Estonia civil service, employer could request to work in overtime. However, based on expert interviewed, extended working hours and overtime work is only used rarely in ad hoc principle. Likewise, in Slovakia, overtime work arrangements are at discretion of the employer, i.e. individual service office which might offer and allow the individual heads of sections and departments to set extra work time arrangements for their subordinate staff. In Romanian civil service system, overtime cannot be provided without the employee's consent, except in force majeure situations or for urgent works destined to prevent the occurrence of accidents or to remove the consequences of an accident.

Good practice of employment relations also assumes compensation of over-time work. In Czech Republic overtime work shall be compensated with extra pay or paid time off. Usually, parties agree on paid time off within three months following overtime work. However, there might be implementation gap in case the employee is required to do extra work but overtime hours are not ordered at the same time. In Estonia, since the individual employment rights reform in 2009, the overtime work is preferably compensated by paid time off for public employees, however, the new civil service act that went into force in 2012 does not prioritise the compensation method for civil servants. Also in Slovakia, the overtime work for employees is compensated for employees with either paid time off or extra pay. Civil servants have at least some discretion over the options in practice. In Romania, preferably, overtime shall be compensated by paid free hours in the following 30 days after the provision thereof. If the compensation by paid free hours not be possible within 30 days, overtime shall be paid to the employee by adding a salary bonus according to the overtime duration.

There has not been any major change regarding regulation of working time in the selected countries. Generally in practice most civil servants follow the similar work time arrangements as employees in private sector. Still, the limited evidence indicate that at least in Czech Republic and Slovakian on average, the public administration employees usually work fewer hours than most employees in the other spheres of economy. Also, in case of Czech Republic, Estonia and Romania, it was estimated that at least in some sections of CPA there were growth in the hours worked during the last couple of years that arguably could be at least partially explained with financial constraints and restructuration in CPA which resulted in the attribution of additional job duties to the remaining employees.

### *Timing*

Timing describes when during the workday or workweek the work is done. Especially, timing refers to non-standard working hours, like working early in the morning, in the evening, night work, and Saturday and Sunday work. Timing arrangements makes possible to motivate servants and employees by using work time arrangements that help them reconcile work and life. Thus the question of work time setting mechanisms is the utmost crucial. In Czech Republic, though mostly employees work in standard work hours, employer may unilaterally decide on work time arrangements, including introduction of non-standard working time and flexible work time arrangements, and work time arrangements could be individually and collectively bargained. These decentralised workplace level practices have lead also to

differences in flexible work time arrangements, including employee discretion in choosing timing of work in CPA. In Estonia public sector organizations could determine work time arrangements that serve the best the organizations' interests. At the same time, in case it is required to change the work time arrangement in the interest of the administration or the organization, employers have to pre-notify their servants and employees to make sure that they could make changes in their living arrangements (for instance reorganized parental care). In practice organizations and agencies have determined the time of work during the usual work hours and to varying degree allow employee-servant driven discretion in choosing their working hours. In Slovakia, similarly, most servants and employees follow the standard work time arrangements. The working time arrangement is put in place by respective service office and there are some variations across organizations in CPA. Also, servants and employees could individually and collectively bargain their work time arrangement in cooperation with employer. Then in Romania, to large extent, the timing of work is centrally determined by law to normal daytime working hours, and therefore offices have little discretion to put in place their own practices and civil servants cannot individually or collectively bargain the timing conditions. Only in limited circumstances, when it's the requirement of delivering service, it is possible to shift the work day, for instance where office works directly with the general public or accommodate for special needs of the administration.

In sum, in case of Czech Republic, Estonia and Slovakia, at least to some extent civil servants discretion in determining timing of work is enabled. This is crucial for reconciling work and life, and avoiding working involuntarily during unsocial hours. Based on the case studies, servants rarely work during unsocial hours, but related to some increase in working hours also incidents of work during unsocial hours might have happened more frequently.

