The Role, Design and Challenges of Training in a Decentralized Civil-Service System: The Case of Estonia

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Declaration:
Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology has not been submitted for doctoral or equivalent academic degree.

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MERILIN METSMA
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1 Introduction

1.1 Focus of the thesis

The focus of the thesis is on the analysis of civil-service training by exploring the case of Estonia. The thesis addresses the role of training, the design and challenges of training in decentralized civil-service systems. The dissertation analyzes training from a system-level perspective and develops a conceptual framework outlining the key characteristics of decentralized civil-service training arrangements.

The importance of human-resource management (HRM) is growing in contemporary public administration. HRM is a significant factor shaping organizations’ performance (Choi & Yoon, 2015; Renkema et al., 2017). As previous research demonstrates, organizational effectiveness can be improved through people-oriented activities, such as staffing, selection, replacement, training, wage and salary administration (Bolman & Deal, 1991, cited in Dipboye, 1997; Kozlowski et al., 2000; Salas et al., 2012; Choi & Yoon, 2015). Among HRM functions, training has been perceived as one of the most important ones (Drost et al., 2002), based on the assumption that the desired improvement in an organization’s performance can be accomplished through training (Kozlowski et al., 2000). Training aims to ensure that people in the organization acquire and develop the knowledge, skills, and attitudes they need to carry out their work effectively (Salas et al., 2012; Armstrong & Taylor, 2014). It addresses the knowledge people in the organization need to have, the skills they need in order to perform their tasks, and the attitudes they need to possess (Salas et al., 2012). The relevance of training is related to its positive effect on organizational performance and competitiveness. Studies demonstrate that investments in training lead to improved results and positive organizational outcomes (see, e.g., Schonewille, 2001; Salas et al., 2012; Aragon & Valle, 2013; Choi & Yoon, 2015). However, a simple monetary investment in employee training does not automatically improve organizational outcomes. Training is effective and improves an organization’s performance if learning on the individual level is transferred from the course to the work context and transferred learning yields intended organizational objectives (McCourt & Sola, 1999; Kozlowski et al., 2000). Multilevel HRM approaches have thoroughly analyzed conditions of this transfer (see, e.g., Kozlowski et al., 2000; Renkema et al., 2017). Among other things, it is found that training in support of any intervention is unlikely to have a lasting impact until organizational and institutional factors are addressed (McCourt & Sola, 1999). The key factor is whether the investment in training accompanies a coherent and comprehensive framework of human-resource strategies, policies and practices (Armstrong & Taylor, 2014; Choi & Yoon, 2015).

The past decades have witnessed a vast growth in training research (see, e.g., Salas & Cannon-Bowers, 2001; Chen & Klimoski, 2007; Guest, 2011; Salas et al., 2012). However, training has been rarely studied systematically in the public-sector context. The gap in the literature concerning training may derive from the fact that much of the HRM research so far has focused on private-sector organizations rather than public ones (Järvalt, 2012).

HRM in the public sector is usually analyzed in the context of public sector change (e.g. Brown, 2004; Randma, 2002). These studies demonstrate that training is influenced by the manner in which the political, institutional, policy and organizational changes impact the public sector and the conditions of public service. The civil-service recruitment system and the institutional design of HRM are central factors influencing
the characteristics of civil-service training. Discussions over the importance of both the substance and the institutional design of civil-service training rise more specifically in relation to the public-management reforms and incremental changes in general, e.g. political transition from communism to democracy or joining the European Union (e.g. McCourt & Sola, 1999; Lucking, 2003; Witesman & Wise, 2012; Kroll & Moynihan, 2015). This literature addresses the need to train those who are vehicles for reform in order to perform better while implementing changes. Competent civil service is very important, as countries in transition face many specific challenges, e.g. building up democratic institutions, preparing and implementing a great amount of new laws and policies, supporting the development of democratic values, joining and being an active member of international institutions. Some of these types of studies are country profiles of civil-service training systems, also briefly covering institutional structures of training, e.g. which training institutions exist and which institution holds the training budget (e.g. OECD, 1996; OECD, 1997; Lucking, 2003; Bossaert, 2008; ReSPA, 2008; Vyas & Zhu, 2017).

More generally, it has been shown that training can facilitate the implementation of new policies by providing information about the policies, justifying why they are needed, and giving employees the capacity to put the new policies in place (Kroll & Moynihan, 2015).

In addition, the cutback-management literature provides some information on civil-service training – namely that the training budget is often one of the first items to be cut because there is a tendency to cut activities with no immediate apparent payoff and the general view held by political executives and public officials considering training a cost rather than an investment (Cayer, 1986; Paddock, 1997; Carrel, 2000; Maor, 2000; Felstead et al., 2012; Lodge & Hood, 2012). This domain of literature indicates that training occupies a paradoxical place in public management. On the one hand, training is expected to fuel the public-management reform, and on the other hand, the cost-efficiency goal of many public-management reforms may restrain training opportunities of civil servants.

The shortage of civil-service training research is most evident in relation to the systemic perspective on training. While private-sector HRM is concerned with the functioning of single organizations, public-sector organizations constitute elements of larger institutional systems. Consequently, civil-service training deserves special attention and even more so for two contemporary reasons which have led to substantially new challenges in developing civil servants’ competencies and their training arrangements. First, the public sector worldwide encounters ongoing changes and new demands as it functions in the environment of complex interacting forces. Nine global megatrends have been identified that have a major impact on governments: demographics, rise of the individual, enabling technology, economic interconnectedness, public debt, economic power shift, climate change, resource stress, and urbanization (KPMG, 2014). Challenges of contemporary public administration have been characterized as “wicked” in the sense that they are complex, ambiguous, uncertain, and there is a lack of agreement on how to deal with them (Lægreid & Rykkja, 2015). It has become evident that coordination and collaboration are needed to address these challenges, and in this vein the emergence of concepts such as “whole-of-government” and “joined-up-government” have been used to denote work done for tackling the “wicked issues” (Christensen & Lægreid, 2007). As regards civil-service training in reflecting these challenges, the environmental contingency theory states that organizations require flexibility, and employees are urged to apply their skills as needed, in order to fit into the changing conditions in rapidly changing environments (Hatch &
Cunliffe, 2006). In addition to a reactive role, public administrations are also expected to have a proactive stance in addressing the global megatrends, which essentially refers to growing expectations towards civil servants. It is important that civil-service training is organized and aligned to future challenges (OECD, 2016). The OECD (ibid.) has identified four areas, each representing specific tasks and skills required in the relationship between the civil service and the society it serves: skills for developing policy, skills for citizen engagement and service delivery, skills for commissioning and contracting services, and skills for managing in and through networks. Investments in training civil servants are needed “to be capable of sophisticated gathering and analysis of policy-relevant information; to be competent at ‘horizontal’ collaborations with other agencies and departments; and to be skilled in international negotiations on these key challenges” (Pollitt, 2016).

Second, changes in the civil-service systems themselves create challenges and raise new issues. The civil-service system is unique as it represents the state as an employer. Due to private-sector-inspired reforms, civil-service systems have developed from traditional, hierarchical and closed organizations to more open and flexible organizational structures (Demmke & Moilanen, 2010). Cross-European studies demonstrate a growing trend in delegating different HRM decisions to the level of individual organizations (Meyer & Hammerschmid, 2010; Staroňová & Staňová, 2013; Lægreid & Wise, 2015). Public-sector managers and organizational units are given greater freedom in operational decisions and more discretion and responsibility in the field of HRM (Demmke & Moilanen, 2010). These trends undermine “uniform treatment” within a government and create multiple systems, increasing administrative complexity (Lægreid & Wise, 2015). As a result of decentralization, the core issues raised by the public-management reforms address “the difficult trade-off between individualization and delegation of HRM to improve the adaptability and flexibility of the civil service, on the one hand, and the sense of collectivity, shared values and mutual trust relations among civil servants, on the other hand” (OECD, 2005). Finding the balance between centralization and decentralization, fragmentation of the public sector and its capacity to act in a coordinated way, both in terms of public policies and the civil service is a big challenge in HRM reforms in the public sector (Christensen & Lægreid, 2007; Lægreid & Wise, 2015). This has further implications as to what is expected from the civil-service training systems. In order to compensate the weaknesses of a decentralized system, there is a need for a clear division of roles, responsibilities and instruments between various actors in the training system as it helps to avoid overlapping functions, duplication of duties and makes it possible to respond to environmental challenges.
1.2 Aim of the thesis

The aim of the thesis is to analyze civil-service training in a systemic perspective. In order to do so, the Estonian civil-service training system and its functioning is analyzed in detail. The Estonian case provides a good basis for exploring the choices and challenges associated with a decentralized civil-service training arrangement because of the following reasons. First, a decentralized approach to administrative reforms and governing in Estonia has been evident ever since the country regained independence in 1991 (Sarapuu, 2013), leading to one of the most decentralized systems of public-sector HRM in Europe (Meyer & Hammerschmid, 2010). Although a small group of top civil servants (around 100 people) are distinguished as a separate civil-service category with centralized arrangement for service term, recruitment, selection, assessment, and development (III), the core nature of civil-service HRM is decentralized in Estonia. The administrative system relies on strong organizational responsibility, as every ministry and executive agency is responsible for the recruitment, probationary periods, training, performance appraisal, promotion, setting of pay levels and organization of the work of its officials (IV). Second, the post-communist transition and the subsequent accession to the EU forced the Estonian government to address civil-service training on a system level. The case offers a unique opportunity for researchers to follow the design and development of a civil-service training system from scratch, which, in turn, makes it possible to identify critical elements and choices from a system perspective. Third, the small size of Estonia (population 1.3 million) helps to grasp the entire civil-service training system with all its actors and their interrelationships, which is essential in addressing the training system as a whole.

Consequently, the analysis of the Estonian case makes it possible to filter out the key characteristics of a decentralized civil-service training system and to develop a conceptual framework for studying civil-service training. The focus is on systemic elements: actors, the roles and relationships between actors, funding as well as civil-service training content and methods. The Estonian civil-service training system embraces several lessons and makes it possible to pinpoint challenges of decentralized training arrangements for those governments that are considering a (further) decentralization of their systems. Altogether, the dissertation contributes to academic discussion on decentralized civil-service training systems and fosters a further understanding of civil-service training. The dissertation helps to fill in a gap in public-management literature since so far, civil-service training has received little attention from a system perspective. It provides a coherent view of an entire civil-service training system and demonstrates the importance of context to the institutional design of the training system.

The main research questions of the thesis are the following:
- What role does civil-service training play in a decentralized civil-service system?
- Who are the key actors in the civil-service training system?
- What are the interlinkages between the key actors in a decentralized setting?
- What lessons on the role, design and challenges of a decentralized civil-service training system can be drawn from the Estonian experience?
The theoretical framework of the thesis relies on HRM and training research and combines it with three branches of public-administration literature. First, the thesis draws on the public-administration discussion on civil-service systems and public management. The second stream of literature used dissects the coordination of public-sector organizations and network structures in public administration. And third, the literature on public-management reforms and cutback management is utilized. Such a combination of different streams of theoretical knowledge offers a comprehensive and original approach to the training function in the civil service.

The main focus of the Estonian case study is on ministries, agencies, and constitutional institutions, and less on local governments as they are independent in their functioning. Also the study excludes a few branches of civil service that are regulated by special statutes: foreign service, police service, board guard, the court system, and a few institutions within the administrative area of the Ministry of Defense. With regard to the representativeness of the Estonian case for understanding training in a decentralized setting, one has to be aware of certain contextual limitations. First, Estonia is a small-size country, and states with small sizes tend to demonstrate unique traits in their public administrations (see Sarapuu, 2010; Randma-Liiv, 2002). A few of the most recognized traits include higher reliance on informal communication and cooperation, personalism, the small labor market, and market failures. Second, Estonia, together with other Central and Eastern European (CEE) countries, is positioned in the context of post-communist transformation. The pursuit of democracy has demanded the formation of competent and meritocratic civil services able to support democratic policy-making and implementation. While the transformation context makes it possible to observe the elaboration and development of civil-service training systems from scratch, one should also realize that by 2017 the specific post-communist features of CEE countries have started to fade away, and it is increasingly questionable whether it is possible to speak of a distinct administrative tradition in CEE (Randma-Liiv & Drechsler, 2017). Third, and more generally, the New Public Management (NPM) fashion of the 1990s influenced the human-resource policies in Estonia, leading to a very decentralized setup of the civil service with great decision-making autonomy for individual public-sector managers (Järvalt, 2012). Although the specific characteristics of the Estonian cultural-historical context and political-administrative system leave their footprint in training practices, it is expected that the findings from the case of Estonia help to identify crucial lessons for governments which are planning to further decentralize the public-sector HRM generally, and civil-service training systems more specifically.

