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Central Public Administration: Working Conditions and Industrial Relations - Luxembourg

Abstract

[Excerpt] Luxembourg, with a population of 502,066 in 2010, is a unitary state with two layers of government: the dominant central government and the municipalities, or communes. The state is characterised by a highly centralised administrative structure in that all legislative powers are concentrated at central level. The 106 municipalities are the only example of decentralisation. The centralised nature of the administrative structure is also underlined by the fact that the management (recruitment, training, promotion and remuneration) of all the Luxembourgish public employees is the responsibility of the Ministry of Civil Service and Administrative Reform (Ministère de la Fonction publique et de la Réforme administrative), which is in charge of the development and implementation of civil service laws, on the one hand, and the modernisation of personnel and organisational management, on the other. As a state employer, this ministry negotiates with the trade unions on all questions related to remuneration of all public employees in the public sector.

Keywords

central public administration, CPA, Luxembourg, Eurofound, public sector, industrial relations, working conditions

Comments

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Eurofound

Central public administration: Working conditions and industrial relations

Luxembourg

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Central public administration in Luxembourg: Reforms, working conditions and industrial relations

Introduction

Luxembourg, with a population of 502,066 in 2010, is a unitary state with two layers of government: the dominant central government and the municipalities, or communes. The state is characterised by a highly centralised administrative structure in that all legislative powers are concentrated at central level. The 106 municipalities are the only example of decentralisation. The centralised nature of the administrative structure is also underlined by the fact that the management (recruitment, training, promotion and remuneration) of all the Luxembourgish public employees is the responsibility of the Ministry of Civil Service and Administrative Reform (Ministère de la Fonction publique et de la Réforme administrative), which is in charge of the development and implementation of civil service laws, on the one hand, and the modernisation of personnel and organisational management, on the other. As a state employer, this ministry negotiates with the trade unions on all questions related to remuneration of all public employees in the public sector.

Status differences among employees

The Luxembourgish public administration distinguishes between three categories of personnel: civil servants, state employees and state workers. Compared with civil servants, whose employment is governed by rules (public law) that are laid down in legislation, the employment status of state employees is characterised by a hybrid status, which is influenced by labour and public law. Employment status and working conditions are mostly regulated both by the 1979 law establishing the general status of civil servants and the 1972 law laying down some specificities on the employment conditions of state employees. Working conditions of state workers are governed by private law and collective agreements.

Table 1: *Differences between employment conditions of civil servants, state employees and state workers*

Civil servants	State employees	State workers
Public law (Civil Servants Act)	Public law and private law	Private law
Engagement: official unilateral announcement	Engagement: signing of a contract	Engagement: signing of a contract
Job security: lifelong employment	Job security: lifelong employment after 10 years of service	Job security is the same as in the private sector
Recruitment is open to the public	Recruitment through interview by the administrative unit that announced the vacancy	Recruitment through interview by the administrative unit that announced the vacancy
Legally recognised right to strike with restrictions and a special regulation	Legally recognised right to strike with restrictions and a special regulation (see civil servants)	Legally recognised right to strike
Recruitment into a career system	Position system, with recruitment to a specified task	Position system, with recruitment to a specified task
Pension system was more or less aligned with the private sector in 1998; however, some differences regarding the mode of calculation persist	State employees enjoy the same pension rights as civil servants after 15 years of service and a minimum age of 55	Pension system is regulated by private law

The civil servant remains the major pillar of the central public administration; with rare exceptions, they hold the most powerful positions at the highest state level. According to the coalition agreements from 1999 to 2004 and from 2004 to 2009, which included the most important political parties in Luxembourg (Christian Social People's Party, Socialist Workers' Party and Democratic Party), the recruitment of state employees should only take place under exceptional circumstances and for well-defined positions whose necessity is justified by the specific needs of the service. Until recently, no political party has the reduction of statutory civil servants on its agenda, and there are no official plans to reduce the number of public employees in general.

However, and contrary to the German distinction between civil servants and state employees, in the Luxembourg civil service there are no positions that are excluded for state employees and they increasingly perform the same tasks as civil servants. How much their significance has grown for the general functioning of the central administration during the last decade is illustrated by the *exposé des motifs*¹ (explanatory memorandum) of the law, which ensures more access for EU nationals to the civil service and which describes the changing role of state employees. While the functions of state employees were limited to low-level and rather unskilled tasks a decade ago, nowadays they work in important roles, in budgeting and accountancy, for example, or higher secretarial functions.

Differences between the two employment statuses are diminishing. For example, quite recently, a probationary training period of 30 days at the beginning of state employees' careers has been introduced to enhance their understanding of the functioning of the public administration, in a similar way as for civil servants. However, state employees do not have to pass a final exam at the end of the probationary period, as is the case with civil servants. However, this training measure only applies to state employees with an unlimited contract and not to those who are only employed for a fixed-term period.

State employees continue to have slower career development, a lower entry-level salary and limited opportunities for mobility and career development compared with civil servants.

Civil servants fill the upper ranks of the hierarchy and carry out tasks that exercise sovereign powers, as do state employees, who carry out operational as well as conceptual functions. State workers, to whom labour law applies, mainly carry out manual and lower-skilled tasks. This group of personnel is mainly composed of cleaning ladies, lumbermen employed by the forest administration and workers employed by the roads and bridges construction department.

Categories of public employment

Public employment is categorised into employment in the public sector, employment in the overall public administration and employment in the central public administration.

Public sector

Employment in the public sector consists of all civil servants, state employees and state workers who work for a public employer and to whom public law applies (general administration, municipalities, agencies and education). This sector also includes the approximately 70 agencies (*établissements publics*), encompassing the Luxembourgish central bank, the university and cultural institutions such as museums, which increasingly employ public employees or private employees. As a corporate body under public law, these institutions are characterised by a decentralised and independent personnel policy. However, they are supervised by a board that is composed of public employees and is accountable to the national court of audit.