### *Annual leave*

**Annual leave** might also considered important dimension for analysing timing of work during the work year as oftentimes civil servants have longer leave compared to private sector workers that warrants their special status. Thus, we will focus on length and leave settings mechanisms in different administration and employment relations systems. In Czech Republic, where currently is almost no civil service system, still the guaranteed duration of vacation entitlement which is of five weeks (i.e. 35 calendar days) in the public sector, i.e. one week more than in the private sector, and has not gone through changes recently. In Estonia, since the civil service reform in 2012, civil servants have 35 days and public employees have 28 days annual leave. Before the reform, there were extra days for seniority that extended the leave to maximum 45 days. Therefore, though the general idea of the reform was to equalize working conditions the 7 day gap in the length of annual leave remained. Interestingly, although the servants are entitled for a longer holiday than employees by the law, organizations mostly apply the same 35 day annual leave on public employees to treat equally servants and employees in the organization. In Slovakia, civil servants are entitled to 5 weeks paid holiday and 6 weeks for those aged 33 and over, and employees have 4 weeks paid holiday and 5 weeks for those aged 33 and older. Thus, there are both employment status and seniority differences in Slovakian system. In Romania, the minimum vacation period per year is 21 working days that make it comparable to four weeks, i.e. 28 days. Additionally, for seniority of more than 10 years, the vacation period is 25 working days.

The general rule in the CPA employment relations system is that the length of the annual leave is determined by the legislation, nevertheless the timing of the leave is to larger extent discretion of employer and employee. In Czech Republic, the length is obligatory determined, but timing of the leave depends on the agreement of employers and employees and on the system set within each individual central office by its management. In Estonia civil servants' length of annual leave is determined by the law and in legal principle could not be negotiated. Public employees, however, could negotiate the length based on their different status of employment, but, as mentioned above, public sector employers tend to treat civil servants and public employees equally and apply the 35 days annual leave similar to civil servants. Regarding the timing of annual leave, the employer has the prerogative to determine the timing of the leave, but it has to take into account the wishes of employees which are

reasonably compatible with the employer's interests. In Slovakia, formally, servants' and employees' length of annual leave is determined by law, but still they could (informally) bargain for longer leave. The timing of leave, the service office has the prerogative to determine the timing of the leave, but should take into account the wishes of employee or servant. In Romania, the vacation period is centrally determined by law and individual or collective bargaining is not allowed. The timing of annual leave is established by the employee on a basis of a dialog with the employer. Still, the employer (here the state) has full authority to recall the civil servant back to service from his or her statutory leave.

The overview indicates that only in Estonia there has been change in the length of annual leave that is reasoned by the efforts to equalize the working conditions in private and public sphere. The special status of civil servants is warranted by extended annual leave in Estonia, Slovakia, and Romania; however, in case of Estonia, the favourable leave conditions are overruled by organization level practices. In all of the countries, public employees and civil servants have at least some discretion over timing of annual leave that favours reconciliation of work and life.

## Conclusions

The past decades has witnessed quite unprecedented changes in both political and economic systems in Central and Eastern European (CEE) countries. All the new member states of the EU, including the four countries at the focus of this study – the Czech Republic, Estonia, Romania and Slovakia – have taken significant efforts at administrative reforms of various kinds. In order to better understand the consequences of changes on central public administration (CPA) and on civil service, it is important to understand the context of changes and processes of reform, which have facilitated the changes in employment relations and working conditions.

