

Work Organization in the Public Sector: The Swedish Example

by Yanick Labrie



Work organization in the public sector in Quebec has long been hindered by various forms of rigidity. Over the past decade, a few timid reforms have been adopted in order to tackle this lack of flexibility, including the decentralization of certain elements of collective bargaining agreements in the health care system. Most of the working conditions of government employees nonetheless continue to be negotiated centrally for the province as a whole. The principle of seniority still occupies a prominent place in collective bargaining agreements.

In the public sector, seniority is the criterion that generally takes precedence when determining, among other things, who has priority in job postings, in the awarding of promotions, in access to training and in choosing vacations and work schedules.¹ Public sector employees also enjoy a special status that comes with undeniable advantages over workers in the private sector, especially in terms of job security.

In order to improve its provision of services, Quebec could take some inspiration from the experience of Sweden, a country that managed to transform its public sector employment scheme without antagonizing unions and workers. The reforms put in place over the past two decades not only made work organization more flexible, but they also in all likelihood have acted as a check on corruption.

Individualized performance pay

Grappling with serious public finance and unemployment problems in the early 1990s after three decades of relative economic decline, Sweden undertook significant reforms in order to reduce its debt and get its economy back on track.

One of the central government's first initiatives was to entrust counties and municipalities

with the responsibility of looking after budgets and making decisions regarding key services offered to citizens, especially in the areas of health and education. This decentralization of powers to local authorities was accompanied by a total reorganization of government agencies, several of which were combined or even abolished. Those that remained were given greater autonomy in the management and provision of services, and also in terms of the hiring, remuneration and dismissal of personnel.

At the same time, an individualized system of remuneration linked to performance was put in place for government employees, replacing the former centralized, rigid and uniform structure. Over 90% of public sector employees in Sweden now have differentiated remuneration that varies as a function of worker performance, the level of responsibility associated with the tasks to be accomplished and the salary that prevails in the private sector for equivalent work.

The performance evaluation of each public sector employee in Sweden is conducted on an individual basis at least once a year according to precise objectives. Efficient employees can be promoted, whereas employees who do not fulfill their duties can be demoted or even dismissed.



Lifetime employment no longer exists for public sector employees, who are now governed by rules that are practically identical to those that govern the private sector.² Job security is guaranteed only by an employee's competence. In the civil service, no priority is given to government employees in the assignment of vacant posts, candidates from the private sector receiving equal consideration.³

Contrary to what one might think, the individualized remuneration system quickly received the support of government employees and their unions.⁴ Moreover, OECD researchers conclude that the system has so far achieved one of its main original goals, namely improving the recruitment and retention of the most qualified employees.⁵

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Are public employees now at the mercy of the arbitrary choices and partisan orientations of the party in power? Quite the opposite. Hiring and promotion decisions in the civil service have long been shielded from political interference in Sweden and the reforms in no way altered the strict rules already in place designed to limit arbitrariness.⁶ Furthermore, cases of abuse are regularly denounced in the media.⁷ For that matter, the independent nature of the civil service played a determining role in the success of the new remuneration system based on performance and merit, by reassuring employees about the impartiality of the evaluation process and the awarding of promotions.⁸

Interestingly, for over a decade Sweden has been among the countries perceived to be the least corrupt in the world,⁹ in addition to placing among the top ranks in terms of the professionalism of its civil service.¹⁰ Sweden's experience is therefore proof that work organization in the public sector need not rest upon job permanence and seniority in order to counter favouritism and corruption, as union leaders in Quebec often claim.¹¹ Indeed, a recent study by the Quality of Government Institute surveying 52 countries confirms that guaranteed lifetime employment does not act as a deterrent against corruption. On the contrary, according to the Swedish researchers who carried out the study, it is the meritocratic aspect of the employment scheme, much more prominent in Sweden than in Quebec (see Table 1), that is the factor most likely to have an impact.¹²

Reforms in the education sector

Although it was not subject to reductions in personnel or expenses, the education system in Sweden has undergone major transformations over the past twenty years. First of all, the sector was opened up to competition in the early 1990s and a system of education vouchers was put in place. Parents now have the freedom to choose their child's school, be it public or private, while enjoying the same level of funding.¹³

In 1996, pay scales, which set teachers' salaries as a function of the numbers of years of education and seniority, were abolished. The responsibility for making decisions regarding the hiring and remuneration of teaching staff was then delegated to each individual school.

