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# **Civil Service Management in Estonia**

## **EVIDENCE FROM A SURVEY OF CIVIL SERVANTS AND EMPLOYEES**

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October 2018

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## I. The Survey

This report presents the results of a survey that was conducted among civil servants and employees in Estonia between April and June 2017. The survey is part of a global project on the effects of civil service management practices that is funded by the UK Department for International Development and the British Academy. The project includes ten countries from Eastern Europe (Estonia, Kosovo and Albania), Latin America (Brazil, Chile), Asia (Bangladesh, Nepal) and Africa (Ghana, Uganda and Malawi). With more than 23.000 participants, the project has generated the largest survey of civil servants that has ever been conducted.

The survey of civil servants is comparable to staff satisfaction surveys that are increasingly used in OECD countries to engage public servants in civil service reform and modernisation, but with an enhanced emphasis on human resource management practices and their effects. To our knowledge, this is one of the largest staff surveys that has been conducted in Estonia thus far. The survey covers a range of personnel management practices such as recruitment and selection, career advancement, salary management, job stability, ethics management, leadership practices, skill levels and the working environment in public administration. It examines the effectiveness of management practices in these areas in relation to job satisfaction and turnover intention among civil servants, work performance and work motivation, public service orientation, organisational trust, ethical awareness and varieties of ethical and unethical behaviour in public administration.

In Estonia, the survey was conducted as an online survey in Estonian language. The survey frame included civil servants and employees (henceforth, *public servants* when referring to both categories) from central government institutions except the Ministry of Defence and the armed forces totalling 14.100 people. Public servants were sent personal emails to participate in the survey. The survey was open in May and June 2017. The survey generated 3522 responses from 53 institutions. This represents a response rate of approximately 25 per cent. 75 per cent of the respondents were civil servants. 20 per cent were employees. 74 per cent were female. 26 per cent were male.

This report summarises the main finding of the survey. It presents proportions and results of a complementary statistical analysis of the consequences of human resources management practices for the satisfaction, work motivation, inter-personal trust, public service motivation and ethical behaviour of civil servants and employees in Estonia. The report does not include graphs with descriptive findings. They are available on request from the authors.

## II. Attitudes and Behaviour of Civil Servants and Employees

The survey assessed **job satisfaction**, **self-assessed performance** and **work motivation** of public servants. In Estonia, 81 per cent of the public servants are either satisfied or very satisfied with their job. To provide a comparative perspective,

this is as high as in Chile and Albania and higher than in Brazil and Kosovo. 95 per cent of the public servants assess their own contribution to the success of their organisation as positive. In relation to the work motivation of public servants 40 per cent of the public servants are highly motivated in that they are *always* willing to take on additional tasks, are willing to come to work early and to stay late, and to put forth their best effort.

**Commitment to public service** was examined by asking public servants about their intention to stay in the public sector if they had to choose a new job within the next few months, their willingness to a life-long career in the public service and their motivation to serve the public interest and society as a whole. In Estonia, 63 per cent of public servants intend to stay in the public sector if they had to look for a new job in the near future. 47 per cent agree or strongly agree that they seek to spend the rest of their working life in the public sector. 62 per cent of public servants agree or strongly agree consistently with statements that indicate public service motivation. There are some differences across institutions. Moreover, managers and public servants with higher education have slightly higher levels of public service motivation.

The level of commitment to public service commitment as measured above is low in Estonia compared to other countries included in the study. In Chile and Brazil, 84 per cent and 69 per cent respectively intend to stay in the public sector. In Albania and Kosovo, 75 per cent and 86 per cent respectively intend to stay in the public sector. In Estonia, both the intention to spend the rest of the career in the public service and, in particular, the motivation to serve the public is lower than in the countries included in the study.

Inter-personal **trust** is essential for the performance of organisations. It facilitates communication and coordination among public servants and across institution. In Estonia, more public servants trust than distrust each other. 60 per cent believe that most people can be trusted inside their organisation, while 35 per cent believe that they need to be careful when dealing with other people. Trust varies across central government institutions and categories of staff insofar as permanent civil servants are relatively more trusting than other types of staff. Even if there is scope for the development of measures that improve inter-personal trust in the public service, trust is higher in Estonia than in other countries included in the study such as Chile, Brazil, Albania and Kosovo.