The study focuses on three distinctive periods of developments in CPAs of the countries: (1) institution building and initial transformation during the post-communist years of the 1990s; (2) reform efforts before the accession to the EU in 2004 or 2007; and (3) post-accession developments and the responses to the global financial crisis. Although there are important differences among the countries, they still appear to share a number of common developments. They started out their reconstruction of democratic institutions and state building effort with a desire to be like their western companions. The European integration process as well as the principles of NPM – decentralisation, individualisation, weak coordination etc. – both left their footprints on the administrations and employment in the administrations. Developments in CPAs also owe its momentum to organisational demands for efficiency and effectiveness, drive for quality and pressure for flexibility. Much of the political-institutional change, which has occurred, has focused on the decentralisation and dispersal of governmental and economic authority. The recent global financial and economic crisis has also been a major driver of change, leading to extensive austerity measures and reorganisations in CPAs. However, all transitions have their costs and in many cases also negative consequences. Civil servants working conditions have been in a large extent equalised with private sector employees meaning loss of status, and thereby motivation for civil servants. At the same time, the fundamental challenges for the new member states are related to politicisation, fragmentation and low prestige of the civil services.

As central public administration in all countries has been moulded by similar and different trends and background factors, one can find similarities and differences in all four CPAs' employment relations system as well. The cornerstone of these developments is whether civil service system with special status of employment has been introduced. In Estonia and Slovakia, dual system with different categories of employees is in place where in addition to civil servants there are also public employees working under private labour law, in Czech Republic, the civil service system has yet to be implemented and employment relationship and working conditions in public sector are based on similar private contract as in private sector, while in Romania, all employees in CPA are civil servants. The civil service system itself and its contrast to private employment system establish special status of employment in central public administration. However, the deregulation of terms of employment in the CPAs has diminished differences in statuses.

Employer representation in CPA is complex as the authority to make decisions on terms of employment and working conditions tend to be much more dispersed in the public service than in private sector. Historically, Czech Republic, Estonia, Slovakia, Romania have moved from centrally coordinated state apparatus toward more decentrally structured and weakly coordinated public services. Still, the extent the terms of employment and working conditions that are centrally determined by legislation or central personnel policies and the extent that these are open to workplace level co-determination varies. In civil service systems, servants' and their employers, i.e. offices have more limited degree of freedom to develop working conditions. And centrally determined terms and conditions could not be adapted to employers situated needs nor could be negotiated in favour of civil servants. Still, in countries, where the influence of private employment relations system is bigger, especially in Czech Republic and Estonia, at least in some sections of CPAs, the role of co-determination is potentially bigger. All the countries are quite specific about conditions that could be changed or negotiated in favour of employees or their offices.

Co-determination of terms of employment and working conditions is empowered by industrial relations in the CPAs. While trade unions remain to be the most common form of employee representation in the countries except Estonia, the new EU Directive regarding information and consultation 2002/14/EC also affected employee representative structures. In all countries, several employee representative forms exist (employee trustees, works councils) in addition to trade unions. However in Estonia, Slovakia and Czech Republic trade unions have the advantage over other employee representatives to conclude collective agreements. Trade union memberships are declining in all four countries, however.

Decentralisation and weaker coordination have also had an effect on industrial relations in the CPAs. In Estonia, Romania and the Czech Republic, collective bargaining is decentralised. In these countries, national level collective bargaining does not exist (in Estonia last negotiations were held in 2007; in Romania, national level collective agreement cease to exist from 2011) and only organizational level collective agreements are concluded. Still, unlike in Estonia, collective bargaining in Romania is mandatory as in Slovakia. However, compared to Slovakia, employees' working conditions in Estonia and Romania are in most part determined by the law which does not leave much room for negotiations. In Estonia this has led to situation where only a few organization level collective agreements have been concluded, and in Romania it has made the process of bargaining rather devoid of substance. In Czech Republic, despite the presence of legislative framework for higher level and organisational level collective agreements, the government refuses to play the role of social partner and therefore only company level collective agreements are negotiated. When it comes to collective bargaining, countries have taken a different approach in terms of what can or cannot be subjects of bipartite agreement. In Czech Republic and Estonia, labour laws have been renewed giving employees working in CPA more opportunities to negotiate over their working conditions and thereby closing the gap on differences with private sector employees (in Estonia the change only involves employees of CPA whose employment relationship is regulated by private law). In Czech Republic and Romania it has been determined in the law what can and cannot be negotiated by collective agreements while in Slovakia only those issues allowed to be determined through collective agreements are mentioned in the law. In Estonia, civil servants working conditions are in a great extent determined by the law. In most countries, collective agreements are applied to all employees regardless of their status or whether they are or not members of a trade union. This may be one of the reasons that have led to lower motivation to join trade unions and collectively negotiate working.

