

Employment reforms alter the size and composition of the public sector workforce to ensure alignment with strategic objectives and financial sustainability. Given that a significant percentage of OECD countries' finances are spent on their employees, employment reforms can have an impact on the overall cost of government. Between 2008 and 2013 many OECD countries undertook numerous employment reforms, often as a result of the 2008 financial crisis, in an attempt to restore financial sustainability while trying to maintain service delivery standards and meet rising demand. Large-scale employment reforms can be difficult to undertake, particularly when they involve high levels of downsizing over short periods of time. Conversely, countries that do not take an active role in controlling the size of their public services risk growing public employment to levels that are fiscally unsustainable.

From 2008 to 2013, significant downsizing trends took place in the central government employment of many OECD countries. Most of the OECD EU countries are in a process of reducing the size of central government employment. Among these, only Sweden has increased the number of central government employees. Germany and Czech Republic have stabilised their numbers (in the case of Germany after long years of reductions in central government employment). Fewer countries continue to increase employment in central government moderately while only Norway reported high increases.

While the most significant downsizing takes place in the countries most impacted by the 2008 financial crisis, the fact that downsizing takes place almost everywhere illustrates that central government employment levels do not only revolve around the economic and fiscal situation of a country. In fact, in some cases, countries reform public employment in the context of demographic challenges, restructuring measures, governance reforms, decentralisation of public employment or the change of work methods.

Downsizing is a complex policy and includes a number of different (voluntary and obligatory) instruments and measures. In this regard, OECD countries report significant differences concerning the choice of instruments and the importance of measures. Overall, OECD countries that decide to reduce central government employment do so by using the following broad strategies: recruitment freezes, across-the-board cuts, outsourcing, compulsory termination, attrition and voluntary termination. Few countries focus on the dismissal of public employees. In fact, most countries are implementing other measures in order to downsize public employment such as recruitment freezes.

#### Methodology and definitions

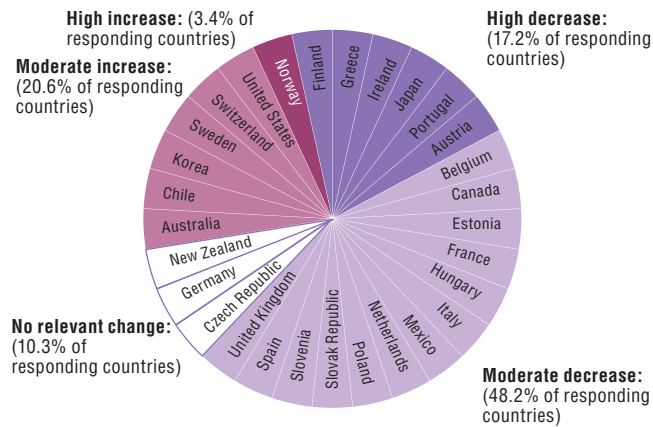
Employment reforms aim to alter the size of the workforce through the use of tools such as dismissals, recruitment freezes, or privatisation. Data were collected through the 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration. Respondents were predominantly senior officials in central government HRM departments, and data refer to the HRM practices in central government. The survey was completed by all OECD countries except Denmark, Iceland, Israel, Luxembourg and Turkey. Central public administration is defined, for the purposes of this survey, as organisations that are directly subordinated to national political power and are at the service of the central executive. The size and breadth of central public administrations vary significantly across countries and should be considered when making comparisons.

Data for Figure 6.2 are the responses to Question 1 for the above-mentioned survey: Generally speaking, what is the overall trend in central public administration employment in your country? Respondents chose from five possible answers: high decrease; moderate decrease; no relevant change; moderate increase; high increase. These categories were not quantitatively defined, but are chosen subjectively by respondents. In Table 6.3, "dismissals" are terminations of employment with or without notice; "recruitment freezes" are the overall practice and/or policy of disallowing finding and selecting new staff to join an organisation (mostly for a certain period of time); "outsourcing" is obtaining goods or services by contract from an outside supplier. The difference between moderate and frequent use was not quantitatively defined.

#### Figure notes

6.2: **Czech Republic:** The answer "No relevant change" is meant for the year 2013. The biggest changes occurred in 2011 when the government cut the budget of state employee salaries by 10%. However, 2013 witnessed no major change in public employment. So the overall trend in the country is: No relevant change. **France:** There was a moderate decrease in the number of public employees (not only civil servants) working in ministries (and not in agencies). **Slovak Republic:** Frequency of use could not be determined, the information includes all employees within the scope of public administration (central administration, territorial self-administration, social and health insurance funds). **Switzerland:** Information relates to the period 2005-13. **United Kingdom:** Central public administration is intended as government departments and their executive agencies (i.e. the civil service).

### 6.2. Employment reforms in select OECD countries' central public administrations



Source: 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration, OECD, Paris.  
 StatLink <http://dx.doi.org/10.1787/888933248809>

### 6.3. Employment reform tools used in OECD countries' central public administrations

	Dismissals	Recruitment freezes	Outsourcing	Annual productivity targets	Non or partial replacement of retiring staff	Privatisation	Decentralisation of employment to lower government level agencies
Australia	▸	▸	..	▸	▸	..	..
Austria	○	●	▸	▸	●	○	○
Belgium	○	●	▸	●	●	▸	●
Canada	▸	▸	○	○	▸	○	○
Chile	▸	○	▸	○	▸	○	○
Czech Republic	●	●	●	●	▸	▸	▸
Estonia	▸	▸	○	○	○	○	▸
Finland	▸	▸	▸	●	●	▸	▸
France	○	▸	▸	▸	▸	○	▸
Germany	○	○	○	○	○	○	○
Greece	▸	▸	▸	▸	●	○	○
Hungary	▸	●	○	▸	●	○	○
Ireland	○	▸	▸	●	●	○	○
Italy	○	●	▸	○	●	○	○
Japan	○	▸	●	○	●	▸	○
Korea	○	▸	▸	▸	○	▸	○
Mexico	▸	▸	▸	▸	▸	○	▸
Netherlands	○	▸	▸	▸	●	▸	▸
New Zealand	○	▸	●	▸	▸	▸	○
Norway	○	○	○	○	○	○	○
Poland	▸	●	▸	○	●	○	▸
Portugal	●	●	▸	●	●	○	○
Slovak Republic	●	●	..	○	●	..	..
Slovenia	▸	●	○	●	●	○	○
Spain	▸	●	▸	○	●	○	○
Sweden	▸	▸	▸	●	●	▸	○
Switzerland	▸	▸	○	▸	▸	○	○
United Kingdom	○	●	▸	▸	▸	▸	○
United States	▸	▸	▸	○	▸	○	○
<b>OECD Total</b>							□
● Frequent use	3	11	3	7	15	0	1
▸ Moderate use	14	15	17	11	10	9	7
○ No use	12	3	7	11	4	18	19
Brazil	○	▸	●	○	▸	●	●
Colombia	○	▸	▸	○	○	○	○
Latvia	●	▸	▸	▸	▸	○	○

Source: 2014 OECD Survey on Managing Budgetary Constraints: Implications for HRM and Employment in Central Public Administration, OECD, Paris.  
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