Restructuring in the Public Sector Following the Crisis and Future of Public Sector Employment
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Restructuring in the public sector became a popular topic in the last couple of years following the economic and financial crisis that started in 2008. The on-going crisis resulted in several EU Member States inflated public debts which had overall effects on the Eurozone/European economy as to the trade and currency interdependencies. Since the outbreak of crisis, the state revenues shrank as to reducing income on taxes. On the other hand, the demand for social expenditures increased as to increasing unemployment benefit claims and health care costs. All these resulted in, in most of the Member States, fiscal consolidation measure that identify public sector pay bill as a principal domain of reform.

While public sector restructuring is not a new phenomenon for many Member States, comparative research efforts to map if and how public sector restructuring has been taking place across EU Member States are scarce. Policy makers and practitioners however are more and more in need of learning about these practises from other Member States in order to design policies to cope with the common driver for change, i.e. austerity measures and cutting personnel costs.

This paper aims to narrow this knowledge gap by exploring if and how public sector restructuring has been taking place in the EU-27. The findings of the paper stem from a research project of the European Foundation for the Improvement of Living and Working Conditions conducted in 2013/14, which adopted as the main research methodology literature review, secondary data analysis based on LFS and COCOPS surveys2 and qualitative data collection through semi structured interviews in the aforementioned Member States. This is supplemented by literature review at international level which covered mainly academic journals and handbooks.

The paper on hand answers research questions such as: is restructuring in the public sector taking place at national, regional or local level following the recent crisis, what are the main drivers and particular characteristics in terms of actors involved, its planning, implementation and managing phases. The introductory section shows changing public sector employment levels across EU-27 adopting the CEEP taxonomy using latest LFS data. The second part, based on qualitative and quantitative data provides answers to the mentioned research questions. Last part elaborates on the future of public sector employment given the external challenges and changing workforce structure and working conditions as a result of on-going restructurings.

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2 http://cocops.eu/
Preliminary results show that many adjustments in public sector has been taking place in almost all EU Member States last couple of years, triggered mostly but not only by the recent economic and financial crisis and the austerity measures introduced. Other drivers identified are the motive to increase efficiency, modernise and improve performance in public services, agenda of the current government and demographic changes. Interesting to note that although in many countries the adjustments have been massive in scale, in very few Member States they were implemented as a general midterm programme with exceptions being Member States under bail out programmes. Similarly, with few exceptions, there were no bodies or agencies with specific remit to do prior reviews and cost-benefit analyses before implementation or track implementation of the reform programmes. Moreover, the programmes were modified too soon and too often and in most of the cases involving social partners insufficiently. The adjustments included mainly quantitative tools such as hiring or promotion freezes, cuts in wages, benefits and non-monetary entitlements and change in employment status. Less frequently, alternatives to quantitative headcount adjustments were adopted including redeployment schemes, job sharing, phased retirement, introduction of new forms of employment. Privatisation of service delivery in some sectors has been also a prominent trend especially in the UK and Ireland as well as in the “programme countries”.

The research findings denote that as to the impacts of these adjustments not only on the working conditions but also on the nature and ethos of public sector employment, public sector will be employing overall less employees among which the proportion of temporary/atypical contract holders is to increase significantly in the coming years. The pay gap between public and private sector, that used to be at least for many EU Member States positive in favour of public one, is to reduce or reverse. The public sector workforce seems to be under stress as to increased workload as to headcount and increased demand. Moreover, participatory social dialogue has deteriorated. Especially in the programme countries, there has been very negative press coverage for the public sector employees about them being blamed for the difficult economic situation, being inefficient or consuming public funds.

In general all these factors have worsened the image of working for the public sector seriously. This, in combination with the on-going recruitment bans might mean that public sector workforce in the EU will be composed of less talented and less diverse than previously. Moreover, the mission of public sector to set a benchmark for being “good employer” is under serious threat. On the other hand, factors like demographic change, climate change, and economic trajectories following the current periods of ‘austerity’ as well as technological developments require in the near future a dynamic and highly committed workforce in the public sector to address changing nature of demand for public services as to these big external challenges. The paper concludes by providing some policy pointers against this background.