In all four countries, trade union associations for civil servants exist, while rivalry is present only in Romania. However, the rivalry driven by the need to increase the number of members has weakened civil servants representation, and trade union memberships have been declining in the CPAs. The EU Directive on information and consultation 2002/14/EC that brought changes to employee representative structure also had an even bigger influence on information and consultation organization in all countries. Ultimately, it brought some kind of changes in current or non-existent practice of information and consultation. Overall, employees now have more opportunities to voice their opinion and make suggestions (in Romania through parity commissions, in Slovakia through advisory bodies while in Estonia and Czech Republic general regulation of information and consultation was elaborated). Nevertheless, in none of the countries, employees' opinion is binding and employers have the final decision making prerogative. Still, both positive (more discussion opportunities) and negative issues (employees opinion is not taken into account) have come up with new practices. On national level, tripartite bodies that focus exclusively on CPA issues do not exist in any of the countries. While in Estonia no general tripartite bodies are created, in Czech Republic it exists, but only formally without any actual tripartite negotiations, and in Romania no CPA matters have been discussed leaving Slovakia the only country where regular tripartite consultations occur. However, even in there, CPA focused topics are rarely discussed.

As public servants provide essential services to the public leaving them with potentially higher disruptive power compared to private sector employees, their industrial action is often limited. The right to take part of industrial action in most countries is limited for those

employees engaged in positions involving state security. Only in Estonia, total strike ban was applied to all employees of CPA without exceptions to employee relationship until April 2013. Since then, industrial action is allowed to employees working in CPA under private law. In general, industrial action in all four countries is somewhat more regulated in CPA compared to private sector with Estonia having the most limited industrial action legislation and Slovakia being the least regulated. However regardless of the right to industrial action, it has been rarely used. This maybe the consequence of different alternative labour dispute resolution measures applied in all countries, leaving striking the last resort and allowed to be used only after all other dispute resolution measures have been exhausted. Consequently, the number of disputes in CPAs has been very low. Still, interestingly, some of the recent disputes were triggered by hasty reforms and restructuring during the economic downturn.

Prevention of non-compliance and safeguarding employment rights and obligations requires the establishment of enforcement procedures. Compared to private sector, the administrative process are rather limited in all of the countries, as usually labour inspectorates do not enforce terms of employment and working condition in public sector and administrative coordination in implementing common employment policies are few. Therefore, both civil servants and public employees have had to have good awareness and knowledge about their rights (and obligations) and in case of non-compliance shall rely on personal and group, including employee representatives resources to enforce application of a legal act on labour relations, administrative act on civil service, a rule established by the administration or binding contract. Also, due to the lack of pre court right dispute resolution mechanisms for instance in Estonian, civil servants barriers for resolution might be larger compared to employees in private sector.

The working conditions for civil servants and public employees in CPA are designed through employment relations systems meaning that they are also influenced by how coordinated or decentralised the system is. Employment opportunities as well as moving between positions and organizations in CPA depend on openness of the system. Though formally the analysed systems strive for openness, politicisation and partial managerial practices oftentimes limits employees equal, merit based access to the positions. This is especially apparent in Czech Republic, Slovakia and Romania. Also, during the recent recession, administrative reforms and restructuring has influenced vacancies and employees' readiness to change jobs.

Especially the recent austerity measures and cutting- back management strategies have led to job cuts and indirectly also influenced skills and competencies in the CPAs. These cut-backs to adapt to changing economic contingencies and deliberate administrative changes have influenced employees' employment security and perceived lifetime commitment for public service, but at least safety nets like severance pay ensured income security while out of job.