The public sector does not include the health sector, but encompasses the three following public enterprises, in which the state's capital constitutes a high share: the national railway company, the national society of technical control and the electricity society (CEGEDEL). The total number of employees working in the public sector rose from 34,544 in 1995 to 48,067 in 2008.² In the same year, the public sector as a whole employed 14.4% of the total active population, which also includes the trans-border workers (146,000 in 2008). If one only considers the active Luxembourgish population, total public sector employment as a percentage of all employment was 22.4% in 2008.

¹ Law of 18 December 2009 amending the status of civil servants.

² Last figure available (Pigeron-Piroth, 2009).

Overall public administration

Employment in the overall public administration is made up of civil servants, state employees and state workers who work in the general public administration (the ministries and their subordinate services), the magistracy and administrative courts, the army and police, the educational sector and clergy. Their total number more than doubled over the last 40 years, from 10,896 in 1970 to 24,662 in 2011. In the same period, the number of civil servants also increased, from 7,934 to 16,280.

Table 2: *Employment in the overall public administration according to categories of personnel*

	1970	1980	1990	2000	2010
Civil servants	7,934	9,467	11,600	12,431	16,097
State employees	931	1,241	2,516	3,699	5,231
State workers	2,031	2,482	2,703	2,186	2,658
Total	10,896	13,190	16,819	18,316	23,986

Source: *Ministry of Civil Service and Administrative Reform (2011, p. 194)*

In 2010, the overall public administration employed 6.7% of the total active population,³ which also includes the trans-border workers (138,700 in 2010). If one only considers the active Luxembourgish population (219,000 in 2010), overall public administration accounted for 10.9% of total employment.

A remarkable trend in the overall public administration is the increase in female employment, which represents nearly half of public employment for the different personnel categories. In 2010, women comprised 44.6% of civil servants, 70.8% of state employees and 48.4% of workers employed under a labour contract. However, women are still over-represented in lower grades (clerical staff), while they seldom reach top management positions (in 2010, 6 out of 41 top managers were women⁴). A further difference between female and male employment is that women benefit much more from flexible working time arrangements than men: in 2011, 11.8% of all public employees worked half time, of whom 2,535 were women and only 282 were men; 6.4% worked 75% time, of whom 1,399 were women and 135 were men.⁵

Central public administration

The central public administration is made up of the ministries and public service bodies that are supervised by the central government as well as its decentralised bodies. It does not include the educational sector, the magistracy, the army and police or the clergy.

Table 3: *Employment in the central public administration according to categories of personnel*

	2000	2009	2010	2011
Civil servants	4,535	5,347	5,405	5,446
State employees	3,699	4,713	5,231	5,729
State workers	2,186	2,619	2,658	2,653
Total	10,420	12,679	13,294	13,828

Source: *Ministry of Civil Service and Administrative Reform (2011)*

³ Total active population in 2010 was 358,000. For all the figures in this context, see <http://www.statec.lu>.

⁴ Responses to OECD Survey on Gender in Employment, 2011.

⁵ Internal statistics from the Ministry of Civil Service and Administrative Reform.

In 2008, the central public administration employed 26.3% of the total public sector and 5.9% of the total active Luxembourgish population (214,000 in 2008).

Employment relationship

Table 2 shows that the number of state employees increased considerably between 1970 and 2010; the number of civil servants increased less quickly during the same period.

The increase in state employees was paralleled by improvements in their job security and pension rights, which nowadays are much better than those of employees who work under labour law. After a period of 10 years, the unlimited contract of state employees can in principle only be dissolved for disciplinary reasons, as is the case with civil servants. The much more favourable pension system of civil servants applies to them after a period of 15 years if they have reached the age of 55.

The percentage of fixed-term state employees is rather low in the central public administration, where in 2011, 105 state employees (1.8%) had a fixed-term contract (the total number of state employees in 2011 was 5,729). The number of fixed-term employees illustrates neither an upwards nor a downwards trend. While their number in the central public administration increased from 2000 to 2002 (from 79 to 91), it decreased in 2003 to 61. In 2010, 73 employees had a fixed-term contract, while this number increased in 2011 to 105.

In all of the interviews, the use of fixed-term contracts was explained by the need for short-term replacements due to maternity and paternity leaves as well as other forms of leave, such as longer-term leaves without remuneration. According to the interviews carried out, fixed-term employment is rarely used for carrying out a more permanent task or for administrative tasks of a more regular and continuous nature.

Compared with the developments in the number of civil servants and state employees, the number of state workers has remained the most stable. Of the total number of state workers (2,653 in 2011), 2,615 workers had an unlimited contract, while 38 workers had a fixed-term contract (1.4%).

According to legislation, a fixed-term contract can be renewed twice and can extend over a maximum period of two years.

Political and structural reforms

According to Demmke and Moilanen's (2010, p. 11) ranking of EU civil services on a continuum from traditional bureaucracies to post-bureaucracies, Luxembourg belongs with Cyprus, France, Greece, Ireland and Portugal as among the most traditional bureaucracies within the EU27.⁶ Along these lines, France, Ireland, Italy and Luxembourg are part of a group of OECD countries in which the extent of the delegation of human resource management (HRM) practices to line ministries in central government is least developed.

The classical career system is characterised by the predominance of public law, lifetime tenure, special recruitment requirements based on the concours (open competition) system, rather limited mobility between departments, a centrally regulated personnel policy and a legally regulated promotion and remuneration system that is predominantly based on

⁶ In order to rank the 27 EU Member States, the authors distinguished between five main components: legal status, career structure, recruitment, salary system and tenure system. While each component had an equal weight within this model, each component was subdivided into one or several sub-items.

seniority, with no performance-oriented elements. Employment rules and HRM are traditionally different from those prevailing in the private sector, with no policy to align practices and processes adopted in this sector.