In addition to this individualized system of remuneration, a process for evaluating teacher performance was set in place. Although these evaluations are still criticized, the rate of satisfaction of teachers with regard to the new system has grown steadily over the years. While fewer than a third of teachers supported the reform in 1999, over 60% of them (and 70% of those aged 40 or under) had a favourable opinion of it five years later.¹⁴

The unions dreaded the reform at first and for a long time did not support it, fearing that it would undermine the bargaining power of teachers versus their employers and that working conditions would deteriorate as a result. However, the benefits for teachers in terms of salaries and professional autonomy obtained through differentiated performance pay were such that the unions had no choice but to recognize them.¹⁵

The greater flexibility afforded to school principals allows them not only to reward teachers based on performance and effort, but also to offer working conditions that take into account the dictates of the job market in order to attract and retain quality employees.

Therefore, in regions or in disciplines where candidates are fewer in number, the salaries offered are higher in order to fill job openings more easily. For example, science and math teachers receive higher salaries than teachers in other disciplines for which the pool of candidates is larger.¹⁶ New teachers, for whom job opportunities are more numerous at the start of their careers, are offered higher salaries than when the former system was in place.¹⁷ According to various sources, the system has helped ease hiring difficulties and shortages in certain regions.¹⁸

Table 1
Characteristics of work organization in the public sector in Quebec and Sweden

Characteristics	Quebec 	Sweden 
Seniority as the primary consideration in awarding promotions	Very widespread	Marginal
Pay scales based on levels of seniority and education	Yes	No
Guaranteed life employment	Yes	No
Negotiation of working conditions	Centralized	Very decentralized (at the local or individual level)
Remuneration based in part on performance and individual merit	Limited*	Generalized
Special status and advantages conferred by the law	Yes	No

*Performance pay is limited to certain categories of jobs and mostly takes the form of bonuses rather than being an integral part of salaries like in Sweden.

While labour regulations have been relaxed and school principals have greater autonomy when it comes to managing human resources, they also have more responsibilities and greater imputability. Since their schools are also evaluated for performance, principals are called to account and can be dismissed from their duties if the results obtained fail to live up to the expectations of the population.¹⁹ Despite the new demands placed upon them, few school principals want to return to the former system, where their work was subjected to strict rules and circumscribed by bureaucratic decisions.²⁰

No researcher has yet examined the impact that the decentralized negotiation of teachers' working conditions has had on student performance in Sweden. Nonetheless, according to a recent study of 42 countries, a high degree of autonomy such as school principals in Sweden possess in terms of staff management is among the factors that contribute to the improvement of student results on math tests.²¹

Reforms in the health care sector

The reforms carried out in the health care sector in the 1990s began with the decentralization of decision-making powers to the counties. Hospitals also gained autonomy and since 1992 have been financed on the basis of services provided, rather than with global budgets. Patients now have the freedom to choose the hospital where they want to receive their treatments, and hospitals, be they public or private, compete to attract them.²²

As with the education sector, remuneration for nursing staff is now negotiated individually and linked to performance, and can vary greatly from one region to another. The more nurses are in short supply in a given region, the higher salaries tend to be. For example, salaries paid to pediatric nurses in the Stockholm region are on average 13% higher than those awarded in the Jönköping region,²³ given that needs in terms of staff recruitment and retention are more urgent.

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Work organization reforms in the health care sector have also produced positive results in several respects. The problem of nursing staff shortages has been curbed in recent years.²⁴ Since the early 2000s, the satisfaction levels of nurses and doctors with regard to their work have increased significantly and the absentee rate is in decline. From 1999-2000 to 2008-2010, the percentage of nurses having declared work-related health problems over the course of a given year fell by 22%.²⁵

According to a recent study, nurses and doctors agree that all in all, the work atmosphere in their hospitals has changed for the better.²⁶ They recognize that they have more autonomy in carrying out their duties and feel that they are more able to exercise a certain influence on their work environments.

Conclusion

Demonstrating a sense of pragmatism, political decision-makers in Sweden succeeded in reforming work organization

in the public sector by incorporating elements of flexibility and better performance incentives. Interestingly, these reforms were the fruit of decisions made primarily by the Social Democratic Party, traditionally close to civil service unions and employees, and they were put in place without dismantling the welfare state to which Swedes appear to be attached.²⁷

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Long seen as a model worth emulating by numerous Quebec intellectuals and politicians who favour big government, Sweden should now serve as an inspiration in the search for ways to increase the efficiency of the public sector.

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