Due to differences in their career systems, also rights and practices related to skill development vary, though in all the CPAs, employers have the obligation to keep and improve its civil servants' and employees' expertise and qualifications. In Romanian career system, the training system drives for continuous education for public servants, while in other countries to a larger extent the assumption is that position holder shall already have qualifications and competencies for the professional work and the focus is mainly put on further training. In all four countries, financial resources allocated to training was cut down to preserve employment or compensation levels during the recession, but these practices and their impact varied within the CPAs as it was implemented differently in different offices. Only in Romania, the training system is centrally coordinated; in other countries weak coordination has raised the question of non-systematic development of skills and competencies.

Regarding remuneration of servants and employees, the CPAs have tended to centrally coordinate and determine wage setting. This also includes constrains to negotiate wages in CPAs. In some countries, i.e. Estonia and Romania, organization level policies and negotiations were enabled by extensive use of different variable pay components like bonuses. This, on the one hand, improved compensation and motivation, but also led to issues like non-transparency and non-equal treatment. Therefore in conjunction with fiscal

constrains due to economic recession, CPAs have to a larger extent moved toward (centrally) fixed salary scales. Regarding economic downturn's effect on evolution of wages in CPAs, it has to different extent, disrupted the civil service system typical of the modern countries in which the government guarantees to its civil servants and public employees a secure and stable income. To variable degree, countries have used their prerogative to unilaterally decrease pay due to fiscal constraints. Still, especially in Czech Republic, Estonia and Slovakia, the central decision determined the reduction of payroll funds and it was managers' prerogative to decide within the payroll framework whose employment to preserve, whether and whose wages to cut.

Regarding work time and timing arrangements in the CPAs, there is tendency to standardize it for civil servants. In Slovakia, the working time in CPA is somewhat shorter than in private sector, while contracted hours in Czech Republic, Estonian and Romanian civil service do not differ compared to respective private sector. During the crisis, at least in some sections of CPAs growth in the hours worked was noticed as employees who had escaped cut-backs during the crisis were attributed with additional job duties, but it was rarely formalized as overtime work. Interestingly, there seems to be preference to compensate overtime with extra pay rather than paid free time (except in Czech Republic) that could to certain extent be explained by more extraordinary circumstances that could warrant the call in the administration compared to private sector.

In general, decentralisation and weak coordination has challenged the employers to find the balance between the principles of merit and fairness and to address the issue of public service motivation. Fragmentation, decentralisation and weak coordination have also led to situation where changes and developments in working conditions and personnel policies in CPA in all four counties are hectic, in some parts defectively planned and lack of comprehensive and strategic long-term vision. To address those challenges, some attention has already been drawn in different countries to the "whole-of-government" and "good governance" approach to achieve coordination, collaboration and synergy across and within CPAs as a response to the problems of fragmentation, departmentalism and tunnel vision caused by the earlier reform programmes.

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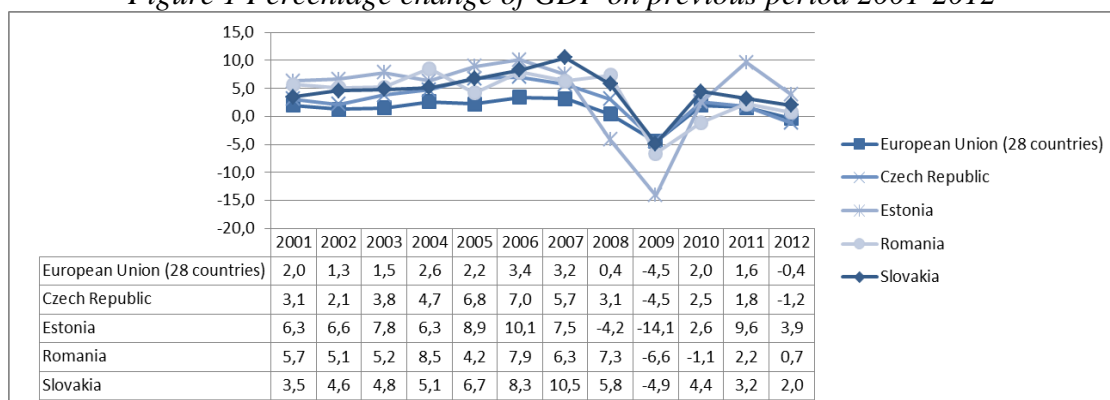
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# Annexes