The Luxembourg civil service is characterised by a remarkable stability and continuity during the last decade, with regular salary rises, which most of the time could be implemented in a favourable economic environment. The reforms undertaken can be characterised as limited and pragmatic, with no fundamental structural changes remodelling the legalistic-, input- and seniority-based system. However, this might change to a certain extent in the future, with the current government (2009–2014) trying to question some fundamental features of the Weberian system (whose main features are the rule of law, the principle of hierarchy and seniority, no delegation of power and an input-oriented work practice). The stagnation as regards in-depth structural reforms (the introduction of performance-based elements in budgeting, HR and organisational management or of cost-controlling mechanisms) did not prevent the launch of important changes in the fields of working conditions and the general status of civil servants, as will be shown in the second part of this report.

The same pattern of stability and continuity that characterises the development of the central public administration is also typical for the Luxembourg economy as a whole, which underwent an extraordinary expansion during the last 30 years, reflected in the fact that living standards reached the highest per capita income in the OECD. However, the financial crisis of 2007–2008 also hit Luxembourg, particularly the financial sector, the most obvious effects being a severe recession, a fall in fiscal revenues, higher unemployment rates and lower growth rates, which will continue, according to the OECD (2010). This led the coalition government between the Christian Social People's Party (Chrëschtlich Sozial Vollekspartei, CSV) and the Socialist Workers' Party (Lëtzebuerger Sozialistesche Arbechterpartei, LSAP), which won the 2009 national elections, to launch a substantial reform process in the fields of pension, health and education policy as well as in the civil service. This review of the major pillars of the welfare state aims to maintain the current social model for future generations.

On the one hand, the long phase of economic prosperity limited the pressure to carry out in-depth and sometimes painful structural reforms aiming to outsource, downsize and privatise public services and introduce employment contracts. On the other hand, it also contributed to blocking serious attempts to adapt HR and organisational structures and processes to modern and more effective practices and to promoting resistance to reform.

Not least because the limits of the current economic growth model became apparent and because of the need for fiscal consolidation, the new government launched an ambitious reform agenda in the wake of the 2009 elections, which was characterised at governmental level as the most important reform of the public administration in the last 50 years. The major aim of this programme is to modernise the state organisation, with a strong focus on quality, effectiveness and transparency. It touches on many topics, among which the most important are:

- a review of the career advancement mechanism through the introduction of an evaluation;
- a reduction of the significance of the seniority rule;
- lifelong learning;
- the prolongation of the probationary period and a reduction of the entry salary for trainees (*stagiaires*);
- the use of management by objectives to improve organisational management;
- the creation of a mediator in the civil service;
- the introduction of a procedure for professional deficiencies, which may entail the possibility of dismissal for reasons of bad performance.

It is planned to introduce no less than seven new laws and to amend 11 decrees. The negotiations on this reform agenda have just been concluded between the Minister of Civil Service and Administrative Reform and the representative trade union of the public sector, the General Public Service Confederation (Confédération Générale de la Fonction Publique, CGFP).

Reforms of working conditions

Luxembourgish civil servants and state employees have greatly benefited from the favourable economic and financial situation during the last 30 years. While there have been no cutbacks, no serious recruitment breakpoints and no introduction of performance-related elements that could have led to a more individualised HR culture, working conditions have been considerably improved in a general climate of organisational development. Thus, the introduction of new tasks, committees and working groups, which are largely linked to the deepening of the European integration process, happened to a certain extent in parallel with the recruitment of new staff.

Even if the Luxembourg legislature was reluctant to introduce new public management concepts, such as performance management, other changes in the field of working conditions (described below) have been introduced that contributed to making the civil service more flexible, more professional and less prone to discrimination and harassment.

Since 2003, civil servants and state employees may – if it is in the interest of the service and with the minister's agreement – work part time, which includes the possibility of working 75%, 50% and 25% of full standard working time. In the same year, the principle of telework was introduced on the basis of full standard working time; the detailed modalities have been specified in a decree that was adopted in 2010.

Flexibility with regard to working time arrangements has improved and is much more advanced than it was 10 years ago. Fixed working time is between 09.00 and 11.30 in the morning and between 14.30 and 16.00 in the afternoon, while the flexible band is between 07.00 and 09.00 and between 16.00 and 19.30. Full-time employees are not allowed to work more than 10 hours and less than 6 hours a day. Overtime of up to 8 hours a month can be compensated with one holiday to be taken during the following month.⁷ Overtime is not paid in the Luxembourgish central public administration.

Flexible working arrangements are further enhanced by different options for leave, such as leave for family reasons (4 hours a month), leave to attend to a sick parent at the final stage (5 days a year per parent), individual leave for training (80 days during the whole career) or leave without a right to remuneration.

In addition, principles that promote a civil service based on professionalism, equality between men and women and anti-discrimination have been strengthened through the introduction of changes in the status of civil servants. Important measures include:

- legal protection against moral and sexual harassment through the establishment of a special commission that aims to redress all types of harassment;
- the prohibition of any kind of discrimination with regard to religion, disability, age, sexual orientation, race or ethnic origin;
- the creation of an equality delegate;
- the improvement of training;
- the right for yearly staff interviews with superiors to increase motivation.

⁷ Grand-Ducal Regulation of 12 November 2011 fixing the normal working hours and conditions of the mobile work schedule in state administrations.

Furthermore, an ombudsman has been established to examine citizens' complaints related to the functioning of central and local administrations. The ombudsman may also address recommendations with the aim of improving the current situation as well as with regard to legal Acts.

Recent developments in public employees' working conditions

Important changes in public employees' working conditions were introduced under the coalition government of the Democratic Party (Demokratesch Partei, DP) and the CSV (1999–2004). Table 4 illustrates the most important changes that have taken place since then.