The survey assessed ethical attitudes and behaviour in a variety of ways. First, In order to assess the **ethical awareness** of public servants they were asked to identify conflict of interest in a typical situation in the public sector. Merely 29 per cent were unambiguously aware of a conflict of interest situation that was presented to them and 16 per cent would have engaged in a conflict of interest when asked what they would have done if they were in the same situation.

Ethical awareness varies across categories of staff. Managers and public servants with high levels of education are relatively more aware of the conflict of interest situation. Young civil servants under the age of 30 are less aware of the ethical dilemma. There is no discernible difference between civil servants and employees.

*There is hence considerable scope for more training and information campaigns to improve ethical awareness among public servants.*

**Compliance with rules** is a characteristic feature of modern bureaucracy. In Estonia, public servants indicate considerable willingness to bend rules in the context of their work. Less than 5 per cent of the respondents would not bend rules under any circumstances, that is, they strongly disagreed with four scenarios that invited them to bend the rules. This proportion is lower than in Albania where the same set of questions was asked (compliance ratio of 26 per cent).

The propensity to bend rules is relatively more pronounced if public servants disagree with rules or in order to get things done at work. They are less inclined to bend rules, however, if a superior asks them to do so or to help a citizen. The willingness to bend rules is higher among lower ranks (assistants) and both permanent and temporary employees as opposed to civil servants. *The finding indicates the need for initiatives to strengthen the awareness for the importance of rule compliance in the public service.*

Public servants would engage in **whistle blowing** if they observed unethical behaviour among political superiors and fellow public servants. 60 per cent would report unethical behaviour of political superior in order to hold them to account. 99 per cent of the respondents would address unethical behaviour among fellow public servants by directly speaking to the offender (51 per cent) or by reporting to upper management (56 per cent).

**Organisational misbehaviour** refers to minor ethical infractions such as using office resources, printers, phones, emails, and stationary for private purposes. They present a considerable cost for government and may provide the basis for more serious yet less visible ethical violations. Based on self-reporting, merely 11 per cent of the public servants have *never* used office resources for private purposes. In particular, using offices phones, email and the internet for private purposes is very common among public servants, though this may be formally accepted by some institutions. Again, organisational misbehaviour is less frequent in Albania where the same questions were asked (40 per cent ratio of 'clean' behaviour).

**Major ethical violations** refer in this context to political and personal corruption, nepotism and clientelism in the public service. In Estonia, public servants observe major ethical violations rarely at their work place. However, their occurrence is not negligible either. 47 per cent of the public servants have observed that colleagues use their position to help friends and family at least from time to time. 38 per cent have observed that colleagues accept gifts or otherwise personally benefit from their position in public administration. 16 per cent of the public servants have observed that fellow public servants have helped divert government resources to political parties and persons with political links. Major ethical violations are slightly more frequently observed in Estonia than in Chile and less often than in Albania and, in particular, Kosovo.

### III. Civil Service Management Practices

#### Recruitment and Selection

In the area of recruitment and selection, the study focused on the importance of formal vacancy announcements, which are required by law as opposed to informal channels of information such as word of mouth and school and university networks. It further examined the modes of assessments in particular the use of written tests and personal interviews. Mechanisms of selection were explored with regard to the relative importance of direct superiors, selection commissions, general secretaries, ministers and the centrally located State Secretary in final selection decisions. Finally, merit and non-merit selection criteria were compared.

Recruitment and selection generally focuses on the 'first job' in the civil service. The proportion of answers hence indicates the merit characteristics of the current stock of public servants whereby some may have joined the public service 15 years ago and others only one or two years ago.

First, informal **channels of recruitment** are prevalent for the public service in Estonia. 42 per cent of the respondents indicate that they found out about their first job in the public service through word of mouth, that is, communications with personal acquaintances. However, formal channels of information such as web sites of recruiting institutions and private online job portals appear to have become more important. Yet, a central civil service employment portal remains of minor relevance for the announcement of job vacancies.

Further statistical analysis shows that the public advertisement of job vacancies reduces both nepotism and politicisation in recruitment, that is, the importance of personal connections and political support for the selection into the first job is lower compared to informal means of finding out about job opportunities in the public service. Vacancy announcements do not affect other management outcomes such as job satisfaction, the intention to stay in the public sector or ethical attitudes.