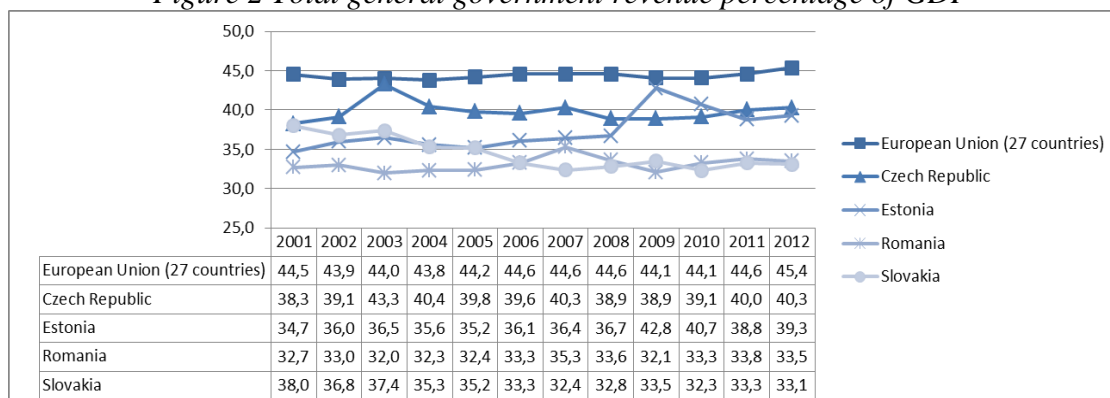
## Annex A: Statistics

Figure 1 Percentage change of GDP on previous period 2001-2012



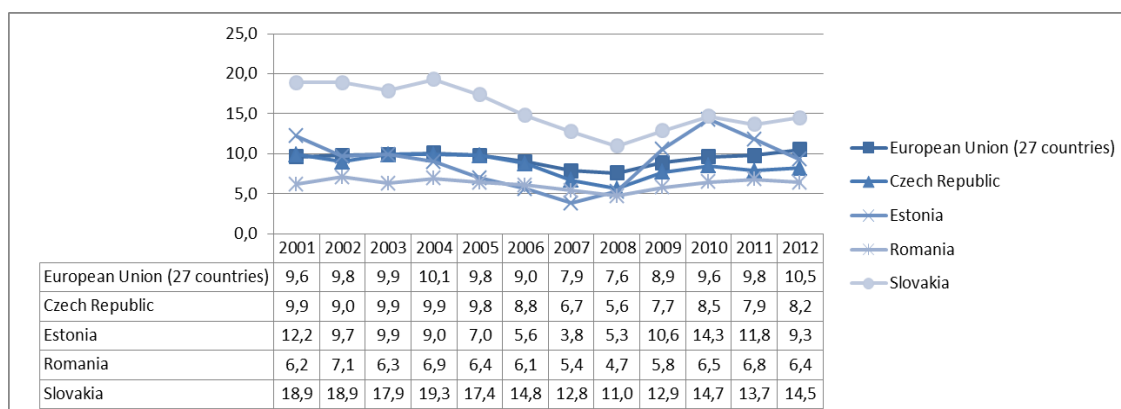
Source: Eurostat

Figure 2 Total general government revenue percentage of GDP



Source: Eurostat

Figure 3 Unemployment rate in 2001-2012



Source: Eurostat

## Annex B: Methodology

The objective of the study is to carry out in-depth analyses of industrial relations and working conditions in the central public administration within Member States which have joined the EU since 2004. The analyses were conducted according to methodology for cross-national case study research using multiple sources of evidence to guide both data collection and analysis.