Table 4: *Changes in public employees' working conditions, 1999–present*

Area	New developments
Status: civil servants, public employees and state workers	Trend to align certain working conditions of state employees to those of civil servants, but differences remain. No changes in conditions for state workers.
Ethical principles, standards and procedures	Classical values (independence, neutrality, availability) remain in place. A commissariat charged with disciplinary instruction has been established. The rules on avoiding conflicts of interest have been revised. An ethical code is currently being elaborated.
Senior civil service	Senior civil servants are nominated for a limited period of seven years with a possibility of renewal. A training cycle on public management has been introduced; it is planned to strengthen leadership skills.
Mobility between the public and the private sector	If specific expertise or a particular qualification is needed, an expert from the private sector can be nominated for a position in the public sector without having to follow the ordinary recruitment procedure (<i>concours</i> and probationary period).
Job security	No denial of the principle of lifelong employment. Dismissal is currently only possible for disciplinary reasons, although the reform agenda of 2009 foresees the possibility – in an extreme case and after an intensive phase of coaching – of dismissal for reasons of poor performance.
Flexible working time and work arrangements; telework	Possibilities to work 75%, 50% and 25% of full standard working time and to work at home. Leadership positions are excluded from these measures, which also require the agreement of the head of administration, while the interest of the service must be taken into consideration too. The principle of telework has been introduced and is in the process of being implemented.
Social dialogue	No major changes.
Training and lifelong learning	Continuous improvement of training provisions and a growing significance of training. More effective identification of training needs.
Anti-discrimination and anti-bullying	Legal protection against bullying has been increased among civil servants, particularly through the creation of a special commission that aims to address all types of harassment.
Health and safety at work	The number of doctors responsible for the healthcare of employees has increased. A more detailed specification of their mission has been introduced.
Recruitment rules and procedures	Recruitment from the private sector, particularly of people with specific expertise, has increased. A trend to decentralise the final selection of candidates by giving a greater say to individual departments after the candidates have successfully passed the <i>concours</i> . In general, there is a stronger will to promote a better match between job profiles and vacancies.
Result-based management	It is planned to introduce management by objectives in ministerial departments with yearly staff interviews.

Social dialogue and employee representation

Social dialogue takes place at central level and at workplace level. At central national level, the state employer's interests are represented by the Ministry of Civil Service and Administrative Reform, which is in charge of the regulation of working and employment conditions of all public employees and of collective bargaining for all employees.

On the employees' side, three trade union confederations are involved in social dialogue in the central public administration:

- the CGFP, which is the only representative trade union for collective bargaining on matters concerning civil servants and state employees;
- the Independent Trade Union Confederation of Luxembourg (Onofhängege Gewerkschaftsbond Lëtzebuerg, OGB-L);
- the Confederation of Christian Unions in Luxembourg (Lëtzebuerger Chrëschtliche Gewerkschaftsbond, LCGB), which, depending on the sector, is the representative trade union for negotiations concerning state workers, to whom labour law applies.

The CGFP is a neutral and independent trade union confederation that represents the interests of the different types of employees working in the public sector. It is made up of about 60 professional organisations, such as the National Union of Teachers, the General Federation of State Clerical and Secretarial Staff and the General Association of Managers. According to its website, it has 28,000 members (including retired public employees).

The OGB-L, the biggest trade union confederation in Luxembourg, has 57,000 members, according to its website, and 15 professional organisations, including the public services' organisation.

The LCGB is the second biggest trade union in Luxembourg and is made up of 16 affiliated professional organisations, which include one organisation specialising in civil service matters. Although the OGB-L and LCBG nowadays characterise themselves as being independent, they historically maintain close relationships with the LSAP and the CSV.

Social dialogue at workplace level takes place through dissemination of information and consultation by management (the director). In contrast to the private sector, where the employer is required to have designated trade union delegates in organisations employing at least 15 people, there is no such legal obligation for the public sector. There is, however, a legal obligation to establish a gender equality delegate in all public administrative entities – including ministries, administrations and services – where there is no employee representation. Gender equality delegates supervise whether or not the principle of equality of remuneration between men and women is taken into consideration. They can also make suggestions to the minister that promote equality between men and women in the fields of recruitment, training and working conditions, as well as making proposals on the prevention of sexual and moral harassment.

There are no statistics on the number of employee representatives within the central public administration. By law, each public administrative entity to which a mission is assigned and which is governed by a law has the right to establish such employee representation. A further particularity of social dialogue at workplace level is characterised by the fact that employee representatives are not elected by staff members, but rather, according to Article 36 of the law on the general status of civil servants,⁸ are appointed by a ministerial decree. Thus, where it exists, employee representation is usually composed of members of professional associations.

⁸ Article 36, paragraph 3: Professional associations within government, services and facilities of the State can be approved by a decree of the competent Minister as staff representation on whose behalf they act.

In the public administration, the structures of employee representation follow the organisation of occupations. Employees in a particular occupation can defend their interests (for example, pay development in their occupation as compared to other occupations) and create a professional association whose sole objective is to defend the interests of this unique occupation. Professional associations are independent bodies, but they are governed by the rules that in general apply to organisations without industrial or commercial aims.⁹

There are no official statistics, but it is estimated that there are about 70 professional associations in the public sector. According to the CGFP, approximately 60 of these associations are affiliated to it, the most representative trade union within the public sector. However, some associations are independent and their views do not necessarily reflect the positions of the CGFP, which underlines that social dialogue at workplace level is not necessarily linked to social dialogue at the national level.

Examples of existing professional associations are the association of state employees (Association des employés de l'État), the association of state road workers (Association professionnelle des cantonniers de l'État) and the association of civil servants at middle career level (Association des cadres fonctionnaires de la carrière moyenne auprès de l'État).

Members of a professional association at workplace level can be established by decree as the employee representation. If there is more than one association within an administrative entity, the employee representation is composed of the committees of these different associations. The employee representation is made up of a minimum of 3 staff members and a maximum of 11 members, which also depends on the size of the organisation. Each employee representative body must include a president, a secretary and a treasurer, and should include a gender equality delegate.