Merit-based **assessment** procedures are partially applied in Estonia insofar as they focus on personal interviews. By contrast, written examinations, which are not required by law, are rarely applied in practice. 85 per cent have sat a personal interview. Merely 18 per cent of the public servants have passed a written test for entry into the public service.

The statistical analysis suggests that an expansion of written examinations would have positive effects on the management of the public service. Written exams, when practiced, are positively associated with higher levels of public service motivation and a lower propensity to bend rules. Moreover, they reduce the role of personal and political connections in recruitment and selection decisions. Similar effects can be identified for personal interviews.

The **selection** of public servants is decentralised with no meaningful role for any central institution other than top civil servants. Direct superiors of public servants are most influential in recruitment and selection processes (63 per cent). Formal

selection commissions play only a minor role (14 per cent). Indeed, the role of selection commissions has hardly increased over the last 15 years despite formal-legal changes. Ministers, general secretaries and the State Secretary are of very minor importance.

The statistical analysis indicates that selection commissions have a positive effect on management outcomes. They reduce the role of personal connections in recruitment and selection processes, enhance the level of public service motivation, are associated with the intention to stay in the public sector and greater rule compliance.

However, an important role for managers is not necessarily associated with negative management outcomes. An influential role for direct superiors is not significantly associated with more personalised and politicised selection decisions (as is the case in most other countries in which the senior civil service is more politicised). Moreover, when direct superiors are influential during recruitment, satisfaction and public service commitment do also increase as they do when selection commissions are prominent. Yet, an important role for direct superiors is associated with a greater willingness to bend rules at work. This may suggest that the discretionary influence of managers is reflected in more discretionary behaviour by subordinates.

Merit **criteria** such as educational and job-specific expertise are important or very important for selection into the first job for the large majority of public servants. Yet non-merit criteria such as personal connections have had at least some importance for 35 per cent of public servants. By contrast, political considerations are important for only 5 per cent of the public servants, indicating that civil service politicisation is low in Estonia.

The statistical analysis further demonstrates that, in particular, nepotism negatively affects the satisfaction, public service motivation and willingness of public servants to comply with rules at work. The impact of politicisation is weaker but points in the same direction, largely resulting from the low level of public service politicisation in Estonia in the first place.

### Career Advancement

Public competitions are the main mechanisms for career advancement in the public service in Estonia. Nearly 50 per cent of the public servants advanced to their current position – assuming they have changed their job at least once since entering the public service – by means of public **competitions**, competitions within the public sector or competitions within their own institution. 32 per cent of the public servants advanced to their current positions by means of internal or lateral **transfers**.

Similar to recruitment into the public service, personal interviews constitute the main mode of **assessment** (75 per cent), while written exams are only sometimes used (23 per cent). Advancement decisions are primarily determined by direct superiors (67 per cent). The role of **selection commission** (28 per cent) is slightly higher compared to recruitment into the civil service. In addition, the role of General Secretaries is notable, in that 16 per cent consider them important for the career

advancement to their current job. Ministers and the State Secretary play only a very minor role in advancement processes except for top civil servants.

Merit **advancement criteria** such as past performance are perceived as important or very important for *future* career advancement to better positions by nearly 90 per cent of public servants. By contrast, years of experience are seen as less important (40 per cent). The role of non-merit criteria is *not* negligible. 75 per cent lend at least some importance to good personal connections inside public administration and 64 per cent believe that political support is beneficial for future advancement to a better job in the public service.

Further statistical analysis shows that an important role for personal connections and political support for career advancement reduces job satisfaction, public service motivation and the willingness of public servants to comply with rules. By contrast, when future career advancement is perceived to be performance driven, public servants tend to be more satisfied at work and are more inclined to stay in the public sector.

### Salary Management

The analysis of salary management focused on the perceived sufficiency and satisfaction with current salary levels, the importance of various salary determinants such as performance, seniority and political support, horizontal salary equality and the competitiveness of salaries in relation to private sector jobs.

In Estonia, 57 per cent of public servants agree or strongly agree that they can sustain their family from their salary alone. Yet only 39 per cent are satisfied or very satisfied with their **salary level**. Salary satisfaction varies considerably across institutions. It tends to be lower in boards and agencies and relatively higher in central government ministries.