The first step in the research was the **selection of case countries**. In total, 12 countries have joined the EU since 2004 in two different waves (10 countries on 1 May 2004 and 2 countries on 1 January 2007). These countries include: Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, Hungary, Malta and Cyprus (Member States since 2004) and Bulgaria and Romania (Member States since 2007). The choice was made to cover variety of civil service systems, industrial relations systems and institutional, economic and cultural contexts. In order to include a variety of different countries the following case countries were selected Czech Republic, Estonia, Slovakia and Romania. The selection of these four countries allowed for inclusion of contextual variety:

- while in Czech Republic there are no civil service system, the civil service system is institutionally different in Estonia, Slovakia and Romania, and, including taking into account dual employment system in Estonian and Slovakian central public administration;
- while Romania trade union density in central government is high, in Czech Republic, Slovakia it is moderate and in Estonia very low; and
- all the countries have been influenced by economic downturns, Europeanization, new public management policies but have reacted to contingencies differently and developed variable practices.

During the next crucial step, the **conceptual framework** for the study was developed. The framework outlined what to study, what data is relevant and reliable, where to focus on the case study analysis. For the purpose, both theoretical and research literature relevant for studying public administration and civil service reforms and changes, personnel policies, industrial relations and working conditions in public administrations was reviewed. The detailed study guide was written that lays down the research question, then defines the relevant topics and discusses potential developments that have been taking place in central public administrations, and then details aspects that shall be studied in the country case study. The draft framework was then reviewed by country experts to get feedback for making improvements and to achieve better applicability for the specific case country. The reviewing process was crucial as the designed framework and guidelines influence and shape data collection and analysis, and therefore the results of the research project. It helped to build shared understanding that the research design delivers expected results and focuses on relevant issues.

After designing the framework, the work on **the case studies** began. Decision was made that descriptions and explanations in the study shall be substantiated by the evidence from the secondary research in the form of desk study and primary research in the form of face to face fieldwork. The **desk study** summarized and synthesised existing literature and research at national level on industrial relations and working conditions in central public administrations. The literature review covered both administrative documents, for instance key legislation, strategy and implementation reports, and research papers, including statistical data.

Complementarily, in-depth face-to-face **field work** was carried out. Country experts designed interview plans after reviewing the relevant documents and research papers, and tailor made interview plan was created to cover the gaps in the documentation. Two types of semi-structured interviews were conducted. Firstly, experts of public administration, civil service and stakeholders, including labour union representatives were interviewed to gather additional information about the reforms, implementation of the reforms as well as insights into why changes and reforms have taken place and the impact of changes and reforms on employment relations and working conditions. Secondly, workplace level interviews with employer and employee representatives were carried out to obtain information on how developments and

reforms have impacted employment relations and working conditions at the workplace level and give workplace level interpretations, opinions from both employers and employee perspective to these developments. The workplaces that have been affected by the reforms and that in response to these developments have changed workplace level practices related to employment relations and working conditions were selected for the workplace level study.

The outcomes of the case studies are four country reports. These case study reports are structured according to the conceptual framework of the study and focused presenting and interpreting desk study and field work data. After drafting the country reports, the work on **horizontal analysis** and **overview report** started. The interpretative analysis of the case studies originate from the conceptual framework designed at the beginning of the study. During the analysis the case studies were contrasted and interpreted in the theoretical framework. Answering analytically to the research questions and writing the overview report was iterative process and required that revisions to the case studies shall be made and the overview report shall be reviewed. Country experts reviewed the overview report to give suggestions for improving the case country descriptions for more objective and info-rich horizontal analysis. Also, the overview report was reviewed by an external reviewer and Eurofound experts to avoid interpretations that are not supported by the evidence and that are not theoretically sound.