Employee representations have legally guaranteed rights that are laid down in Article 36 of the law on the status of civil servants. They include a right of initiative and a right to submit proposals to management, which should, if possible, take the written proposals into consideration. Moreover, they have the right to be consulted during the development of a legal text and should receive all the relevant documentation and be given a reasonable timeframe to study the proposal.

Committee members of employee representations should convene a maximum of six meetings per year, while the duration of a meeting should not exceed four hours. However, the head of an administrative entity should be answerable to all requests from employee representatives.

There are currently no changes foreseen in this field.

Collective bargaining and consultation

The collective bargaining system is highly centralised, which guarantees that the same standards of employment and working conditions are applied to all employees. The agreements concluded between the state employer, the Ministry of Civil Service and Administrative Reform, and the CGFP are thus valid for all civil servants and state employees in the public sector.

For state workers, collective bargaining is governed by the same rules that prevail in the private sector, while the negotiating partners are the Ministry of Civil Service and Administrative Reform and the OGB-L or the LCGB (depending on the sector).

⁹ Act of 21 April 1928 on non-profit organisations and institutions of public utility.

Participation in collective bargaining is limited to the most representative trade unions at national level.¹⁰ For civil servants and state employees, the CGFP is the only nationally representative trade union confederation in the public sector. The CGFP is also the only trade union that can issue the advance notice in case of collective dispute, as laid down in the 1979 law establishing the status of civil servants.

For state workers, the representative organisations are the LCGB and OGB-L.

The outcomes of collective bargaining are binding agreements for the government. These agreements are signed by the Minister of Civil Service and Administrative Reform and the president of the representative trade union and are laid down in law. If collective bargaining concerns working conditions of state workers, the results are regulated in the same way as in the private sector.

The strong involvement of trade unions is reflected in the key role of social partnership in the Luxembourg political culture as well as in the professional chamber system. There are five different professional chambers in Luxembourg's political system: the chamber of salaried employees, the chamber of commerce, the chamber of agriculture, the chamber of industry and trade, and the chamber of civil servants and state employees. The main objective of the five chambers is to defend the interests of the professions they represent and to give their opinion on all laws in their field of competence before the law is discussed in the parliament. The chamber of civil servants and state employees is composed of 27 members of different professional organisations, who are elected every five years by public employees in general elections. Members of the CGFP hold a majority of the seats.

During the last few decades, the compromise-oriented political culture, or the 'Luxembourg model', has been quite successful at maintaining a climate of social peace and preventing strikes. The last strike that took place in the public sector was in 1998, when the government adopted a law that reduced pension entitlements of civil servants and state employees. The law was approved by the majority parties, while the opposition parties, the DP and the Green Party (Déi Gréng), voted against. During the next elections in 1999, the DP was so successful that it could form a coalition government with the CSV.

This strike, which brought the whole country to a standstill, was the only major strike since the end of World War II. In the consensus-oriented political culture, the strike is indeed the last resort when no political compromise can be found. If a strike takes place, it means both sides have already gone through a long process of conciliation and mediation, which is laid down in a law of 1979.¹¹ Civil servants also need to take into account certain limitations with regard to their right to strike. To guarantee a minimum level of services, certain civil servants are excluded from the right to strike. Among these civil servants are members of the police, judiciary and prison service, magistrates of the judiciary, heads of administrative departments and their deputies, and security officers and personnel in charge of security in administrative departments, as well as some other key functions in the state.

¹⁰ The rules and criteria on representativeness for the private sector are laid down in the Law of 30 June 2004 on collective bargaining agreements.

¹¹ Law of 16 April 1979 regulating strikes in government departments and public institutions under the direct control of the state.

Impact of reforms at workplace level

The Ministry of Civil Service and Administrative Reform was chosen for this case study on the Luxembourg central public administration because of its comparability with the public organisations dealt with in the other case studies.

Working conditions

Three main features characterise reform in the public sector, as discussed in the previous section.

- No major structural changes have been introduced into the classical Weberian bureaucracy.
- In the past decade, the central public administration was not confronted with any serious cutbacks, downsizing or outsourcing. At the same time, working conditions have been modernised and improved.
- There is no trend to align working conditions in the public sector to those in the private sector. However, an important reform agenda, which aims to better take into consideration the performance of civil servants, has just been adopted but has not yet been implemented.

The clearest and most uncontroversial finding at workplace level at the Ministry of Civil Service and Administrative Reform is that public employees – independently of their employment status – are satisfied or even very satisfied with their working conditions in the central public administration and that they do not perceive a negative trend as compared with 10 years ago. Not one public employee pointed out that they were not satisfied with the working conditions. Only one employee said that they were not satisfied with the level of autonomy and flexibility in their day-to-day work. For the majority of interviewees, their organisation motivates them to give their best performance, while they are generally also satisfied with their possibilities for career advancement in terms of remuneration and career development. Their satisfaction as regards career advancement in monetary terms is higher than their satisfaction with career development (job mobility and promotion). However, there are differences between the different employment statuses: career advancement and development seem to be more limited for state employees. In particular, job mobility is difficult as compared with civil servants, while it is also not possible to move up to a higher career level, as it is for civil servants.

Opportunities for career development are also related to function, task and hierarchical level. For example, interviewees who work in an area such as the legal field, with a long-standing tradition in the ministry, and respondents who have reached the top level of the hierarchy were quite satisfied with career prospects. Interviewees from middle management or newer units, such as administrative reform, were much less satisfied and more often indicated a lack of career prospects as well as a career plateau.

All the interviewees felt that work pressure and the length of working hours were manageable and not yet leading to health problems and to unhealthy levels of stress. However, the majority of respondents agreed that their work has become more intensive, diverse and multifunctional during the last 10 years, with higher demands on employees for multitasking competencies. This development was explained by the creation of new tasks and new functions (such as a delegate for gender equality or a delegate for training needs) and of new committees and working groups (committee against harassment at work) at the national and European level.