The main body of arguments of the thesis is developed in four original articles. First, the article “Network-Based Coordination of Civil Service Training: Lessons from the Case of Estonia” (I) focuses on the coordination of civil-service training in a decentralized civil-service system. The article investigates network-based coordination, analyzes the power sources of the central coordinator and discusses the opportunities and limitations of creating coherence through network-type cooperation. The article concentrates on the possibilities of the Ministry of Finance of Estonia as the central coordinator to create unity in a civil-service system in which the responsibility and management autonomy for training is delegated to individual ministries and agencies. Second, the book chapter “Estonia” (II) (co-authored with Küllü Sarapuu, Tiina Randma-Liiv and Annika Uudelepp) analyzes the Estonian top civil-service training system and its challenges in developing from a voluntary and individual-based training framework to a genuine horizontal system of top civil service. The chapter outlines the cultural, political, and administrative factors
in order to understand the nature and functioning of the Estonian top civil service and then takes a more detailed look at the characteristics of and challenges facing the top civil-service training system. The author of this dissertation contributed to the book chapter by collecting data, doing the literature review and working more thoroughly on the sections on the content and methods of training and expectations of top civil servants. The third article “The Impact of Cutback Management on Civil-Service Training: The Case of Estonia” (III) focuses on the civil-service training during cutback management. The crisis management in Estonia was characterized by immediate and severe governmental expenditure cuts. The article analyzes how cutback management affected civil-service training in Estonia during 2006–2011. The analysis is operationalized by looking at three key elements of civil-service training: budget, content and methods. Fourth, the book chapter “Between Continuity and Change: The Analysis of the Estonian Civil Service Training System” (IV) (co-authored with Tiina Randma-Liiv and Külli Sarapuu) focuses on the evolution, design and actual functioning of the civil-service training system in Estonia in the context of post-communist transformation. The article sheds light on the role of training in a civil-service system and presents an in-depth case study of the evolution of the Estonian civil-service training system. The author of this dissertation contributed to the article by collecting data and composing and analyzing tables and figures.

The introductory discussion of the dissertation develops as follows. First, the methodology of the thesis is described. Second, the role of civil-service training in centralized and decentralized civil-service systems is discussed. Third, the case of Estonia is described on the basis of key characteristics of civil-service training systems. Fourth, the design of a decentralized civil-service training system is illustrated by discussing actors, their roles and relationships between them, training funding schemes, training content and methods. Fifth, the contextual factors influencing civil-service training are highlighted. Sixth, the challenges of a decentralized civil-service training system are outlined. Finally, the recommendations for further research are presented.
1.3 Methodology

The dissertation explores what role civil-service training plays in a decentralized civil-service system, who the key actors in the civil-service training system are, what the interlinkages between actors in a decentralized civil-service training system are, and what lessons can be drawn regarding the role, design and challenges of civil-service training. In order to develop in-depth knowledge on these issues, a single-case study approach has been chosen as the most suitable one. The case-study method is the most appropriate one for describing the details about organizations, policy processes, and institutional arrangements (Eller et al., 2013), which is crucial for studying civil-service training on a system level. The case-study approach allows in-depth investigation into a contemporary phenomenon within a real-life context (Yin, 2009). Also, it provides context-dependent knowledge (Flyvbjerg, 2006) which enables an understanding of what factors influence training systems.

The qualitative analysis undertaken combined different data sources and analytical methods to produce a high-quality result. The methods of information gathering involved desk research and interviews. For the desk research, several information sources were used. First, academic literature was primarily used to explain the importance and role of civil-service training (I; III; IV), to describe civil-service systems, and to place the civil-service training system in the context of contemporary trends and challenges of state governance. In addition, paper I drew on academic literature about theoretical discussions on coordination and the theory on the power sources in governance networks. The analysis in paper III was operationalized by looking at three key elements of civil-service training: budget, content and methods. The theoretical background for this derived from the academic literature on cutback management and training. The synthesis of different streams of academic discussion allowed analyzing civil-service training from different angles, leading to a coherent systemic perspective.

The second type of data included Estonian legislation, previously implemented surveys, budgetary data, statistics, and other government documents. The information gathered from these sources was used in all of the academic papers (I; II; III, and IV) to illustrate the Estonian civil-service training system. The official statistics was widely used in paper III to describe the Estonian civil-service training: the number and dynamics of civil servants participating in training activities, the content of civil-service training presented as the percentage of the total amount of training hours, different training methods used presented as the percentage of the total amount of training methods used, data on training funding from the central resources and from the individual organizations' budgets, and the share of training costs from the payroll. Paper II outlined cultural, political, and administrative factors in order to understand the nature and functioning of the Estonian top civil service by making use of previously implemented surveys on different aspects of the Estonian country and top civil servants. Paper I analyzed in detail the Ministry of Finance’s legal mandate in coordinating civil-service training and used Estonian legislation and government documents in pursuing this. For the analysis of the evolution of a decentralized training system in Estonia, paper IV made use of the information from previous studies and government documents.

Third, in order to develop an analytical framework for studying civil-service training and for placing the case of Estonia into a broader international context, the analysis relied also on secondary data derived from international empirical studies. Most
importantly, country profiles of civil-service training systems (OECD, 1996; OECD, 1997) gave an overview of the training landscape and provided additional information on the existing training structures and systems in selected countries.

A key source of primary data for the empirical research was interviews. During the period of 2011–2016 altogether 38 interviews were conducted. This time span covered legal changes leading to major institutional reorganizations in the Estonian civil-service training system and the recent financial crisis. For selecting the interviewees snowball sampling was used. Snowball sampling is a form of sampling in which the respondent is asked to provide the names of other suitable respondents (van Thiel, 2014). The aim of the interviews was to cover all relevant stakeholders. The interviewees included training managers of ministries, agencies, local governments and the Government Office representatives (24); secretary generals, deputy secretary generals, county governors (7); and experts in the field (7). The interviews were used to open up the characteristics and challenges of the Estonian civil-service training system, to learn more about the network-based coordination, and cutbacks in civil-service training. As the focus of the study was on the systemic characteristics of civil-service training systems, the aim of the interviews was to understand the role and the relationships of the key actors. The interviews were semi-structured, which allowed the respondents to elaborate on their understanding and experience of the issues under study. The interviews lasted between 1 and 2 hours. The interviews were transcribed, and the transcripts were used to triangulate the information that was gathered from the desk research. The content of the interviews and documents were coded in order to identify the key actors, their roles and relations, the principles of funding of civil-service training, and the most common training content and methods.

Furthermore, the thesis also relied on the findings of an applied project report commissioned by the Estonian Ministry of Finance, *The Analysis of Civil Service Training System and Development Needs of Estonia* (Sarapuu et al., 2011). The project focused on different aspects of the Estonian civil-service training system: the functioning of the Estonian civil-service training system in the context of the challenges facing public administration, the international practice in the organization of training systems, training and development needs of civil service, and the importance and role of civil-service training. Within this project, a comparative analysis of the civil-service training systems of five selected countries was carried out. Five countries were selected to compile a more detailed overview of international practice. These countries included the Netherlands, Ireland, Norway, Slovenia and Finland. A questionnaire about the organization of training and development in the public service was designed and sent to contact persons. The responses provided an overview of the training systems of the selected countries, training providers, content of the training, and financing of training. The author of the thesis served as an analyst in this project, conducted interviews and worked more thoroughly on the analysis of the international practice of civil-service training systems.

Last but not least, the author of this dissertation has also benefitted from her previous work experiences at the Estonian Ministry of Finance as the specialist of the central training program and as a human-resource consultant, and at the Estonian Ministry of Economic Affairs and Communications as the head specialist of training. Also, the author is a member of the network of Estonian training managers. The observations through these experiences have provided insight into the daily operation of the Estonian civil-service training system. Observation offers an opportunity to examine feelings, establish who interacts with whom, and understand how participants communicate with each
other (Kawulich, 2005). The work experience in the Estonian civil service, work-related conversations, and other interactions helped to get the sense of how things are organized and prioritized, and how people and organizations interrelate. The author’s participant observations revealed what was valued in the decentralized system, what were the expectations towards the central coordinator, and what were the (dis)advantages of the system from the perspective of different actors.
1.4 Civil-service training systems

The civil-service system and the institutional design of HRM are central factors influencing the characteristics of civil-service training arrangements. The two main models of civil-service systems are well described in the public-management literature (Bossaert et al., 2001; Meyer & Hammerschmid, 2010). First, career-based systems are characterized by the dominance of life-long careers, specific criteria for initial entry, a strong emphasis on career development with a high relevance of seniority and a relatively strong differentiation between private- and public-sector employment. They tend to promote collective values and show a weaker emphasis on individual performance and accountability. Second, position-based systems are characterized by a focus on selecting the candidates for each position, more open access and a higher mobility between private- and public-sector employment. They tend to have weaker cross-government values but stronger links across levels of hierarchy and status as well as a stronger focus on individual performance assessment (Meyer & Hammerschmid, 2010). However, pure models hardly ever exist, and governments mix components of different civil-service systems in order to compensate weaknesses of the “pure” models.

Within these civil-service systems, there are two basic models of civil service management – a centralized and a decentralized model (Staroňová & Staňová, 2013). Decentralization means that decision-making powers are handed over to individual organizations. More specifically, in the field of HRM decentralization refers to the line managers’ and public employees’ increased HR responsibilities, discretion and job control, possibility to recruit, evaluate, offer incentives, promote, suggest training needs and communicate directly. In contrast, in a centralized model decision-making is guided by central rules (Demmke & Moilanen, 2010). In a centralized system individual organizations are directly controlled by central rules (by law) or by central powers of the central coordinator.

Civil-service training is usually divided into pre-service and in-service training (Lavtar, 2008). Pre-service training is related to the education acquired before entering the civil service. In-service training is received once in the service. The focus in this dissertation is on in-service training. The management of in-service training is different in position-based and career-based civil-service systems. A career-based civil-service system assumes a highly regulated organization of training, as these systems are usually characterized by a comprehensive and mandatory initial training (Dujić et al., 2006). Therefore civil-service training is usually centralized in a career-based system. In a position-based system, training is not a determinative element. The organization of training is more decentralized, and in most cases, individual ministries and agencies carry the main responsibility for training of their civil servants (Bossaert et al., 2001; Lucking, 2003). In terms of resources, decisions on resource allocation are also transferred to lower levels. For a decentralized civil-service training system, this means that decisions on training funding, needs, providers, and contents are made autonomously in each public-sector organization.

The goals of training can be distinguished between three levels: the individual level, the positional/organizational level and the level of the civil service as a whole. Training on the individual level is one of the motivational factors of civil servants (Bossaert, 2008; Vidal-Salazar et al., 2012). This is especially important in a decentralized position-based
civil-service system, as it provides civil servants with opportunities to move to new positions and develop their careers through developing their skills and competencies in a context where the career path is not determined. Training enables civil servants to be more mobile within the system. Good training and development opportunities may thus increase the attractiveness of civil-service careers. As public-service commitment is based on the specific job, pay and conditions (Horton & Hondeghem, 2006), appropriate training opportunities may thus increase commitment to the service. Altogether, training on the individual level is expected to bring about change on the organizational and also on the civil-service-system levels.

On the positional/organizational level, the goals of training are related to the implementation of organizational tasks and focus on developing skills and competencies in order to fulfill the objectives of the organization. Training on the organizational level is highly important in transition countries, as they are going through organizational changes, e.g. the establishment of new management systems, structural changes or the implementation of new laws (ReSPA, 2008; Chlivickas, 2010; Kroll & Moynihan, 2015). All these changes require new skills and competencies in order to prepare and implement them successfully. Job-specific training is also vital when governments face environmental changes and challenges or different crisis (III).

On the system level, the role of training is to support the core functions of the civil service. First, civil service can be seen as a personnel-management system. In this regard, the main role of the civil service is to attract and retain a high-quality and high-performing workforce (Järvalt & Randma-Liiv, 2010). On this level training becomes relevant to support the core functions of public administration, deliberate change and to tackle crisis. Competent civil service is expected to develop solid policy-making capacity in every policy field (Beblavý & Sičákova-Beblavá, 2015). Also, civil servants need training in order to adapt to their roles and to comply with the requirements of the office (Randma-Liiv & Connaughton, 2005). Furthermore, the membership of international institutions requires professionalism in order to influence the decisions, as well as to make the decision-making processes more transparent, trustworthy and knowledge-based. For example, for the newer members of the EU, an extensive EU-related competencies training period falls before the country’s EU Council Presidency. Presidency tasks demand extraordinary preparations and extra hiring both in bigger and smaller member states (Kajnč & Svetličič, 2010).

Second, civil service describes the basis of accountability of civil servants and contributes to the differentiation between political and administrative spheres by drawing the line between public positions with different principles of access. Training is a particularly valuable mechanism to raise civil servants’ awareness of their role and responsibility in a democratic public administration and to contribute to the development of civil service ethics (Chlivickas et al., 2002; Randma-Liiv & Connaughton, 2005; Bossaert, 2008; Trenadafilova, 2008; Palidaskaitė et al. 2010). It has been argued that decentralized systems may entail the loss of a civil-service ethos (Demmke & Moilanen, 2010), hence civil-service ethics training is very important in highly decentralized systems.

Third, civil service can be seen as a system of symbols and values. Training is an instrument for the development of shared values and knowledge in the civil service, which form a basis for coherent policy-making and analysis (Bossaert, 2008). This is especially important in decentralized civil-service systems. The development of a common knowledge and value base throughout the civil service is likely to create a solid
foundation for coordination and cooperation between different institutions and also to ensure a similar developmental stage and management principles throughout the executive (Peters, 1998). In that respect, training is an excellent instrument to foster cooperation – for example, the joint training events of top civil servants bring different actors and institutions together under the same formal and mental roof (II).

The importance of civil-service training and its functions on different levels are summarized in Table 1. All of these goals of training on different levels are important elements of civil-service training systems. As they are interdependent with each other, one must consider all of them when analyzing a civil-service training system. The focus of this dissertation is on the system level because this level creates important context for the other levels. Also, training on the level of the civil-service system is the least investigated in the context of decentralized civil-service systems. In the next chapter, the Estonian civil-service training system is described.