The salary system is perceived as performance-oriented by 43 per cent of public servants who agree or strongly agree that good performance will be rewarded with a salary increase. **Performance-orientation** varies considerably across institutions. Years of experience play only a minor role in determining public servants' salary levels (14 per cent). Political and personal connections are largely unimportant for determining salary levels.

**Salary equality** refers here to the extent to which salary levels differ for public servants who perform similar jobs. 53 per cent of public servants believe that they are paid as well as other public servants who have similar job responsibilities. Yet perceived salary equality varies considerably across institutions. It is higher in court administrations and several ministries compared to other types of institutions.

The perceived **competitiveness** of public service salaries relative to private sector salaries varies considerably across public servants. Merely 30 per cent agree or strongly agree that they would easily find a better-paid job in the private sector. Conversely, 37 per cent believe that they would not find a better paid job outside the public service. There are considerable differences across institutions. Ministries and



Tallinn-based institutions, for instance, tend to be in a less competitive position than other types of institutions.

Salary management has, together with the quality of the leadership, see below, arguably the strongest effect on management outcomes in the public service in Estonia. Salary satisfaction and the perceived sufficiency of salaries, salary equality and a perceived link between performance and salary increases has a positive effect on job satisfaction, the level of public service motivation, the intention to stay in the public sector and the willingness to comply with rules. The perceived competitiveness of salaries have the same effect, except that public servants are more likely to look for jobs in the private sector if they believe that they can find a better paid job. *Enhancing salary satisfaction, equality and performance orientation will hence be essential for strengthening the effectiveness of the public service in Estonia in the future.*

### Job Protection

Protection from dismissal has long been a hallmark of bureaucracy. Yet reform initiatives over the last three decades have attempted to reduce job security and hence facilitate dismissals from the public service. In Estonia, merely 18 per cent public servants agree or strongly agree that it is difficult to dismiss them from the public service. Perceived **job security** is lower among employees relative to civil servants. This reflects the legal situation after the adoption of the new Public Service Act in 2013.

Moreover, 55 per cent agree or strongly agree that they can be dismissed if they perform poorly on their job. By contrast, political considerations play a minor role in relation to job security. Only 10 per cent agree or strongly agree that they may be dismissed for political reasons. Managers relative to public servants in specialist and assistant level jobs are more inclined to expect a dismissal for political reasons or as a result of poor performance.

The statistical analysis suggests that perceived job security as such does not affect the satisfaction, performance and ethical behaviour of public servants. However, the distinction between the perceived potential for political as opposed to performance-based dismissal matters for management outcomes. The fear of political dismissal decreases satisfaction and the intention to stay in the public service, while increasing the willingness to bend rules. By contrast, the expectation that poor performance may lead to dismissal from the public service enhances satisfaction, public service motivation, the intention to stay in the public service and the propensity to comply with rules.

### Ethics Management

An effective ethics management infrastructure is a central element of a professional public service. The survey assessed the **awareness of ethics codes** and participation in ethics training. In Estonia, 79 per cent of public servants are aware of the civil service code of ethics. Code awareness is lower among employees of court

administrations, boards and agencies as well as employees as opposed to staff in the category of civil servants. The latter might reflect the non-applicability of the civil service code of ethics to so-called employees. *The finding implies a need to develop either a wider code of ethics or a separate code for employees.*

**Knowledge of the code of ethics** was further assessed by asking public servants about the contents of the code. Eight principles were presented, four of which are embedded in the current code of ethics as opposed to four that are not. Public servants correctly identified trustworthiness (90 per cent), impartiality (78 per cent), openness (64 per cent) and focus on people (48 per cent). Yet other principles not explicitly included in the code of ethics such as loyalty (63 per cent) were also identified as being part of the code by large proportion of public servants. Indeed, merely 9.5 per cent of public servants identified the correct combination of four (out of eight) principles in the survey task. *This result indicates a considerable scope for training and information campaigns in relation to the contents of the code of ethics in Estonia.*

Indeed, only 53 per cent of public servants have participated in **ethics training**. Relative majorities have participated in specific ethics training on the code of ethics and on the ethics policy of their institution (41 and 37 per cent respectively). Ethics training plays a relatively smaller role in the context of job induction training and leadership trainings (26 and 26 per cent respectively). Asked about the contents of ethics training, the focus of most trainings has been on teaching public servants standards of good behaviour to which they should aspire in their work (79 per cent) as opposed to behaviour that would lead to disciplinary action (27 per cent). This indicates a focus on value-oriented ethics training rather than compliance-oriented training.