Double workloads could be more or less avoided through the creation of new jobs in parallel to the allocation of new tasks and missions. No respondent was of the opinion that work and time pressure had increased so much that they would lead to stress and health problems.

Along these lines, working hours also remain rather predictable, but overtime is the exception and is not a regular occurrence. As regards weekend work, the answers varied from six times to never during a year, while employees at a higher hierarchical level tended to work more during weekends.

One of the most striking characteristics of working conditions is low job autonomy. Independently of the hierarchical level, most of the interviewees admitted that their influence on the order of tasks, the choice of work methods, and the speed and rate of work is rather or even very limited. This perception becomes even stronger at the lower positions in the hierarchy. Explanatory factors mentioned were the guidelines of the political calendar, a predefined work schedule, deadlines and the executive organisation of work.

In the field of working conditions, a crucial future challenge of the Luxembourgish central public administration will be to implement flexibility of working hours and to enable a better balance between working time and non-working time. Opinions differed greatly as regards the issue of current working time arrangements. While civil servants with leadership responsibilities characterised the new flexible working hours arrangements as 'over-flexible' and incompatible with the organisation's work assignments, interviewees without leadership responsibilities were satisfied overall with the current degree of flexibility as laid down in the regulation. Most of them, however, observed that it is rarely possible to implement it in practice on a regular basis because their power to influence their work and time schedule is rather limited. This illustrates the gap between theory and practice at the lower hierarchical levels. In this same context, a female interviewee judged the general legal framework in the field of working conditions as very satisfying, while at the same time assessing its implementation as highly insufficient. She also noted that it would be difficult to fit working hours with family commitments and other commitments outside work.

In general, however, the reconciliation of professional and private life does not seem to be a major problem for public employees working in the central public administration. With only one exception, the interviewed public employees were all of the opinion that their working hours fitted in well with their family or other commitments.

The high level of satisfaction with working hours might be explained by the fact that public employees have many possibilities for leave in case of family commitments, care of family members at the end of their life, and so on. Only one public employee found it somewhat difficult to arrange to take an hour or two off during working hours to take care of urgent family matters, while the others felt that it would not be difficult to do this.

None of the interviewees thought that stress or health issues were a major problem within the central public administration, nor did they suffer themselves from these problems. The answers suggest that serious health and stress problems are limited to a few individual cases. Without exception, they emphasised the positive work environment, the high standards of the equipment at work and the fact that they do not see their health or safety as being at risk in their current job. This view is also shared by the employee representative, according to whom health and stress issues are not on the agenda of meetings between the directorate and staff representatives.

The most significant risk factors for health problems mentioned during the interviews were the problem of monotony, which in an extreme case can lead to a higher rate of absenteeism or even depression, and organisational change, which in individual cases can create unhealthy fears and be perceived as a threat and also lead to sickness. Another stress factor, which was mentioned at a higher hierarchical level, was the closeness to the political level, changing political agendas and changing ministers.

In line with the positive evaluation of the working environment, the interviewed public employees were of the opinion that they would in principle be able to do the same job when they are 60 years old. Only a small minority was not sure whether they could still do their job at the age of 65 – an answer that was linked either to the hierarchy or their employment status.

However, ability to work does not only depend on the perception of the employee, but also on the employer. Thus, a female interviewee was not worried about herself, but rather about potential prejudices from the state employer's side and whether her employer would still consider her as being fully competent at that age and would entrust an attractive job to her.

Opportunities for training and skills development were generally seen in a very positive light and were perceived as having improved during the last 10 years. During the interviews, it was pointed out, particularly by the state employee, that state employees must now also attend a certain number of training courses at the beginning of their career. According to some of the interviewees, this will contribute to a better integration of state employees in the administration by making them more familiar with the functioning and the procedures of the organisation, thus strengthening their position within the administration.

Employees also highlighted that the training offered has improved and that it would not be difficult to register for a training course at the national training institute for public administration.

Out of the eight interviewees, only two said that they had attended a training course over the previous 12 months. The major reasons mentioned for not having benefited from the training available were that public employees who have reached the end of their career are no longer obliged to participate in training and that it has become less relevant for their work. Another civil servant mentioned that civil servants often only participate in training because they have to do so in order to be promoted to the next grade.

The interviews show that participation in training at the end of one's career becomes the exception and does not happen on a regular basis. This can mainly be explained by the lack of motivation to do so (generally, there is a high probability that these 'older' civil servants will end their career at their current position), by its voluntary nature or by the fact that the central public administration is not yet managed as a learning organisation, in which training, learning and development have a major impact during evaluations.

In addition, employees with time-limited contracts often do not attend training courses. This fact was explained by the sometimes short duration of their contract (six months to a maximum of two years) and that there would not be enough time to send them to training courses. It was pointed out that state employees could not participate in some courses, which were exclusively organised for civil servants.

As regards working conditions, many interviews illustrated a certain gap between what is laid down in law and what has so far been implemented in practice, particularly with regard to the flexibility measures. This finding is, to a certain extent, also linked to the constraints of a small administration with limited staff and expertise, yet which needs to fulfil the same obligations with regard to the European integration process as a big Member State.

Social dialogue and industrial relations

The first part of this report showed that social dialogue:

- is rather weak at workplace level (no elected employee representatives) and is organised in a top-down way;
- takes place at workplace level through dissemination of information and consultation by management;
- risks becoming more adversarial in the context of a less favourable economic climate, while the general climate between employer and employee representatives is deteriorating.

A unique aspect of the Luxembourgish central public administration is that public organisations are not legally bound to establish employee representation. The Ministry of Civil Service and Administrative Reform does not have such employee representation. It is interesting to observe that opinions about this fact diverged quite extensively among employees. The interviewed civil servants with leadership responsibilities did not perceive it as a problem and did not see a need to establish a representative group. According to a key decision-maker, relations between staff and the directorate are functioning well, while the climate among employees is characterised by a high degree of collegiality.