Table 1: The role of civil-service training in a civil-service system

<table>
<thead>
<tr>
<th>Civil-service-system level</th>
<th>Personnel-management system</th>
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<tbody>
<tr>
<td></td>
<td>• high-quality and high-performing workforce</td>
</tr>
<tr>
<td></td>
<td>• core functions of public administration, deliberate change, tackling crisis</td>
</tr>
<tr>
<td>Mechanism of accountability and control</td>
<td>• awareness of roles and responsibilities</td>
</tr>
<tr>
<td></td>
<td>• civil service ethics</td>
</tr>
<tr>
<td>System of symbols and values</td>
<td>• shared values and knowledge</td>
</tr>
<tr>
<td></td>
<td>• coordination and cooperation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Positional/organizational level</th>
<th>Job-specific training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual level</td>
<td>Motivation</td>
</tr>
</tbody>
</table>

Source: the author
1.5 The Estonian civil-service training system

This chapter gives a general overview of the Estonian civil-service training system, which is more specifically analyzed in the articles I, II, III, and IV. Estonia regained independence from the Soviet Union in August 1991. Since then, the state has gone through major economic and administrative reforms. The radical shift of political regime from communism to democracy and from planned to market economy necessitated administrative changes, both in terms of institutions and people (Randma-Liiv & Järvalt, 2011). Estonia inherited an institutionally fragmented administrative system with a high number of relatively autonomous individual organizations (Sarapuu, 2011). The general trend of reforms over the last two decades has been toward aggregating the administrative system and establishing mechanisms for steering, control and cooperation (OECD, 2011; II; IV). The executive power rests with the government. The administrative system relies on ministerial responsibility for policy-making and implementation. The eleven ministries are rather small, and the policies are mostly administered by various agencies in their areas of governance. Individual organizations have considerable leverage over the issues belonging to their area of responsibility, including HRM.

The basis for a modern professional civil service was established with the 1995 Public Service Act (PSA) in Estonia. It introduced an open, position-based civil-service system that covered a restricted share of the public-sector workforce – the people working for the ministries, government agencies, local government institutions and a few other state institutions – that is, the people at the core of the public sector. In terms of training, the PSA provided for a decentralized organization of training and an individual responsibility for professionalism. An official was required to replenish his or her knowledge and skills for the competent performance of functions. The immediate or higher supervisor decided on the need for an official to participate in the training (I). In April 2013, the new PSA was passed in the parliament Riigikogu, which restricted the 1995 institutionally based definition of the civil service even more by differentiating officials who were engaged in executing the public power and employees who did not have this function. The latter ones work under the general labor law. In other respects, the reform further endorsed the open and decentralized nature of the Estonian civil service and aimed to abolish the perceived “disparities” that there were taken to be between the civil service and private-sector employment (e.g. in redundancy benefits) (II; IV). Altogether, the civil service employs about one fifth of the public-sector staff (in total 132,900 people in 2016) (Rahandusministeerium, 2017).

In accordance with the decentralized arrangement, every public organization is responsible for the recruitment, probationary periods, training, performance appraisal, promotion, setting of pay levels and organization of the work of its officials. Ministries and executive agencies are guided by the legal framework and centrally set advisory guidelines. (Tõnnisson & Paabus, 2005; I; II; III; IV) Minor exceptions concern the category of top officials. The recruitment and development of around 100 top civil servants is partly centralized to the Top Civil Service Excellence Centre in the Government Office. The Centre is responsible for the recruitment, selection and development of top executives (Järvalt & Veisson, 2005; Randma-Liiv et al., 2015; I; II; IV). Such a decentralized system has increased the demand for better horizontal integration of policy sectors and for a whole-of-government approach. (Randma-Liiv et al., 2015: I; IV) There is no institution at the central-government level with single powers to develop the government’s human-resource policy, as the coordination of the civil service is
fragmented among several institutions. The Estonian system has been reluctant in committing steering powers to some central units (Tõnnisson & Randma-Liiv, 2008). There are a few government institutions which have specific coordinating responsibilities:

- The Ministry of Finance is responsible for the general development of public administration, the development of personnel and training policy, the development of remuneration policy in the civil service, the planning and implementation of civil-service training and development, the promotion of quality development in the civil service, the development of the strategic planning system for the central government, the reform of budgetary procedures and financial management.

- The Government Office is responsible for the recruitment, selection, and development of top civil-service executives.

- The Ministry of Justice is responsible for the general public-law development, including civil-service legislation (I; II; III; IV).

Altogether, the Ministry of Finance has the central role in holding the civil-service system together, steering its development and guaranteeing coherence. The Ministry is expected to use the following instruments for central coordination: planning and implementation of central training activities, cooperation with training managers in public-sector organizations, gathering, analyzing and circulating relevant information, and designing and steering common policies and principles (I; III; IV). The Ministry is expected to play a strategic role in the system development and to provide advice and guidance, disseminate information, foster change and initiate new leadership programs (I). In 2013, the Ministry of Finance published the Green Paper on the Personnel Policy of the State as an Employer that mapped the existing situation, problems and policy options in personnel policy, including civil-service training. In 2014, the White Paper on the Personnel Policy of the State as an Employer was published, which was the first comprehensive HRM document, and, among other things, addressed civil-service training. However, as of 2018, the principles of the White Paper have not been systematically implemented.

Training activities in the Estonian civil service have been financed from different resources: training budgets of individual organizations, the central training budget administered by the Ministry of Finance and Government Office, and also foreign aid (III). The civil-service training system has been influenced in many ways by the EU structural funds, as the top civil-servant training program and the Ministry of Finance’s central training program have relied heavily on these funds (II; III; IV).

Until 2015, the Centre for Public Service Training and Development operated within the Estonian Academy of Security Sciences under the jurisdiction of the Ministry of Interior. According to its statute, the Centre was supposed to function as a central training institution for the civil service. However, in practice, the Centre operated like any other company in the training market and did not fulfil the role of central training institution, as is common in established civil-service systems. (I; III) The Centre was abolished in 2015, the coordination of the continuing education was consolidated into the Centre for Continuing Education in the Academy of Security Sciences, and the focus was turned to internal security training.
As is characteristic of a decentralized system, the ministries and agencies carry the main responsibility for providing civil-service training (Tönnisson & Paabusk, 2005; I; II; III; IV). Through the years the training specific to an organization’s core function has been among the top three training priorities in ministries and agencies. It has been followed by language courses, law courses, training on communication psychology and other training topics (III). The central training program has offered free training on the following topics: orientation training, civil-service values and ethics, the Estonian language, policy-making skills and human-resource-management skills (III; IV). As for the top civil servants, development activities have cultivated both public-sector-specific knowledge and skills related to administrative capacity, policy making, policy implementation, coordination, and quality of public services, as well as more generic management topics, such as innovation, leadership, strategic management, and client orientation (II).

The role of the training market in the Estonian decentralized civil-service training system is significant. Due to the fact that there is no central civil-service training institution, individual organizations, the Ministry of Finance, and the Government Office contract out training activities to the external providers (I; II; III; IV). These activities are based on classroom-type off-the-job courses and in-house trainings provided by external trainers. However, ministries and agencies are often compelled to send civil servants to out-of-the-house open training courses instead of tailor-made solutions because of the small size of the groups (III). Individual coaching and mentoring are exercised more extensively among the group of top civil servants (II).
1.6 The design of a decentralized civil-service training system

Based on the synthesis of knowledge from the existing literature and the in-depth analysis of the functioning of the Estonian civil-service training system, critical elements of a decentralized training arrangement can be outlined. Although civil-service training in a decentralized system is administered in the nexus of several actors all contributing to the performance and effect of the system, their configurations and interrelationships have escaped detailed scientific attention thus far.

Most importantly, the decentralized nature of HRM determines the principal relations within such a system, and the actual responsibility for civil-service training is delegated to individual public-sector organizations (Bossaert et al., 2001; Lucking, 2003; I; III; IV). HR units in ministries and agencies are engaged in implementing the civil-service training strategy, and so they are connected with the central coordinator through the strategy. HR units have both strategic and operational roles (OECD, 2008; Meyer-Sahling, 2009). They are responsible for training-needs assessment, organizing, and evaluating the efficiency and effectiveness of training activities.

Next, in most developed countries with a decentralized civil-service system, there is a body responsible for central coordination. Its main role is the horizontal coordination of HRM (Štaronoňová et al., 2013; I; II; III; IV). Usually this is a specific ministry or Prime Minister’s office (OECD, 1996; Lucking, 2003). Often this responsibility is allocated to the Ministries of Finance, of Interior, of Labor, or of Justice, but sometimes to specific ministries dealing with public administration (e.g. Ministry of Public Administration) (OECD, 2008; Meyer-Sahling, 2009). This institution is also responsible for the development of the civil-service training policy (Trendafilova, 2008). Also the central body coordinates the civil-service training system, and different coordination instruments shape the relationships between the actors (I). A study among the European Union member states has demonstrated that an important instrument often used by the central body for coordination is the general civil-service training strategy, which is designed and steered by the central coordinator (Bossaert et al., 2001). Such a strategy foresees a coherent, long-term and systematic approach to training throughout the civil service and is believed to be a precondition for improving the quality of public administration (Chlivickas et al., 2002).

Besides training strategy as a central instrument, an increasing trend is to develop specific development programs for top civil servants (Van Wart & Hondeghem, 2014a; II). Centrally organized top civil servants’ training can compensate the weaknesses of a decentralized system. As top civil servants form an important group in the civil service that initiates changes and maintains democratic values, several national governments have found that their development requires special attention. Centrally planned and implemented training of top officials also serves as a coordination instrument bringing about coherence and unity.

An important coordination instrument for the central coordinating body is the central civil-service training institution. The central civil-service training institution is usually in charge of training-needs assessment, responsible for developing, organizing and delivering horizontal training activities throughout the civil service, and evaluating the efficiency and effectiveness of training activities. The central training institution normally gets input for its activities from the central coordinating body for developing, organizing or delivering training (IV). It is not simply a training supplier – it usually creates and develops a specific in-house competence in public administration – but it is also a
competence and analysis center regarding general civil-service development (Lucking, 2003). The institutional structure of the central training institution may occur in different formats – it may be part of the hierarchical structure of central government or belong to the central coordinating unit’s governing area (OECD, 1997; Bossaert et al., 2001). In some decentralized systems, the central training institution is missing altogether (Sarapuu et al., 2011; I; III; IV).

The extent of (de)centralization of the civil-service training system becomes apparent in the funding scheme. The funding of civil-service training is an important component of a training system – it operationalizes roles and relationships of various actors (I; III). In a decentralized civil-service training system the governmental funds for training are allocated to individual ministries and agencies. But in general, even in decentralized systems a certain amount of civil-service-specific training activities can be financed and organized from central resources (III). Additional funding for training may be received from external aid projects or EU funds (OECD, 1997; Van Wart & Hondeghem, 2014b; III; IV).

Civil-service training in a decentralized system is provided by in-house or external providers (Vyas & Zhu, 2017; III). Training programs are conducted in-house by government agencies or ministries themselves, or are in-sourced from the external providers. The decentralized funding scheme, lack of specific expertise and a demand for a high training volume pressures agencies and ministries to outsource civil-service training. Outsourcing training creates an open and diverse training market formed of training providers. These training providers can include both public- and private-sector training institutions which offer specific training activities for civil servants as a result of a procurement process (Lucking, 2003). Outsourcing training affects both the quantity and the quality of civil-service training. The buyer is sensitive to the quality and cost of training and thus creates and affects a training market (IV). On the one hand, the decentralized model requires well-articulated demand in order for market providers to be interested in the development of specific civil-service training activities and the presence of competition in a training market (Sarapuu et al., 2011). Creating demand requires sophisticated HRM and development skills within each HR unit to assess training needs (Lucking, 2003). On the other hand, organizations can just resort to the supply. Thus, the quality of civil-service training depends to a large extent on the training market and the providers.

With the responsibility for the civil-service training and funds allocated to perform this task, the civil-service training content and methods can vary across individual organizations (III). In general, civil-service training content demonstrates the areas in which civil servants are expected to develop their skills and perform professionally. The content of civil-service training is divided into two: general civil-service training and job-specific training (Schiaivo-Campo & Sundaram, 2001; Bossaert et al., 2001; Randma, 2002; Pollitt & Op de Beeck, 2010; III). First, general civil-service training is provided in issues that have a high priority for the public service as a whole and that require uniform understanding, know-how and principles of action to be adopted and implemented in different organizations across areas. For top civil servants, generic management and leadership training is the most common (Van Wart & Hondeghem, 2014a; II). Second, job-specific training is oriented around the needs and expectations of individual organizations. It involves preparing public officials in the specific knowledge and skills related to their posts (Bossaert et al., 2001). Job-specific training content involves the development of knowledge and skills which are critical to the functioning of a specific
Training method is a set of systematic procedures, activities, or techniques that are designed to impart knowledge, skills, or attitudes to the participants that have direct utility in enhancing their job performance (Martin et al., 2014). Training is an expensive investment. Hence, the choice of a training method is critical to optimize its effectiveness and efficiency (ibid.). There are many methods of delivering training. A distinction between methods is usually made by the training provider and the location of training activities (Kitching & Blackburn, 2002; III). Methods of training are usually divided into internal and external delivery training, depending on the training provider, and into on-the-job and off-the-job training, depending on the location (Schiavo-Campo & Sundaram, 2001; Torrington et al., 2002; Jacobs, 2010; III). Based on the international experience, the source of trainers varies from professional trainers to consultants, universities, and experts from the government itself (Van Wart & Hondeghem, 2014a). On-the-job training (e.g. coaching, mentoring) is the process in which knowledge and skills are acquired at the location of work; knowledge and skills are passed down by one person (e.g. a supervisor) to another person (Jacobs, 2010). These methods are good for accomplishing change in employees’ performance (ibid.), helping to fulfil the objectives of an organization, pass on values and support individual development (Torrington et al., 2002). Off-the-job training provides group-based learning opportunities on a variety of topics at a site other than where the work is actually done (Jacobs, 2010). New knowledge is best passed on in the format of classroom-type courses delivered by either an external or an internal provider (Torrington et al., 2002). Classroom-type courses embrace a big audience, which ensures that the target group gets the same information, and this also supports a common understanding of the topic, which is important in civil service, as it favors cooperation.