### Quality of Leadership

The quality of management is essential for the quality of public service. The study asked public servants to assess the expertise and leadership skills of their direct superior as well as the extent to which they believe that their direct superior was appointed on the basis of political considerations.

In addition, the study assessed leadership practices in the public service, in particular, the experience of public servants with so-called transformational and ethical leadership. The former focuses on the managers as role models that communicate the vision of the organisation, generate high levels of motivation among staff and make them feel proud of their organisation. Ethical leadership, in addition, refers to the practice of managers to communicate ethical principles, to hold staff accountable for ethical practices, to be trusted and share a reputation of keeping their promises towards staff. Both types of leadership practices are essential for the performance and integrity of the public service.

In Estonia, 67 per cent of public servants rate their direct **superior as an expert** in the field of work and 68 per cent agree or strongly agree that their direct superior has adequate leadership skills. Political considerations are of minor importance. Only 5 per cent of public servants agree or strongly agree that their direct **superior is a**

**political appointee** or was appointed at least in part thanks to political support. There is some variation across institutions in the extent to which public servants consider their direct superior to be a political appointee.

The statistical analysis indicates that the attributes of direct superiors have important consequences for management outcomes. Direct superiors that are perceived to be experts in their field and to possess adequate leadership skills are associated with higher levels of satisfaction, the intention to stay in the public sector and the willingness to comply with rules. Conversely, direct superiors who are perceived as political appointees are consistently associated with inferior outcomes. Moreover, as one would expect, political appointees in management positions are associated with more politicised recruitment and career advancement decisions. The scale of the politicisation of management is relatively low in Estonia compared to other countries. Yet the evidence suggests that an increase in the level of politicisation should be avoided by all means.

**Transformational leadership** is widely practised in public administration in Estonia. 44 per cent of public servants agree or strongly agree that their direct superior meets all features of transformational leadership outlined above. Among the key features, 60 per cent agree or strongly agree that their superior leads by giving a good example to subordinates. There are significant differences in transformational leadership across institutions. **Ethical leadership** is practised by their superior according to 71 per cent of public servants. Indeed more than 90 per cent agree or strongly agree that their superior holds subordinates accountable for ethical practices.

According to the statistical analysis, both transformational and ethical leadership have consistent effects on management outcomes. They increase job satisfaction and public service motivation. They increase the intention to stay in the public sector and lower the propensity to bend rules at work. There remains considerable scope for the development of leadership practises in Estonia, which can be expected to lead to better management outcomes in the public service.

### Skill Levels

Adequate skill levels are essential for the effectiveness of the public service. In Estonia, 91 per cent of public servants believe that they have always or often the **necessary skills** to perform even the most difficult tasks at work. Self-assessed skill levels are relatively higher among managers and civil servants with higher levels of education. In the future, surveys might further aim to assess specific competencies of public servants.

**English language proficiency** is an important skill for public servants in internationally interdependent public administration and in the context of the Europeanisation of public administration. In Estonia, merely 17 per cent of the surveyed public servants rate their own English language skills as upper intermediate or advanced and hence sufficiently competent for usage in a work context.

## Office Environment

The office environment represents an external condition for the ability of public servants to perform their job at a high level. In Estonia, 82 per cent of public servants agree that they do always or often have the necessary **office material** (people, material, equipment) available to get their job done. 87 per cent agree that they do always or often work under **physical conditions** (noise level, lighting, temperature, uninterrupted electricity) that allow them to do their job well.

## Support for EU Integration

Support of public servants for EU integration is not necessarily an essential feature of personnel management. However, in the context of the Europeanisation **support for EU integration** among public servants matters for the capacity of public administration to implement EU policies on a continuous basis. In Estonia, approximately 90 of public servants support membership in the EU and 56 per cent are even very strongly in favour of integration. Support varies across institutions and categories of public servants. In particular, managers and public servants with higher levels of education are more supportive of EU integration.

## Appendix: Respondents per Institution