Some of the employees at middle and lower career level had quite strong opinions. While on the one hand they argued that social dialogue at workplace level is not functioning because there are no elected staff members, on the other hand they argued that it would be difficult for employee representatives – if they did exist – to function effectively at ministerial level due to the proximity to the political level,¹² especially in the Ministry of Civil Service and Administrative Reform, which represents the interests of the state employer.

In the Ministry of Civil Service and Administrative Reform, only a minority of interviewees said that they had recently been in contact with a trade union representative.

Where staff representatives do exist, the important topics discussed are career advancement issues, revalorisation of careers and ‘unfair’ treatment in the case of promotions. Their role can be summarised as follows:

- to provide their opinion on changes to personnel policies and the administration and management of the organisation they represent, as well as on all regulations that touch upon the organisation and functioning of the administration;
- to promote training and professional development;
- to develop proposals on the improvement of working conditions, organisational management, and the restructuring and rationalisation of services;
- to exercise certain rights before administrative and civil jurisdictions, especially in the case of an infringement of collective interests.

In this way, employee representatives have, for instance, given their opinion on the introduction of quality management tools and the implementation of staff interviews, or they have suggested measures to improve staff working conditions.

According to the staff representative, social dialogue at workplace level is running smoothly and taking place in a friendly atmosphere between management and staff representatives.

Compared with social dialogue at workplace level, social dialogue and collective bargaining at national level are much more salient to public employees, because the topics most relevant to them are discussed at central level (such as salary increases and statutory rights).

¹² Ministries are small and are often staffed by no more than 40 employees.

Thus, in the Luxembourgish central public administration, social dialogue and collective bargaining play a significant role for determining the working conditions of personnel in the public sector. Even if remuneration and working conditions are in theory determined unilaterally by the state employer, in practice, trade unions have an influential role in decision-making processes on all monetary and statutory issues. In the consensus-oriented democracy, the consultation and involvement of all major corporate interests in decision-making is an essential element of the political culture. Every time the government plans a substantial change in the status of civil servants, such as is the case with the current reform agenda, the representative trade union is closely involved in this process. In principle, all important changes related to the status of civil servants that touch upon the legal rights of civil servants are negotiated with the CGFP.

During the last decade and until recently, relations between employee and employer organisations mostly took place in a constructive atmosphere, where they were characterised by the political will for compromise. The CGFP could rely on a high level of legitimacy and wide support from civil servants and state employees due to their good bargaining results in the fields of remuneration and working conditions. During the interviews, the following positive outcomes were mentioned as being the most important past achievements of social dialogue:

- the highly protective working conditions and the high level of job security;
- the improvement of statutory rights, such as the increase in the number of holidays and leave opportunities;
- the establishment of a childcare institution specifically for the children of public employees;
- their contribution to the material well-being of public employees in general.

One major feature of social dialogue during the last few decades was that it took place in a favourable economic situation characterised by high growth rates. However, against the background of the economic crisis and the urgent need to implement sometimes painful reforms, such as in health, pension regimes and the organisation of the public sector, the compromise-oriented climate within social partnership deteriorated during the last few years to such a point that the model itself is nowadays the subject of harsh criticism, which rarely happened before. Thus, negotiations in the context of the public sector reform agenda – which refer to working conditions of civil servants and partly also to those of state employees, and which include changes to the current career system as well as better reward for performance – cannot be characterised as being easy.

Firstly, the economic crisis makes it more difficult to pursue the policy of generous salary developments. Secondly, public organisations need to adapt their organisational and HR management systems to a more competitive economic environment, which very much depends on an effective, competent and up-to-date public administration and public employees. In such a climate of change, social dialogue has become more confrontational and compromises are in general harder to find because there are fewer possibilities for financial compensation. Future relations between the state employer and employees' organisations might not be as uncontroversial as in the past – a fact that came out of the interviews quite clearly.

During the interviews, the current role of trade unions was (with one or two exceptions) criticised, independently of interviewees' function, level in the hierarchy or employment status. First of all, their 'rather defensive attitude' as well as an overly strong focus on 'traditional statutory issues' were criticised. This critical attitude of staff towards trade unions can partly be explained by the fact that the Ministry of Civil Service and Administrative Reform acts as the state employer, and its staff stand behind the reform agenda. So far, these criticisms have not led to a change in the philosophy of the trade unions. Compared with the staff of the ministry, the staff representative, who is not affiliated to one of the trade unions, adopted a much more neutral attitude towards social dialogue.

Most lacking for interviewees were an openness to reform and change, more drive in their activities, a more proactive attitude towards change, the introduction of more modern discussion points, and a better education of members on the need for change. A conclusion that might be drawn from the interviews is that in the current climate of change, the general satisfaction with social dialogue is declining, at least in the Ministry of Civil Service and Administrative Reform, which should be in the vanguard of public sector reform. However, not only are trade unions criticised, so too is the government, which for some seems to have too much goodwill in the field of social dialogue, as illustrated by its massive support for and defence of the dialogue.

Status developments

The first section noted that there is no policy and no political will to reduce the number of civil servants. At the same time, however, the significance of state employees is constantly growing, while fixed-term employees have also made an appearance in the central public administration.

In the Ministry of Civil Service and Administrative Reform, most of the civil servants are found in the higher-ranked positions and units, while state employees and state workers occupy positions at a lower hierarchical level. Interviews also illustrated that state employees hardly ever have access to leadership positions. In the ministerial administration, where employees are mostly responsible for all aspects of the status of civil servants and other employees, out of 41 staff members, 26 are civil servants and 14 are state employees; all of them have an unlimited contract.