In the decentralized civil-service training system, the preference in training methods is related to available resources (III). For example, previous studies (Felstead et al., 2012; Vanhala, 1995; III) have demonstrated that organizations shift from external to in-house and on-the-job training in time of retrenchment. Organizations have found that these methods cost less and are good ways to use in-house knowledge. The recent economic crisis also gave a boost, though not witnessed in the Estonian case, to online and e-learning because it is perceived to be a cheap, standardized, cost-cutting and highly flexible mode of training (Felstead et al., 2012).

The features of a decentralized civil-service training system are best highlighted through a comparison with a centralized civil-service training arrangement. One can summarize the key differences of centralized and decentralized civil-service training systems as presented in Table 2, outlining the core characteristics of the training systems in an ideal-typical way.
Table 2: Centralized and decentralized civil-service training systems

<table>
<thead>
<tr>
<th>Civil-service system</th>
<th>Centralized civil-service training system</th>
<th>Decentralized civil-service training system</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Career-based civil-service system</td>
<td>Position-based civil-service system</td>
</tr>
<tr>
<td>Training funding model</td>
<td>Centralized funding model</td>
<td>Decentralized funding model</td>
</tr>
<tr>
<td>Central coordinating body</td>
<td>Coordination and operation of the system</td>
<td>Coordination of the system</td>
</tr>
<tr>
<td>Central training institution</td>
<td>Central training institution as a training and competence center</td>
<td>May or may not exist, different status and funding schemes</td>
</tr>
<tr>
<td>Training-needs analysis and evaluation of training effectiveness</td>
<td>Central training institution as a civil-service competence center analyzes training needs of civil service and evaluates training effectiveness by gathering input from individual organizations</td>
<td>Each public-sector organization is responsible for training-needs analysis and evaluation of training effectiveness</td>
</tr>
<tr>
<td>Providers of training</td>
<td>Central training institution is the main civil-service training provider</td>
<td>Training market, including central training institution (if it exists)</td>
</tr>
</tbody>
</table>

Source: the author

Altogether, the key characteristics of the decentralized civil-service training systems can be brought out based on the preceding analysis. These key characteristics are: the actors, roles and relationships between those actors, the funding model of training, and the content and methods of training. The decentralized civil-service training system is a setup of different actors whose relations are determined by the position-based civil-service system and a decentralized funding scheme. The role and instruments of individual ministries and agencies in a system are clear-cut – the HR unit manages the organization’s training budget, decides on the training content and methods, and buys training from the market. Hence, each public-sector organization is responsible for training-needs analysis and the evaluation of training effectiveness. However, the setting around the central coordinating body varies somewhat. A central training institution as a training and competence center may or may not exist, different status and funding schemes are possible. Also, the central civil-service training strategy as a basis for civil-service training may not exist, and the management of the top civil-service development may be centralized. These critical elements of the decentralized civil-service training system require special attention for understanding and studying civil-service training. They are illustrated in Figure 1, which serves as a conceptual framework for analyzing decentralized civil-service training systems.
Figure 1: Decentralized civil-service training system

Source: original drawing by the author
1.7 Contextual factors influencing civil-service training

The system-level approach is relevant for understanding and developing civil-service training. However, analysis on this level is dependent on the surrounding environment, as it affects the functioning of the system. In order to make recommendations or draw lessons from particular countries, it is relevant to be aware of the contextual peculiarities. In the following paragraphs, the possible impact of the context is outlined. In the final chapters the challenges of a decentralized system, the lessons from the Estonian case, and the avenues for further research are detailed.

First, the political-administrative system describes the way policies are formulated, are put into practice, and are evaluated. The political regime and the institutional structure of the state explain power structures, roles, and relationships of different political and administrative institutions. Administrative structure determines the extent of centralization in the civil-service system and hence is a crucial factor for understanding the civil-service training arrangement. Also the Estonian case illustrates how the change of a political regime is accompanied by a structural reorganization of the administrative system (Sarapuu, 2013), which, among other things, shapes the organization of civil-service training.

Second, the evolution of the civil-service training system is influenced by the historical-cultural environment. The historical-cultural context involves the prevailing values within the organization and its environment (Sarapuu, 2013). In CEE, it is important to consider the context of post-communist transition and Europeanization (Randma-Liiv et al., 2011). The aim of post-communist structural reorganization was to overcome the legacy of the highly politicized and centralized Soviet system (Sarapuu, 2013). Accession to the EU was a key incentive for administrative reform. Although it has been argued that the Europeanization of personnel policies was mostly about legislation as the main reform instrument (Randma-Liiv & Järvalt, 2011), the Estonian case reveals that it also affected the content of training and the civil-service training funding scheme (IV). Furthermore, the civil-service systems of Eastern Europe countries, their work values and motivation can be expected to be influenced by the NPM ideology prevailing in the period of democratic institution-building (Randma-Liiv & Järvalt, 2011; Virtanen, 2016). At that time, civil-service training in Estonia was transformed into a market-based system, and the previous centralized system was decentralized.

The third important factor to consider is the socio-economic environment of a country. For example, the financial resources available for training are influenced by the economic situation. Civil-service training should be financed on a permanent basis, yet in economically poorer countries training can be insufficiently funded. Also, even in wealthier countries the civil-service training budget is often among the first items to be cut when fiscal stress hits (Cayer, 1986; Maor, 2000; Felstead et al., 2012; Lodge & Hood, 2012). International country profiles demonstrate that transition countries need external help for training and are using international and foreign aid programs (OECD, 1997). The Estonian case exemplifies the use of EU structural funds in civil-service training (III; IV). On the one hand, external funds allow training activities to continue even during the crisis. On the other hand, this type of funding scheme is not sustainable.

Fourth, according to the studies on small states, small countries feature specific traits in their public administrations (see Sarapuu, 2010; Randma-Liiv, 2002). One of the most recognized ones is a more important role for individuals, higher personalism and stronger reliance on informal communication. For example, the coordination of the training
system appears to rely on flexible and informal structures in Estonia, e.g. the role of the network of training managers (I). Also, the small size of Estonia has an impact on the functioning of the training market, and this, in turn, creates a specific context for the civil-service training system. The market failures characteristic to small states also challenge civil-service training systems. In many areas of civil service, the education system of a small country may not offer specific education, which must be compensated by in-service training. For example, Estonian universities do not train health policy, education policy or environmental policy experts (to name just a few policy areas). There can be a lack of training providers in specific public-administration subfields. This may increase the cost of training with regard to the purchase of training from abroad. Also, certain training providers may have a monopoly in offering some specific topics in many areas where training for “advanced-level” may be lacking (Sarapuu et al., 2011).

And fifth, in order to analyze a civil-service training system, it is important to consider the influence of the entire civil-service system and the recruitment procedures. In a position-based system, access to the civil service is open to all candidates, and candidates are selected for each position (Bossaert et al., 2001). This means that people working in the civil service have very different educational and professional backgrounds. This, in turn, creates input for training content. In Estonia, where the education system and the training system for civil servants are separate, the central civil-service training program provides induction training for new civil servants who do not have a degree in public administration, law, or political science (Sarapuu et al., 2011). The purpose of the training is to help civil servants to adapt more quickly to the new environment and, among other things, to explain the specific role of civil servants.
1.8 The challenges of a decentralized civil-service training system

Decentralized systems are argued to be flexible, decision-making is faster, procedures are less complex, and it is possible to meet the specific needs of individual organizations (Demmke & Moilanen, 2010). Indeed, organizations have greater freedom (compared to centralized systems) in operational decisions on job-specific training, e.g., how to evaluate training needs and the effectiveness of training, which training topics to prioritize, what type of training methods and training providers to use. Due to the autonomy over the training budget, organizations can more easily prioritize training needs and design tailor-made training to use in-house expert knowledge in the training process. However, the decentralized system also creates a number of challenges, especially from the systemic perspective.

There are several lessons that can be learned from the Estonian case on the functioning of a decentralized civil-service training system. The Estonian experience can be useful for countries with a decentralized setup of central government and with an open position-based civil-service system. As there is a tendency of governments to move towards a greater decentralization of their public-sector HRM practices (Lægreid & Wise, 2015), the Estonian case study may shed light on both the strengths and weaknesses of decentralized training systems.

Firstly, central coordination is vital for a decentralized training system. It is crucial because the freedom in decision-making in a decentralized system could easily lead to a situation where there are not one but many different approaches to civil-service training, undermining the unity and coherence of the system. Also, central coordination is needed because the liberty to prioritize training topics means that the government does not have an overview of civil-service development in general. And yet, civil-service training should also address macro-level needs. Coordination can be more efficient if it is located in one (central) organization – otherwise a number of coordinators may face difficulties with coordinating central roles between themselves instead of taking care of the entire system. If civil-service coordination is shared between different organizations, the division of roles must be clear, and each actor must have enough resources to perform their tasks. The Estonian case shows that the central coordinator needs to have a clear mandate for steering, backed with necessary human and financial resources.

Secondly, a decentralized civil-service training system challenges the central coordinator to use efficient instruments. The main goal is to find the optimal balance between centralization and decentralization through increased coordination and efficient instruments in order to guarantee a coherent approach to the development of the civil service as a whole as well as meeting the demands of the changing environment and ensuring strong and unified values, trust, and a common ethos of public service. The Estonian system relies on the following instruments for central coordination: development of top civil service, planning and implementation of central training activities, cooperation among training managers in public-sector organizations, gathering, analyzing and circulating relevant information, designing and steering common policies and principles. In the nexus of different actors, a long-term systematic perspective for civil-service training is required. Without a common strategic basis for civil-service development the country’s strategic and purposeful development and ability to cope with different challenges is restricted. Offering development programs for top officials plays a substantial role in initiating and maintaining changes and creating common values and culture. It helps to overcome the silo mentality which often prevails in decentralized systems. The Estonian case reveals that the rise of
network structures and network-based governance has influenced civil-service training (I). Network-based coordination binds different actors together quite effectively. This case demonstrates that in a decentralized civil-service system, where there are no comprehensive centrally imposed obligatory measures for ensuring the coherence of civil-service training, a common understanding of training and development policies and practices can be expanded by intense collaboration through networks. The power structure frames the roles in networks, and even if the central coordinator has no power sources to impose obligatory measures, it has a vital role and opportunity for ensuring the coherence of civil-service training through network-based instruments (I).

Thirdly, the analysis of the Estonian experience indicates the role for a functioning central training institution in a decentralized system (IV). The Estonian civil-service training system lacks an operating central civil-service training institution, which is an important coordination instrument for a central coordinating body. A central training institution should be “at arm’s length” from the central civil-service coordinator and offer specific training activities (mostly those which are not available in the training market), develop training materials, analyze civil-service training needs and effectiveness, as well as building and offering specific competencies relevant for the civil service. Having individual organizations tackle a common challenge autonomously could bring about insufficient coherence and fragmentation of approaches. The Estonian case demonstrates that in a situation where the central coordinator and the central training institution have hardly any formal linkages, and there is no functioning central civil-service training strategy, the central training institution does not fulfil its purpose and the decentralized nature of the system is even more emphasized.

Fourthly, the Estonian case reveals a number of disadvantages of a decentralized funding system. First, training activities are planned for a relatively short period, following the annual budgeting system. Therefore, the training activities are reactive rather than proactive, and public-sector organizations and training providers tend to focus on organization-specific training rather than on the civil-service macro-level needs. Also, in a decentralized arrangement there is a risk that most of the attention is focused on the personnel-management function rather than on accountability and values of civil service. However, these macro-level functions are very important in a decentralized system, especially within the recent reform trends. Strong and unified values, trust, common ethos of public service, and accountability are central concerns of post-NPM concepts such as “whole-of-government” and “joined-up-government” (Christensen & Lægreid, 2007). Second, the Estonian case demonstrates that even a decentralized training system needs sustainable and continuous central funding in some of its parts. Across-the-board cuts and a decentralized training system will lead to major cuts in training budgets (III). Continuous funding is especially important for specific training needs, which are better addressed centrally to ensure a unified approach across the civil service and provision in times of fiscal crisis. Thirdly, the Estonian case also demonstrates that organizations shift from external to in-house and on-the-job training in time of retrenchment. In-house courses have the advantage of internal expertise and are relatively cheap. Also, when under pressure to prioritize training programs organizations choose to maintain job-specific training (III).

Fifthly, with the NPM trend, the competences of public managers have been questioned in a very profound way (Virtanen, 2000). The decentralized civil-service training system puts a heavy burden on officials responsible for training in ministries and agencies. The success of training units depends on the professional skills of managers
and the knowledge base of HR professionals. In an open position-based system, the competencies of HR staff may vary considerably. HR specialists’ capacities to responsibly and effectively administer their tasks must be centrally addressed (I) as this would further secure coherence of practices. The capacity of organizational-training specialists to analyze training and development needs is also vital (III). In addition, individual training specialists in organizations should be equipped with knowledge and skills on how to handle global “megatrends” affecting their workforce. Besides pressing challenges of public administrations, the private and public sectors are operating in changed workforce conditions, which have important implications for training. A few common trends include: dealing with an aging workforce; a new generation entering the workforce with different motivations, expectations, and approaches to learning; access to rapidly emerging technologies that can accelerate or distract from employee development; and the need to develop an adaptive, flexible workforce that can adjust to changes, while simultaneously ensuring that they have the specific skills they need to do the present work (Salas et al., 2012).

Altogether, a decentralized civil-service system clearly has its challenges as well as opportunities. In Table 3 they are summarized under the advantages and disadvantages of a decentralized civil-service training system. The table draws also on Demmke and Moilanen (2010), who have listed the advantages and disadvantages of decentralization and centralization of HRM.

Table 3: Advantages and disadvantages of a decentralized civil-service training system

<table>
<thead>
<tr>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Flexible to changes, less bureaucratic processes and faster decision-making (e.g. easy access to top civil servants).</td>
</tr>
<tr>
<td>• Responsive to urgent challenges, changing environment and labor mobility.</td>
</tr>
</tbody>
</table>
| • Enhanced motivation of public sector managers due to higher responsibi-
  lity and autonomy.                                                      |
| • Each organization can develop its system of analyzing training needs and delivering training to civil servants. Chance to initiate innovative solutions in the organization’s training system. |
| • Each organization can prioritize its training needs (choose training content) and allocate appropriate funds respectively. Opportunity to take into account all genuine and individual training needs and the peculiarities of an organization. |
| • Each organization has the freedom to choose training providers and maintain good partnerships in the training market. |
| • Each organization can design tailor-made training programs to meet their exact needs (involve civil servants themselves to the process and use in-house expert knowledge). |
| • Each organization can choose the appropriate training method for their needs and financial capacity. |
Each organization can choose the appropriate method for the evaluation of training effectiveness and use this information in the future.

**Disadvantages**

- As each organization prioritizes training needs according to their needs, there is a need for better coordination to address state-wide issues (e.g. wicked issues, changes).
- Instability of funding for civil-service training as training budgets tend to be cut in a period of economic decline.
- Differences in training policies and procedures can cause mobility obstacles, unfairness across the civil service and difficulties for civil servants to pursue their personal development plans.
- Negative impact on policy coherence with regard to important topics. A coherent approach and understanding (e.g. of current governance perspectives in the public sector) is necessary to ensure a positive development.
- Negative effects (e.g. decision quality, inefficiency) if managers and HR officials lack training-specific knowledge and skills (e.g. procurement process, how to design a training program, adult learning principles, training-needs analysis and evaluation of training effectiveness etc.).
- High transaction costs and administrative burden for each organization (related to the selection of training provider and organizing training events, e.g. booking rooms, informing the target group, registration etc.).
- Assumes the existence of a functioning training market (including the existence of public-sector-specific know-how).
- The possibility that different training providers offer training on the same subject in a very different way, thus challenging the coherence and values of the civil service as a whole.

Source: the author, based on Demmke & Moilanen, 2010

In order to overcome the disadvantages of a decentralized civil-service training system and to find an optimal balance between centralization and decentralization, governments need to address challenges deriving from a decentralized civil-service training system proactively. The lessons based on the in-depth analysis of the Estonian civil-service training system (I; II; III; IV) can be summarized to form a number of recommendations as appear below:

- Clearly define the responsibilities, roles, and cooperation mechanisms between different actors with regard to the development and implementation of the civil-service training policy.
- Avoid fragmentation of the central coordination function between different institutions.
• Ensure the implementation of the civil-service training policy, its systemic development and continuity.
• Ensure sustainable and sufficient resources for civil-service training – this includes both financial and human resources both on the central and organizational levels.
• Develop top officials as a separate group bringing the civil-service system together and maintaining joint values.
• Provide a civil-service training strategy for individual organizations addressing the key issues for the development of the civil service as a whole and priority areas for the training of civil servants.
• Foster a common understanding on training and development by intense collaboration through networks.
• Develop managers’ and HR officials’ HR and civil-service-training-related competences.
1.9 Avenues for further research

The findings of the thesis indicate several avenues for future research. First, there is still little research on the contextual factors shaping the civil-service training systems that could explain the peculiarities of the systems. The dissertation at hand highlighted the potential impact of the political-administrative system, historical-cultural context, socio-economic environment, small states’ specifics, civil-service systems and recruitment procedures on civil-service training. Further analysis in a similar direction could bring a better understanding of civil-service training arrangements, their evolution and functioning. Especially, international comparative analysis of civil-service training systems would allow advancing the knowledge.

Second, joining the EU has been brought out as one of the developmental milestones of CEE countries (Staroňová, 2013). However, civil-service training in the context of EU membership requires more analysis. Joining the EU, participation in EU decision-making, undertaking the EU Presidency as well as the EU structural funds have had an impact on the content of civil-service training (OECD, 1997; Kajnč & Svetličič, 2010), but also a more structural influence can be expected. The specific impact of the EU and Europeanization on the civil-service training systems still demands detailed analysis.

Third, on the system level there are possibilities for going more in-depth with regard to the analysis of central training institutions. The central civil-service training institution can have different roles and many institutional forms. It has been demonstrated that a decentralized civil-service training system may exist even without the presence of a central civil-service training institution. In-depth analysis of the central training institution’s legal status, funding, competences, tasks etc. could considerably enhance the understanding of civil-service training systems.

Fourth, the study reveals that the funding scheme of civil-service training is a defining element in the system. At times the funding system even determines whether the training is provided or not and sometimes also dictates the training content and methods. In sum, a lot of the choices made in civil-service training are dependent on the finances. Since the topic has not been closely studied, it should be done more thoroughly. Analyzing how the decisions on the allocation of training funds are born in decentralized civil-service systems can contribute to a better understanding of the functioning and challenges of civil-service training systems. Also, for transition countries external donors have been of great importance (OECD, 1997). The thesis reveals that it is not sustainable to rely heavily on external financial support (e.g. EU structural funds), hence it would be worth examining the impact of external funding on civil-service training systems.

Fifth, a distinction has been made between general civil-service training and job-specific training. The thesis argues that in order to compensate the weaknesses of a decentralized civil-service training system, it is preferable that general civil-service training is organized centrally. The process and principles of providing general civil-service training did not receive in-depth attention in the thesis, yet the importance of it is well demonstrated in the study. More in-depth knowledge is needed on how the general civil-service training should be provided so that it would meet the demands of a changing environment. Further studies along this line could consider the importance of a general civil-service training strategy, the distribution of tasks between central actors and individual organizations, and analyze the entire training cycle on the civil-service-system level.
And finally, in order to really zoom in and grasp the core of civil-service training, a
training cycle should be analyzed on the level of individual public agencies. In a
decentralized system, ministries and agencies are responsible for providing training
specific to an organization’s core functions. However, the effective provision of job-
specific training is equally important, also for the functioning of the public administration
as a whole. The thesis highlighted the need to focus on HR units’ competencies, yet it
would be useful to take a step forward and analyze how these competencies are put into
practice by focusing on training activities in ministries and agencies. It would be
beneficial to consider ministry-agency relations in this regard, as well, as their
cooperation is important for the functioning of the whole decentralized civil-service
training system.
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Lühikokkuvõte
Koolituse roll, disain ja väljakutset detsentraliseeritud avaliku teenistuse süsteemis: Eesti juhtumi analüüs


Süsteemitasandil avaliku teenistuse koolituse analüüsimiseks on valitud Eesti koolitussüsteem ja selle toimimine. Detsentraliseeritud süsteemi uurimiseks sobib Eesti juhtum mitmel põhjusel. Esiteks on alates taasiseseisvumisest Eesti riigi kui tööandja personalipoliitikat iseloomustanud detsentraliseeritud läheneamine (Sarapuu 2013). Iga avaliku teenistuse asutus vastutab värbamise, katseaja korralduse, koolituse, hindamise, edutamise ja palgapoliitika eest (IV). Teiseks väärib Eesti juhtum analüüsimest, sest Eesti on pidanud pärast kommunistlikust režiimist väljumist väljumist koolitussüsteemi üles ehitama ning on seetõttu adreseerinud just süsteemitasandit. Kuna Eesti on väikse, siis on analüüsiga võimalik hõlmatana kogu avaliku teenistuse koolitussüsteemi, selle osalisi ja nendevahelisi suhteid.

Väitekiri pakub kontseptuaalse raamistiku, mis demonstreerib detsentraliseeritud koolitussüsteemi võtmeelemente: osalisird, nende roll ja omavahelisi seoseid, rahastamismudelit, koolituse teemasid ja meetodeid. Väitekiri toob välja mitu õppetundi, millega detsentraliseeritud süsteemides peaks arvestama, ning panustab seeža akadeemilisse arutellu ja avaliku teenistuse koolituse alastesse teadmistesse laiemalt.

Väitekirjas on püstitatud järgmised uurimisküsimused:

- Millist rolli täidab avaliku teenistuse koolitus detsentraliseeritud avaliku teenistuse süsteemis?
- Kes on avaliku teenistuse koolitussüsteemis peamised osalised?
- Millised seosed on osaliste vahel detsentraliseeritud süsteemis?
- Mida saab Eesti juhtumist õppida detsentraliseeritud koolitussüsteemi rolli, disaini ja väljakutsete kohta?

Väitekirja teoreetilisea raamistik tugineb personalijuhtimise, koolituse ja arendamise teemalistele uurimustele ning kombineerib neid kolme avaliku halduse valdkonnast tuleva eriala teadmisega. Esiteks tugineb väitekiri avaliku teenistuse süsteeme kirjeldavate allikatele, teiseks avaliku sektori organisatsioonide koordineerimist ja võrgustik-struktuuride käsitlevate kirjanduse ning kolmandaks on kasutatud avaliku halduse reformide ja majanduskärbete alast kirjandust. Selline kombinatsioon on uudne ning pakub võimaluse avaliku teenistuse koolitusfunktsiooni põhjalikult analüüsida.


Uurimisstrateegiks on valitud juhtumiuring. Juhtumiuring on kõige sobivam meetod nähtuse ja selle keskkonna põhjalikus analüüsimeseks (Yin 2009). Tegemist on kvalitatiivanalüüsiiga, kus kvaliteetse tulemuse saamiseks on kombineeritud üksteist täiendavaid ja valideerivaid andmeallikaid. Andmete kogumiseks kasutati
dokumendi analüüsi ja viidi läbi intervjuud. Akadeemilist kirjandust kasutati avaliku
tenistuse koolituse olulisuse, rolli ning meetodite selgitamiseks, avaliku teenistuse
süsteemide ja koordineerimismehhanismide kirjeldamiseks ning analüüsimaks
majandussurutise mõju avaliku teenistuse koolitusele. Lisaks kasutati kõikides
 teamworkilisest on arengut mõjutavate võimu ohad, rolli ning teisi koolituse
rahasüsteemi ja koolitustransreformite ülevaadamiseks ja avaliku teenistuse
koolituseelarve kärbete tagamaade avamiseks. Kuna analüüsi keskmes olid avaliku
teenistuse koolituse süsteemised tunnused, oli intervjuu põhieesmärk mõista peamiste süsteemis osalejate
rolli ja suhteid. Väitekirja toetab ka Rahandusministeeriumi tellitud uuringule „Eesti
avaliku teenistuse koolitussüsteemi ja arenguvajaduste analüüs“ (Sarapuu jt. 2011), mille
koostamises osales kaljupärane väitekirja autor analüütiiknikuna. Uuring kaigus latati
ülevaated selle tulemuse eesmärkide ja rolli tänapäevale avaliku teenistuse
koolituse ja arendamise vajaduste kontekstis ning riigi arvestuseks inimtehise
organiseerimise ja üldisemate arendusvajadustega. Lisaks kõigile eelnim etatud andmeallikatele on väitekiri ainest saanud ka
osalusvaatlusest. Väitekirja autor on töötanud Rahandusministeeriumis avaliku
teenistuse keskse koolituse programmi spetsialistina ning Majandus-
ja Kommunikatsiooniministeeriumis koolituse peaspetsialistina. Lisaks kuulub autor avaliku
sektori koolitusühilise ühenduse ja rolli tänapäevale avaliku teenistuse
keskmes olulisuse tunnuse suhtes. Rahandusministeeriumil

Avaliku teenistuse koolitussüsteemi ülesehitus (detsentraliseeritud või
tsentraliseeritud) ja selle toimimise põhimõtted on otseselt seotud avaliku teenistuse kui
terviku ülesehitusega. Traditsiooniliselt eristatakse karjäärisüsteeme ja
positioonisüsteemide. Neis süsteemides on koolituse roll ja korraldus erinevad. Reeglina
on koolitus karjäärisüsteemis tsentraliseeritud, kuna koolitus peab looma eeldused
erinevate ametisse tootmisvajadustes täitamiseks. Positsioonisüsteemis on koolitus-
korraldus detsentraliseeritud, kui reeglina näeb ka positsioonisüsteemiga riikide
koolitussüsteem ette keskseid elemente, mis lähtuvad avaliku teenistuse kui
terviku vajaduste täitmisest, nt on olemas keskne koolitusinstutitsioon, keskne
koolitustranstseetegia, ühised koolitusepidevusest, keskne koolituse rahastamine jms.
(Sarapuu jt. 2011) Koolitus täidab avaliku teenistuse keskseid mitmeid eesmärki. Koolitus
(omine motivatsioonimehhanismina, sest see aitab kaasa tööga rahulolu saavutamisele. Ühtlasi
loob koolitus võimalusi uutele ametpositsioonidele liikumiseks ja toetab
organisatsiooni kui koolituse eesmärkide saavutamist. Koolitussüsteemi
husk fondoorvalidele muutuste läbiviimise
toetamisel ja avaliku teenistuse funktsioonide täitmisel.