The number of employees is higher in the personnel administration, which is responsible for the management of salaries and pensions as well as for providing legal advice in this matter. Among the 50 employees, 24 are civil servants, 13 are state employees and 5 are state workers (4 of them are cleaning staff), while 7 employees are working under the status of people with disabilities. Three employees have a time-limited contract.

During interviews, two reasons were mentioned for the rather high number of state employees. One is the need for more temporary replacements for female employees, who benefit from the different forms of leave, such as maternity leave and parental leave, and whose number has grown during the last 20 years. The other is flexibility considerations: while the recruitment procedure for civil servants is rather rigid and lengthy,¹³ recruitment of staff of state employee status is more flexible. During recent times, the state employer has been using this recruitment procedure more often – as was often mentioned during the interviews – because it is much faster and more effective and also gives greater leeway to select the person who is most competent for the job. In this same context, it was mentioned that the newly created long-term care insurance organisation has employed a high number of state employees because of faster and more targeted recruitments.

According to one interviewee, the number of civil servants is decreasing and the number of state employees is rising, because it is harder to find the right person for the job and because suitable candidates often fail in the exams to become a civil servant.

In order to increase the number of civil servants, a draft law has just been laid out that foresees the possibility of conferring the status of civil servant on state employees under certain conditions (such as a minimum 15 years of service, achievement of work objectives over several years and passing set exams). If this law enters into force, the number of civil servants could increase quite quickly within a short period of time.

¹³ It includes a two-year probationary period, during which the candidate has to participate in several training sessions and thus is not fully available to the employer during that period.

Interviews with high-level employees consistently showed that there are neither plans to reduce the number of civil servants nor the number of public employees in general. Despite the crisis, retiring staff have not only been replaced, but staff numbers have even been reinforced, while the recruitment of civil servants with a university degree has increased. Moreover, no trend to reduce the number of civil servants by outsourcing public services and personnel from the central public administration to agencies is apparent.

Statistics on fixed-term contracts are rare, and it is difficult to make definitive statements about them. Their number is rather low, as was shown in the first section, although according to an interviewee informed on these issues, it is increasing, and young people are often given fixed-term contracts. According to a manager at the upper level of the hierarchy, fixed-term employees are also usually women who have been out of employment for a while and who want to restart professional life after the education of their children. Fixed-term employees are often recruited for replacement reasons for maternity leave or other forms of temporary leave. They undertake all kinds of tasks, including tasks that require a university degree.

It seems that fixed-term employees participate to a lesser extent in training, which is often justified by the fact that their contracts are sometimes already ending when the relevant training course takes place. However, it was also stressed during the interviews that, as far as possible, the career development of fixed-term employees is favoured by taking into consideration all former existing fixed-term contracts for the calculation of their salary level and career advancement. A fixed-term contract can be awarded for a maximum of two years, and it can be prolonged twice at most. Furthermore, the salary of a contracted employee is calculated the same way as for state employees with an unlimited contract.

Contrary to what happens in other EU Member States, there is no trend in the central public administration to abolish the distinction between public and private law. The more protective employment status of civil servants (the principle of lifelong employment) is justified at the political level by the fact that it is the best guarantee of safeguarding the separation of the political and the administrative sphere and the good functioning of the civil service in general.

Against this background, the majority of the interviewees do not expect big changes with regard to the employment status of public employees in the future. At the same time, it was mentioned that labour law is also quite protective in Luxembourg. Only a minority of interviewees revealed a slight fear that job security might deteriorate with the implementation of the current reform agenda and the introduction of the coaching procedure in the case of insufficient professional performance. In this same context, it was also felt that in recent years the taboo against dismissing a civil servant has been broken, while a stricter approach on sickness certificates was also noted.

Conclusion

The Luxembourgish central public administration is characterised by a pragmatic and incremental approach to modernisation, which has not involved any fundamental structural changes or change of paradigm. Real changes remain very limited, with no negative impact on working conditions or job security and status developments. The public employment status (civil servant) remains the pillar of the civil service, although the significance and role of state employees has increased. Moreover, employees with fixed-term contracts have been employed in the civil service since 2000.¹⁴ In the context of a favourable economic environment, there have been no plans so far to reduce the number of civil servants or the number of public employees in general. However, the current picture of the central public administration might change in the future against the background of the current reform agenda, which introduces some major changes in the fields of working conditions and organisational management.

¹⁴ The first statistics also go back to the year 2000.

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Interviewees

The interviews were carried out in different units of the Ministry of Civil Service and Administrative Reform. Eight interviews took place:

- at different organisational levels (from director-general to secretary);
- with different stakeholders (civil servants, state employees and staff representatives);
- with public employees responsible for different functions or tasks (legal adviser, manager with leadership experience, secretary, high official and lower-ranked official).

The interviewees were as follows:

- director-general, first adviser to the government, general coordination, Ministry of Civil Service and Administrative Reform (civil servant, upper career level, 37 years of seniority within the central public administration);
- director of personnel administration, Ministry of Civil Service and Administrative Reform (civil servant, upper career level, 30 years of seniority within the central public administration);
- legal adviser at directorate level, general matters, litigation, Ministry of Civil Service and Administrative Reform (civil servant, upper career level, 10 years of seniority within the central public administration);
- adviser at first directorate level, coordination of administrative reform, Ministry of Civil Service and Administrative Reform (civil servant, upper career level, 35 years of seniority within the central public administration);
- member of the administrative reform team, Ministry of Civil Service and Administrative Reform (civil servant, middle career level, 25 years of seniority within the central public administration);
- staff representative (no membership in a trade union), IT division, General Inspectorate of the Social Security, Ministry of Social Security (civil servant, middle career level, 21 years of seniority within the central public administration);
- secretary at directorate level, Ministry of Civil Service and Administrative Reform (state employee, lower career level, 20 years of seniority within the central public administration);
- head of division, public medical officer, Ministry of Civil Service and Administrative Reform (civil servant, upper career level, seven years of seniority within the central public administration).

The interviews took between one and three hours.