Eesti juhtumi analüüs näitab, et avaliku teenistuse koolitussüsteem on
detsentraliseeritud – põhiline vastutus ametnike teadmiste ja oskuste
vastavuse ja arendamise eest lasub asutustel. Koordineerivaid rolle täidavad süsteemis
Rahandusministeerium, Justiitsministeerium ja Riigikantslelei. Vastutus koolitussüsteemi
keskse koordineerimise eest kuulub Rahandusministeeriumile. Rahandusministeeriumil

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Eesti avaliku teenistuse koolitussüsteemis on keskse koolitusinstitutsioon. Detsentraliseeritud süsteemile sarnaselt on peamine vastutus koolitus- ja arendustegevuste eest delegeeritud asutuse tasandile (I; II; III; IV). See omakorda on mõjutanud koolitusestasandist – asutustes on prioriteetsete mahukate valdkonnateenistuste ja koolitukorraldust. Sellele järgneb keskse koolitusinstitutsiooni eesmärk – töötada sujuva ja efektiivse põhimõtete ja poliitikakujundamine teemadel. See neelata on pakutud koolitumisprogrammidest ja poliitikakujundamise koostöokohadest (III; IV). Tippjuhtidele on pakutud koolitustegudest mõjutatud poliitikadell esindusel on avaliku teenistuse eest pidama koolitust rohkem kui teised valdkonnad.

Koolitusturu roll Eesti detsentraliseeritud avaliku teenistuse koolitussüsteemis on märkimisväärne. Kuna süsteemis puudub toimiv keskne koolitusinstitutsioon, siis võivad mõned avaliku teenistuseks kuuluvad asutused ega Rahandusministeerium isendust kasutada, sest see mõjutab koolitusi ja põhimõtete kujundamist (III). Euroopa Liidu struktuurifondide toetus on mõjutanud, sest Rahandusministeeriumi keskse koolituse programmide tehtud kulud ning Riigikantselei tippjuhtide arendamise programmide eelarve tugevad Euroopa Sotsiaalfondide.

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Eesti juhtumi analüüs viitab mitmele detsentraliseeritud avaliku teenistuse koolitussüsteemi tuugevusele ja nõrkusele ning pakub neist lähtuvalt ka mitu soovitust.

- Ilmneb, et detsentraliseeritud süsteemis on keskne koordineerimine hädavajalik. Vastutus, rollid ja koostöömekhanismid peavad olema erinevate osaliste vahel selgelt defineeritud.
- Keskne koordineerija peab olema varustatud piisavate inim- ja finantsressursside ja instrumentidega.
- Üks koordineerimisinstrument on keskse koolitusinstitutsioon, mis peaks olema kesksele üksusele oluline käepikendus avaliku teenistuse koolituspoliitika elluviimisel ning muuhulgas kesksete koolituste pakkumisel.
- Keskse koolitusstrateegia peab adreseerima avaliku teenistuse arendamise peamisi suundi ja prioriteetseid koolitsteemasid.
- Tihe koostöö võrgustiku-tüüpi vormides kinnistab ühiseid arusaam ja kokkuleppeid.
- Tippjuhte peab arendama ühtse grupina, et juurutada ühiseid väärtusi.
- Avaliku teenistuse koolitus vajab jatkusuutlikku rahastamismudelit, muuhulgas selleks, et adreseerida avaliku teenistuse üleseid koolitusvajadusi (väärtused, eetika, vastutus jms).
- Arvestades, et detsentraliseeritud süsteemis lasub vastutus koolituse korralduse eest asutustest personaliüksustel, on vajalik, et personali- ja koolitusspetsialistide kompetentsidega tegeldaks ka süsteemi tasandil.

Viimaseks, kuna avaliku teenistuse koolitus on jagatud üldiseks avaliku teenistuse koolituseks ja asutuse põhitegevusega seotud koolituseks, võiks need samuti pakkuda teemasid edasiseks uurimistööks. Koolitustsüklistõhine analüüs nende koolituste kohta võimaldaks avaliku teenistuse koolituse alast teadmist edasi arendada.
Abstract
The Role, Design and Challenges of Training in a Decentralized Civil-Service System: The Case of Estonia

The focus of the thesis is on the analysis of civil-service training by exploring the case of Estonia. The thesis addresses the role of training, the design and challenges of training in decentralized civil-service systems. The dissertation analyzes training from a system-level perspective and develops a conceptual framework outlining the key characteristics of decentralized civil-service training arrangements.

Training has been perceived as one of the most important human resource management function. Training aims to ensure that people in the organization acquire and develop the knowledge, skills, and attitudes they need to carry out their work effectively (Salas et al., 2012; Armstrong & Taylor, 2014). However, in the public-sector context, training has been rarely studied in a thorough way. The shortage of civil-service training research is most evident in relation to the systemic perspective on training.

The aim of the thesis is to analyze civil-service training in a systemic perspective. In order to do so, the Estonian civil-service training system and its functioning are analyzed in detail. The analysis of the Estonian case makes it possible to filter out the key characteristics of a decentralized civil-service training system and to develop a conceptual framework for studying civil-service training. The focus is on systemic elements: actors, the roles and relationships between actors, funding as well as civil-service training content and methods. The dissertation contributes to academic discussion on decentralized civil-service training systems and fosters a further understanding of civil-service training. The dissertation helps to fill in a gap in public-management literature. It provides a coherent view of an entire civil-service training system and demonstrates the importance of context to the institutional design of the training system. The Estonian experience can be useful for countries with a decentralized setup of central government and with an open position-based civil-service system.

In order to develop in-depth knowledge on the issue, a single-case study approach has been chosen. The qualitative analysis undertaken combined different data sources and analytical methods to produce a high-quality result. The methods of information gathering involved desk research and interviews. The thesis also relied on the findings of an applied project report commissioned by the Estonian Ministry of Finance, The Analysis of Civil Service Training System and Development Needs of Estonia (Sarapuu et al., 2011). The author of this dissertation has also benefitted from her previous work experiences at the Estonian Ministry of Finance as the specialist of the central training program and as a human-resource consultant, and at the Estonian Ministry of Economic Affairs and Communications as the head specialist of training. Also, the author is a member of the network of Estonian training managers.

The key characteristics of the decentralized civil-service training systems are brought out based on the analysis. These key characteristics are: the actors, roles and relationships between those actors, the funding model of training, and the content and methods of training. The decentralized civil-service training system is a setup of different actors whose relations are determined by the position-based civil-service system and a decentralized funding scheme. The role and instruments of individual ministries and agencies in a system are clear-cut – the HR unit manages the organization’s training budget, decides on the training content and methods, and buys training from the market.
Hence, each public-sector organization is responsible for training-needs analysis and the evaluation of training effectiveness. However, the setting around the central coordinating body varies somewhat. A central training institution as a training and competence center may or may not exist, different status and funding schemes are possible. Also, the central civil-service training strategy as a basis for civil-service training may not exist, and the management of the top civil-service development may be centralized. These critical elements of the decentralized civil-service training systems require special attention for understanding and studying civil-service training.

The dissertation demonstrates how the surrounding environment affects the functioning of the system. In order to analyze a civil-service training system, it is important to consider these contextual peculiarities: the political-administrative system, the historical-cultural environment, the socio-economic environment, specific features of small size countries, the influence of the entire civil-service system and the recruitment procedures.

Despite some contextual peculiarities, there are several lessons that can be learned from the Estonian case on the functioning of a decentralized civil-service training system. Firstly, central coordination is vital for a decentralized training system. Secondly, the main goal is to find the optimal balance between centralization and decentralization through increased coordination and efficient instruments. Thirdly, operating central civil-service training institution is an important coordination instrument for a central coordinating body. Fourthly, even a decentralized training system needs sustainable and continuous central funding. Fifthly, the success of training units depends on the professional skills of managers and the knowledge base of HR professionals. The thesis proposes also several avenues for further research.
Publications

Article I

Network-Based Coordination of Civil-Service Training: Lessons from the Case of Estonia

Merilin Metsma

Abstract

The focus of this article is on the coordination of civil-service training in a decentralized civil-service system. The Estonian case is studied. The article investigates network-based coordination, analyzes the power sources of the central coordinator and discusses the opportunities and limitations of creating coherence through network-type cooperation. The article concludes that the key power sources for the central coordinator are financial, human and technical resources paired with knowledge, leadership and commitment. The case study shows that, in a decentralized civil service system, a common understanding on training and development can be fostered by intense collaboration through networks.

Keywords:
civil service training, coordination, networks, power sources

1. Introduction

Employee training is an important function of human-resource management (HRM). It is relatively well studied in the private-sector context. The public-sector HRM literature on training remains more modest. Although there is a quite considerable body of knowledge available on some spheres of civil-service training – for example, related to the implementation of public-management reforms (e.g. McCourt and Sola 1999; Wise 2002; Kroll and Moynihan 2015; Lucking 2003; Witesman and Wise 2012), the substance of training programs (e.g. Lavyt 2008; Vukovic et al. 2008; Van Wart et al. 2015) or the fate of training budgets during cutbacks

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(Cayer 1986; Maor 2000; Felstead et al. 2012; Lodge and Hood 2012; Metsma 2014) – the specifics of training in the public-sector context are still not well addressed.

The lack of research is most evident in relation to the systemic perspective in training. While private-sector HRM is mostly concerned with the functioning of single organizations, public-sector organizations constitute elements of larger systems. The smooth functioning of the public sector as a whole is important, although the nature and tasks of the organizations it comprises are very diverse. Such a systemic perspective has become even more important after the overwhelming New Public Management reforms in the West (Pollitt and Bouckaert 2011) and post-communist reforms in Central and Eastern Europe (Bouckaert et al. 2008) that challenged the underlying principles and values of the administrative systems.

The core issues raised by the public-management reforms address the balance between centralization and decentralization, fragmentation of the public sector and its capacity to act in a coordinated way, both in terms of public policies and coherent functioning of the civil service. Due to private-sector-inspired reforms governments are no longer as single employers and have led to the delegation of different HRM decisions to the level of individual organizations (Lægreid and Wise 2015). Although such decentralized HRM systems are more flexible and adaptive to organizations’ needs, they are also more unstable and poorer in securing unity, common values and shared culture in the civil service (Coggburn 2005). In this context, the role and levers of central agencies in coordinating the civil-service systems have emerged as a key question of public-sector HRM, among other topics also in the field of civil-service training that is a crucial means for achieving shared values and culture (Tönnishson and Paabusk 2005).

While in a centralized system, the central coordinator has strong, hierarchical instruments to steer the civil-service training, a coordinating unit in a decentralized training system (if it exists at all) must rely on more horizontal instruments and network-based collaboration with other public-sector organizations. Indeed, recent years have seen the rise of network structures and network-based governance (Lewis 2011). Network-based coordination has its unique logic of management with its strengths and weaknesses. The central concern of network-based coordination is related to the type of power sources that the central unit can use to foster coherence in a decentralized system. However, very little is known on the possibility to apply such a network and power perspective to the coordination of civil service, in general, and to the functioning of civil-service training, in particular.

Therefore, the goal of the article is to study the possibilities of a coordinated approach in civil-service training within a decentralized system. The case of the Estonian civil-service training system is analyzed. A few studies have dealt with the Estonian civil-service training system before. Tönnishson and Paabusk (2005) have presented pros and cons of a decentralized training system based on the Estonian case and analyzed its impact on establishing shared knowledge. Randma-Liiv et
al. (2013) have focused on structure, evolution and functioning of the civil-service training system. Metsma (2014) has analyzed the impact of cutback management on civil-service training. Sarapuu et al. (2015) have discussed the functioning and challenges of the system established to develop top-level civil servants in Estonia. This article goes more in depth and concentrates on the possibilities of the Ministry of Finance as the central coordinator to create unity in a civil-service system in which the responsibility and management autonomy for training is delegated to individual ministries and agencies. The empirical discussion draws on studying the Ministry’s cooperation with the network of public-sector training managers. Cooperation with the network is a key coordination instrument for the Ministry. The leading research questions of the article are: first, what are the power sources of the Ministry of Finance in coordinating the decentralized civil-service training system? Second, what are the possibilities and limitations for fostering coherence of civil-service training through cooperation with the network of public-sector training managers? Based on the analysis, generalized observations and lessons for the civil-service training discourse are drawn.

The analytical framework of the article combines three branches of literature – the knowledge on civil-service training, the theoretical discussion on coordination and the theory on the power sources in governance networks. The synthesis of these different branches of academic discussion allows the analysis of civil-service training from a systemic perspective. The empirical analysis is based on desk research (the analysis of previous studies, public documents and other secondary sources) and in-depth interviews with Estonian civil servants. Interview respondents included three training managers and an advisor working for the coordinating unit while the network of training managers’ network was established (coordination function was in the Government Office at that time). Semi-structured interviews were carried out from November to December 2016. The respondents were asked about the goals, decision-making, history, strengths and weaknesses of the network. The use of semi-structured interviews allowed respondents to elaborate on their understanding and experience of the network and its functioning.

The article starts with a theoretical overview, which sheds light on civil-service training systems and coordination. The theoretical framework is followed by the presentation of the case study of the Estonian civil-service training system, with focuses on the role and power sources of the Ministry of Finance and its cooperation with the network of training managers in coordinating the system. The paper ends with a discussion and conclusions.
2. Theoretical framework

2.1 Civil service training system

Training is a planned and systematic effort to modify or develop knowledge, skills and attitudes through learning experiences, to achieve effective performance in an activity or a range of activities (Garavan 1997). Civil-service training can be divided into pre-service and in-service training (Lavtar 2008). Pre-service training is related to the education acquired before entering the civil service. In-service training is received once in the service. In this paper the focus is on in-service training. In general terms, in-service training is designed to acquire and/or update the specific skills which are necessary to efficiently fulfill a specific function within the public service (Freibert 1998, 30). Training is an instrument to ensure that knowledge and values are kept up to date (Lucking 2003).

The content and management of civil service training is closely related to the characteristics of civil-service systems. There are two main types of civil-service systems – the career system and the position-based system (Bossaert et al. 2001). A career-based approach requires a more centralized training system (Lavtar 2008) because training is a mandatory element and a prerequisite for career development. In a position-based system, the organization of training is more decentralized, and in most cases, individual ministries and agencies carry the main responsibility for training their civil servants (Bossaert et al. 2001; Lucking 2003). In practice, the civil-service systems are usually hybrids of the two ideal types but can be linked more to one or the other of the types according to their characteristics.

In terms of function, Randma-Liiv et al. (2013) have divided the in-service training into three levels: the individual level, the positional/organizational level and the level of the civil service as a whole. First, training on the individual level provides civil servants with opportunities to move to new positions and develop their careers through developing their skills and competencies (Randma-Liiv et al. 2013). The opportunity to participate in this kind of training events is especially important in countries with position-based systems, where the posts are open to external recruitment and training is not a determinative element in the system. Employees recruited from the private sector may lack some knowledge and skills necessary to make a career in the public sector, but high-quality training can compensate this deficit (Op de Beeck and Hoengehem 2010). Second, on the positional/organizational level, training is related to the implementation of tasks and focuses on developing skills and competencies necessary for fulfilling the objectives of a particular organization (Randma-Liiv et al. 2013). Training on this level is especially important when a country is going through a reform or is facing other challenges that require organizational change (Farazmand 2009). Finally, on the system level, the role of training is more value-based. In this regard, the main role of the civil service is to attract and retain a high-quality and high-performing workforce, to raise civil ser-
vants’ awareness of their role and responsibility and to support the development of shared values and knowledge in the civil service. Homogenous training is required on these occasions (Randma-Liiv et al. 2013). The focus of this article is mainly on the system level.

2.2 Coordination of civil service training

Civil-service training policy is usually designed in the nexus of the central coordinator, individual public organizations and the central training institution. First, the central coordinator is responsible for the development and training of civil servants on the policy-making level (Trendafilova 2008). It is a central coordinating body for the entire civil-service human-resource management. Second, the responsibility for civil-service training has increasingly been delegated to individual public-sector agencies for organizing training activities specifically tailored for the needs of the organizations. Third, a central civil-service training institution (Lucking 2003) gets input for its activities from the central coordinator for developing, organizing or delivering training. A central training institution may be part of the hierarchical structure of central government or belong to the central coordinating unit’s governing area (OECD 1997; Bossaert et al. 2001).

The roles and relationships between those actors are influenced by the characteristics of civil-service systems. A decentralized setup of civil service, where the making and implementation of training policy are dispersed between many actors, requires careful horizontal coordination in order to balance out the shortages of the system. Coordination – “the alignment of tasks and efforts of multiple units in order to achieve a defined goal” – can be induced, sustained and nurtured by a central coordinating organization (Verhoest et al. 2005, 4). In the civil-service training context it means advancing a common understanding of civil-service culture, values and ethics. Improved coordination in the civil-service training system contributes to improvements in efficiency, costs savings, avoiding oversupplies, overlaps, reducing gaps and spreading nation-wide standards, while retaining the benefits of decentralized decision-making and implementation (Lucking 2003). Therefore, the role of a central coordinator in a decentralized civil-service training system is to develop coherence in the system.

The task of creating coherence in this mix of objectives and actors is a tricky one. The central coordinator’s ability to ensure it depends on available coordination instruments and its power sources. One option is advancing coordination through an intra-governmental network. The central coordinator and other members in such a network are connected through both the network itself and the wider government system. The level of influence that the central coordinator has within a network depends on the “power structure” of the network and the coordinator’s “power sources”. Power structure describes how different actors occupy different roles in networks and how their opinions carry weight in the decision-making pro-
cess (Agranoff 2006). The power sources can be divided into two: formal power sources and informal power sources. The formal power sources are based on:

- legally derived authority – e.g. legal authority (Agranoff and McGuire 2001), legitimacy (Purdy 2012), legal mandate (McGuire 2006; Cristofoli and Markovic 2016; Keast and Mandell 2013) and hierarchy (Metcalfe and Lapenta 2012);
- access to different resources – e.g. financial, human, technological etc. (McGuire 2006).

The informal power sources are based on:

- knowledge, information and expertise (Agranoff 2006; Heritier and Lehmkuhl 2008; Røiseland 2011; Metcalfe and Lapenta 2012; Purdy 2012);
- leadership (McGuire 2006; Røiseland 2011);
- commitment to the network (Agranoff 2006; Røiseland 2011);
- prestige and government affiliation (Agranoff 2006).

These power sources have a function – they help to get things done in a network setting. Power can be used to improve the joint action or to empower others to participate more effectively (Purdy 2012). Furthermore, power both prevents and facilitates action: it can exclude actors, ban points of view and close off potential actors outside of the network. Some authors have marked power dimensions as power over, power to and power for (Agranoff 2006; Purdy 2012) which also describe the different roles that the participants can have in networks. “Power to” means the ability to get things done. The “power over” refers to a direct relation of subordination. From the “power for” dimension, authority can be used to sanction the participation of stakeholders who might otherwise be marginalized. These roles can be formal and informal and are important in explaining the distribution of power and the different sources of power (Røiseland 2011). For example, resources affect how well-informed or expert the participants are because information and knowledge resources are needed to comprehend and analyze issues (Purdy 2012).

A combination of theoretical knowledge on civil-service training, coordination and networks offers an analytical framework to study the coordination of civil service in general and the functioning of civil-service training in particular. The case study below looks in depth at the Estonian civil-service training system, with a focus on the role and power sources of the Ministry of Finance in coordinating civil-service training and the network of training managers, in order to shed light on the possibilities to foster coordination through network-type cooperation.
3. Coordination of training in the Estonian civil service

3.1 The Estonian civil service training system

Estonia is a small country with an area of 45,227 km² and a population of 1.29 million. The Estonian public sector employs a total of 135,300 people. The open, position-based civil-service system makes up only a small part of the entire public-sector workforce and covers the people working for the ministries, government agencies, local-government institutions and a few other state institutions – that is, the people at the core of the public sector. In 2015, there were 29,113 people working in the civil service (Rahandusministeerium 2016).

The Ministry of Finance is the central coordinating body of HRM issues and has the most important role in holding the civil-service system together, steering its development and guaranteeing coherence (Randma-Liiv et al. 2013). The line ministries form strong administrative actors that have considerable leverage over the issues belonging to their area of governance, including HRM (Sarapuu 2011). Until 2015, the Centre for Public Service Training and Development operated under the jurisdiction of the Ministry of Interior. According to its statute, the Centre was supposed to function as a central training institution. However, in practice, the Centre operated, and continues to operate, as any other company in the training market. The development of civil-service top executives is somewhat autonomous from the rest of the training system – the Top Civil Service Excellence Centre as a structural unit of the Government Office is responsible for the recruitment, selection and development of top executives (see Sarapuu et al. 2015). As the study of top public managers in Europe demonstrates, in a large number of European Union member states a movement towards a special status and special conditions for top public managers is seen (Kuperus and Rode 2016). However, this article examines the general civil-service training and will not focus on top executives, as their training and development has been thoroughly analyzed already (e.g. Sarapuu et al. 2015; Randma-Liiv et al. 2015).

Previous studies have pointed at several deficits of the civil-service training system. The management of training is fragmented, cooperation between different actors is irregular, and the quality of training depends on the competences of the agency purchasing the training (Randma-Liiv et al. 2011). In 2013, the Ministry of Finance published The Green Paper on the Personnel Policy of the State as an Employer that mapped the existing situation, problems and policy options in personnel policy, including civil-service training. In 2014, the White Paper on the Personnel Policy of the State as an Employer was published, which was the first comprehensive HRM document, and, among other things, addressed civil-service training. However, as of 2017, the principles of the White Paper have not been implemented. Estonia has not one but many civil-service systems, as each ministry has developed its own approach to personnel management (Meyer-Sahling 2009). This has result-
ed in a wide variety of training and development policies and practices across the public service that is likely to lead to very different professional knowledge, skills and values of public servants (Randma-Liiv et al. 2013). The decentralized nature of the system is well apparent when analyzing the division of civil-service training expenses – in 2015, only 3.8% of them were made by the Ministry of Finance on the central training program, 4.2% by the Government Office on the top civil servants development program, and altogether 92% of civil-service training expenses were carried by single central and local government institutions (Rahandusministeerium 2016). Consequently, Estonia is an excellent case to study coordination in the context of an open decentralized civil service. Indeed, according to Meyer and Hammerschmid (2010), who compared HRM practices in Europe, Estonia has one of the most decentralized organizations of public-sector HRM.

3.2 The role and power sources of the Ministry of Finance in coordinating civil-service training

The Ministry of Finance’s legal mandate derives from the Civil Service Act, which declares that the Ministry steers the development of civil service in Estonia. The Act also provides for a decentralized organization of training and an individual responsibility for competence. An official is required to replenish his or her professional knowledge and skills for the competent performance of functions, and the immediate or higher supervisor decides on the need for an official to participate in the training (Civil Service Act, § 31). The Statutes of the Ministry of Finance state that the Public Administration and Public Service Department within the Ministry develops policy, prepares draft legislation and coordinates the activity of state authorities in the area of the organization of public administration, the development of public service, personnel relations and official statistics. With regard to civil-service training, the Ministry has defined its mission as creating an environment and conditions that support systematic and effective training in public-sector organizations in order to guarantee professional knowledge, skills and values of public servants.2

Regardless of the legal mandate, the Ministry has limited authority and instruments to coordinate civil-service training in Estonia. The instruments that it has are mainly based on informal power sources. First, the Ministry can steer the system by designing and steering common policies and principles. As the principles of the White Paper have not been implemented yet and there is also no common training strategy in the civil service, this instrument has been largely underemployed. Nevertheless, throughout the years a few instructional materials have been centrally produced to support training managers in their work and to create common principles, e.g. a handbook of the training manager and the best practice of training and development. One adviser in the Public Administration and Public Service Department is responsible for the overall coordination of civil-

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2 Civil Service Website http://www.avalikteenistus.ee/?id=10660.
service training: developing training principles, producing training materials and conducting surveys, analyzing legislation, planning the central training program, organizing training and development events outside the central training program, collecting data, cooperating with the network of training managers and ensuring the availability of training information.

Second, coordination through gathering, analyzing and circulating training information is a possibility. The Ministry of Finance annually gathers general statistics about training activities in individual public-sector organizations and disseminates it through publications, seminars, information days and the central web of civil service. The statistics are gathered through a common enterprise resource-planning system, and manually, as well, since not all institutions use the system. The Ministry also occasionally conducts surveys and studies. Gathered information is expected to be used for the development of the training system and for systematically evaluating training needs and the effectiveness of training activities. However, the analysis of training needs and the effectiveness in the civil service as a whole has been rather modest and irregular due to limited resources.

A third possibility is coordination through planning and implementation of central training activities. The Ministry of Finance administers the central training program by contracting specific horizontal training activities out to the external providers, for example training on civil-service values and ethics, Estonian language, policy-making skills and human-resource management skills. The central training program can be seen as a basis for creating common practices, knowledge, skills and values across the civil service. For the implementation of the central training program, financial resources of the European Social Fund are used: 85% of the total funding comes from the European Union and 15% from the Estonian state budget. In 2015, the budget of the central training program was 291,000 Euros, and the target group was approximately 118,400 public servants (Rahandusministee-rium 2016). The impact of the central training program is rather moderate due to very limited funding, which allows to reach only a small share of the target groups.

Last but not least, the Ministry can foster coordination by cooperating with the network of public-sector training managers. The next subsection will focus on this coordination instrument more in detail as it is a lever that supports the implementation of all the other coordination activities. All in all, the Ministry of Finance's sources of power in coordinating the Estonian civil-service training system can be summarized as seen in Table 1. The coordination instruments used by the Ministry have been limited in many cases to technical operation without strategic policy design. It becomes apparent also in the use the resources of the European Social Fund for planning and implementing central training activities. At the same time, the Ministry has relevant resources for more strategic activities, such as information (incl. statistics), expertise to analyze this information and channels for spreading
the results (e.g. the central web page of civil service). However, the lack of human resources limits the Ministry’s coordination ability.

Table 1
The Ministry of Finance’s (MoF) power sources in coordinating the civil-service training

<table>
<thead>
<tr>
<th>Formal power sources</th>
<th>MoF power source</th>
<th>Power source’s function in a network setting</th>
<th>MoF instruments for fostering coherence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal mandate</td>
<td>Right to make decisions and to require information</td>
<td>Designing common training policies and principles; gathering and analyzing training information</td>
<td></td>
</tr>
<tr>
<td>Access to different resources (financial, technological and human)</td>
<td>Ability to get things done</td>
<td>Human resource for coordination activities; financial resource to provide central civil-service training program; financial and technical resource to support the functioning of the network</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Informal power sources</th>
<th>Knowledge, information and expertise</th>
<th>Ability to comprehend and analyze issues</th>
<th>Sharing available information and best practices within the system, employing information for planning coordination activities; finding common training needs and analyzing training effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Ability to bind actors together</td>
<td>Attracting the training managers’ interest in systemic issues; binding the training managers into a common information sphere; introducing common policies and principles</td>
<td></td>
</tr>
<tr>
<td>Commitment to the network</td>
<td>Ability to bind actors together</td>
<td>Contributing actively to the functioning of the network of training managers</td>
<td></td>
</tr>
<tr>
<td>Government affiliation and prestige</td>
<td>Sending a message that this network is important, hence improving joint action</td>
<td>Raising the prestige of the network of training managers by active participation and by engaging the network into training policy-making</td>
<td></td>
</tr>
</tbody>
</table>


3.3 Cooperation with the network of training managers
In all of the coordinating activities listed above, the Ministry of Finance cooperates with the network of public-sector training managers. The network was first initiated by 23 training managers in 2001. Push for cooperation derived from the National Audit Office’s critical evaluation of the quality of civil-service training. The training managers decided to start meeting regularly to discuss mutual problems, as they lacked knowledge and experience on how to develop and operate training sys-
tems on an organizational level. The central coordinator (the Government Office at that time) encouraged the cooperation. The intention was to form an informal and flexible body of professionals whom to consult and involve in policy-making. The central coordinator also hoped that network members would then develop their training systems according to similar principles. Another deliberate decision was to make participation in the network voluntary.

The network is composed of training managers from the public-sector organizations, mostly ministries and government agencies. Written principles of the network state that only a person whose main tasks are related to the development and training of public-sector personnel can participate in the network. In 2017, it had 60 members, among them also four officials from the Ministry of Finance. The network aims to contribute to the awareness of the principles of lifelong learning, support organizations in developing their training systems, develop the professional skills and knowledge of the network members, submit proposals for adult training and development legislation and the preparation of instructional materials and participate in the development of professional standards for training managers. The Ministry of Finance has involved network members in the development of personnel and payroll accounting systems. Also, network members have organized study trips abroad and joint study visits to various public-sector institutions and private-sector companies.

The network’s activities are managed and coordinated by an elected board, comprising three members. Elections are held every two years. To ensure continuity, a new board comprises one member from the previous board. All decisions in the network are made by consensus or by majority voting. In order to induce the participants’ commitment, meetings rotate monthly among the network members’ organizations. Through the years, the network’s activities have been supported financially by the central coordinator. Furthermore, the network has used the Ministry’s web platform to store materials and a mailing list to share information.

By 2017, the training managers’ network has formed into an entity with a clear structure and clear operating rules. In most of its characteristics it resembles a cooperative network. Keast and Mandell (2013) have defined cooperative networks as informal, voluntary based and initiated for information-sharing. In contrast to Keast and Mandell’s description of cooperative networks, the training managers’ network is not a short-term entity, and the participants do share common goals. From a managerial point of view it resembles a shared-governance/participant-governed type of network (Provan and Kenis 2008) – it is governed completely by the members that make up the network, decision-making in the network is decentralized, goal consensus is high, and cooperation is based on the training managers’ own initiative. Indeed, the interviews revealed that network members highly value eye-to-eye meetings and have a strong sense of belonging whilst being a member.
The representative of the central coordinator has encouraged the cooperation by using its central position but has not deliberately taken a leading role. Nevertheless, there are some elements of a lead-organization model (Provan and Kenis 2008) in operation – the Ministry of Finance has important resources and an important function in the network. Its financial and technical support has enabled the network’s existence. The central coordinator has successfully made use of its position and leadership skills and has bound training managers together into a network. Its participation, leadership, commitment to the network and prestige has attracted new members and has supported the network’s sustainability through the years. The central coordinator has information, knowledge and expertise about training policy developments and new initiatives. This was especially important in the early years when the network started its activities. The interviews revealed that the central coordinator’s mere participation in the network already improves joint action. Members value the network due to the Ministry of Finance’s participation. During the interview it was even stated that the central coordinator’s participation is an indication of necessity and topicality of the network.

The network provides a valuable communication mechanism for the public-service training managers. The participating training managers have come to know each other through joint activities that have facilitated the sharing of training information and best practices. It has also served as a communication channel between individual public organizations and the Ministry of Finance. Study trips abroad have widened the training managers’ knowledge on international experience. Also, mutual training events have supported the development of professional skills and knowledge of the network members. As for the issues covered in the network, interviews revealed that now that the training systems have institutionalized, it is vital to find new and interesting topics for the network as a whole, especially for old members. There have been occasions of members leaving because the network does not offer anything new. Similarly, being an active member can be rather time-consuming and may affect the decision to participate. During the course of its existence, there have been frequent discussions over the size of the network, the principles of inclusion and exclusion, cooperation with other institutions etc. However, the interviewees said that managing a growing network is challenging. The study revealed that when the network got bigger and personal contacts among network members declined, trust also declined.

4. Discussion

In a decentralized system, network-based coordination offers many opportunities for the central coordinator to foster coherence. In the case of the Estonian civil-service training, the central coordinator can make practical use of the network of training managers in two ways. First, the network serves as an institutionalized communication channel between individual public organizations and the central
coordinator. The central coordinator can disseminate and receive information from the network. Second, the network is a body to consult with. Consultation is equally important to the central coordinator and to training managers, who value the opportunity to have a say, as they are the ones who implement the training policy. Participation in decision-making is also likely to increase the ownership of individual training managers and thus facilitate the implementation of central guidelines. Sharing information and involving training managers helps to ensure that they understand the training principles similarly.

In addition to these two main functions, there are other reasons for a central coordinator to be interested in the continuation of this type of professional network. The mere existence of the network is expected to support the creation of coherence in civil-service training. The network brings otherwise autonomous organizations together into a common sphere of information and knowledge. Collaboration in this format offers an opportunity to interact with colleagues from other organizations, create personal contacts, learn from the experience of others and find common solutions – all of this supports organizations in improving their training systems. Also, cooperation and different activities in the network develop the members’ professional skills and knowledge.

Collaboration through the training managers’ network offers opportunities, but it also has numerous limitations for fostering the coherence of civil-service training. First, not all training managers participate in the network activities, which makes its impact rather uneven (Randma-Liiv et al. 2013). For the same reason, the training managers’ network cannot be the one and only advisory body for the central coordinator. The central coordinator must make an extra effort to include those who are outside the network. Second, the training managers’ network is a soft coordination instrument, and its impact on civil-service training can be relatively vague and unpredictable because participating organizations remain autonomous in human-resource management decisions. Organizations maintain their independence, and neither the central coordinator nor the network carries legal powers to make individual institutions bound to recommendations made or ideas spread in the network. Third, since the network’s activities are based on the members’ initiative, its sustainability and content depends on the members’ time and commitment. Here lies a challenge for the central coordinator – how to contribute to the better functioning of the network? The Estonian case shows that the central coordinator should provide relevant and topical content for the network’s activities. After most of the institutions had built up their training systems, the central coordinator diminished its role as the content provider. However, new challenges could derive from the changing environment (e.g. new training methods) and the training managers’ role (e.g. how to become a strategic partner to the management). Fourth, the central coordinator is expected to devote resources to supporting the structures that enable the existence of the network, e.g. manage the mailing list and website, support financially and ensure that the statute is up to date.
 Altogether, a combination of hard and soft coordination instruments could serve well to attain coherence of civil-service training in a decentralized system. The assumption is that the coordinating unit is equipped with sufficient formal and informal power sources in order to perform a harmonizing function in the system. Importantly, coordinating activities presuming legal mandate and authority can be enforced and supported by softer collaboration-based instruments. To enforce common training principles, collect statistics or conduct surveys, the central coordinator can rely on network-type cooperation.

5. Conclusion

In a decentralized civil-service system, where there are no comprehensive centrally imposed obligatory measures for ensuring the coherence of civil-service training, a common understanding of training and development policies and practices can be expanded by intense collaboration through networks. Collaboration is likely to serve equally well both the central coordinator who can spread relevant information and collect input and individual organizations that can participate in policy design and get to know each other through joint activities which facilitate the sharing of training information, best practices and values. However, in order to achieve a desired effect, the central coordinator must have sufficient financial, human and technical resources paired with knowledge, leadership and commitment to the issue. As formal power sources as well as strong top down instruments are limited in a decentralized system, the central coordinator must make active use of its informal power sources. The establishment, developing and retaining civil-service-wide networks, proves to be a good opportunity to strengthen the informal power sources of the central coordinator.

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References


Article II

ESTONIA

Külli Sarapuu, Merilin Metsma, Tiina Randma-Liiv,1 and Annika Uudelepp2

Introduction

Although the Estonian state will celebrate its 100th anniversary in 2018, it can be characterized as a young state. The current political and administrative institutions have been built over the last two decades. A declaration of independence from the Soviet Union in 1991 led to a change of political system, from communism to democracy, and from a planned to a market economy. Political and economic transformation was also reflected in vast administrative changes, both in terms of institutions and people.

The basis for a modern professional civil service in Estonia was created in a 1995 Public Service Act (PSA). It introduced an open, position-based civil service system that included a few elements of a career system (for example, additional pay and pension benefits based on years in service). In contrast to several other post-communist countries, accession to the European Union (EU) did not have a substantial impact on public service regulation in Estonia, since the merit-based system had already been established (Meyer-Sahling 2011).

The 1995, the PSA did not stipulate the existence of top civil servants as a distinct category. Although top civil servants came to be treated as a special group for training and development purposes beginning in 2004, and a rather complex system evolved incrementally under the leadership of the Government Office, it existed without any statutory basis until 2012. The 2012 PSA replaced the original act and, among other things, formalized the top civil service. It distinguished top civil servants as a separate civil service category with special regulations for service term, recruitment, selection, assessment, and development.

The positions in the top civil service include the secretary of state, secretaries general and deputy secretaries general of the ministries, and directors general of the executive agencies (such as boards and inspectorates). Top Estonian civil servants serve in public organizations that form a well-defined center of the executive branch and play a primary role in policy making and law-enforcement. In 2013, 96 positions fell into this group, and top executives made up 0.4 percent of the civil service (as of 2012). This falls within an internationally recognized range of senior civil servants between 0.13 and 2.1 percent, which increasingly is descending to less than 1 percent of the civil service (Halligan 2012, 116).

With enforcement of the PSA in the spring of 2013, a new era began in conceptualizing the role and development of Estonia’s top executives. The nature of this era, however, is still to be defined. A window of opportunity has opened for advancing from the existing voluntary and rather individual-oriented training framework for top executives to a genuine horizontal system. However, the further development of top civil service depends on the Estonian government’s response to three major challenges. The first challenge concerns the need to overcome the “silo-like” nature of the Estonian public administration, which has almost no tradition of centrally coordinated administrative policy. The second challenge is linked to the open-position-based civil service system in Estonia in which there is no institutionalized tenure and the opportunities for top civil servants to alternate within the system are limited. The third challenge relates to the identity and role perception of the Government Office—whether it will reassess and redefine its role as the leader of the executive service in the new legislative framework.

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The chapter outlines the cultural, political, and administrative factors in order to understand the nature and functioning of the Estonian top civil service, and then takes a more detailed look at the characteristics of and challenges facing the top civil service training system. The discussion draws partly on an in-depth analysis of Estonian civil service training system commissioned by the Ministry of Finance, and carried out by the authors (Sarapuu et al. 2011).³

Antecedent Factors

It has been argued that Estonia represents one of the fastest political and economic transformations in Central and Eastern Europe (CEE; Vihalem and Kalmus 2008: 904). Estonia’s development has generally been characterized as a success, especially by external observers.⁴ The sharp break with its communist past after the first democratic elections of 1992 created a favorable ground for vast changes. The right-of-center coalition that took power implemented a liberal “shock therapy” in Estonian society and launched an overwhelming reform of the state (Sarapuu 2013). This included a major change in public service personnel, as more than a half of public servants were replaced from 1992 to 1997 (Titma et al. 1998: 126). The complex move from communism to democracy was also reflected in a considerable social transformation. With rapid economic reforms a new logic of self-determination, characterized by pursuit of personal autonomy and well-being, was introduced (Vihalem and Kalmus 2008).

The negative economic growth of the early 1990s, combined with the collapse of poor but relatively secure socialist systems, contributed to the growing feeling of insecurity and the overwhelming dominance of materialist values. Whereas people in Western European countries tend to value self-expression, quality of life, and feelings of accomplishment over material possessions and security, people in post-communist countries that have undergone rapid social change and experienced a great deal of economic uncertainty tend to value economic and physical security (Inglehart and Baker 2000). These findings are also reflected in Estonia, where material well-being is valued more than self-expression, and the populace is characterized by low trust of other people and low political activity (Realo 2013).

Social transformations are reflected also in public service values and motivation. The national independence movement of the late 1980s and early 1990s contributed to a strong collective identification. The restoration of the independent state attracted many of the nation’s best and brightest to public office, predominantly for altruistic reasons. However, by the mid-1990s materialist values became more prominent in the society and the “building up the state” motive started to decline (Lauristin 1997). From 2000 on, the civil servants became more like “rational rent-seekers,” as officials started negotiating higher personal benefits, leading to substantial individualization and the “marketization” of public service rewards (Järvelt and Randma-Liiv 2012).

³ The research leading to these results has also received funding from the European Union’s Seventh Framework Programme under grant agreement 266887 (Project COCOPS); the Estonian Research Council’s institutional grant IUT 19–13 and the Estonian Science Foundation grant 9435.

⁴ For example, according to Transparency International’s corruption perception index, Estonia was ranked in the top 20 percent of best performers in 2012 (thirty-second among 174 countries; Transparency International). The trust in government is generally higher than the EU average—in 2012, 35 percent of respondents tended to trust government, against an EU27 average of 27 percent (Eurobarometer78). Using its Government’s Effectiveness Index, the World Bank Governance Indicators have ranked Estonia well above most other CEE countries (World Bank).
Altogether, the Estonian political, economic, and social development over the past two decades can be characterized by the dominance of a neoliberal worldview (cf. Drechsler 2004; Lauristin and Vihi 2009; Raudla and Kattel 2011; Sarapuu 2012a), which can be explained by looking at both the temporal dimension of public sector reforms and the cultural predisposition of Estonians. One the one hand, the 1990s, when the transformations began, were a time when the neoliberal approach to the state and public administration was prominent in the West and actively promoted in CEE by international organizations (Randma-Liiv 2009; Sarapuu 2013). On the other hand, neoliberalism combined well with the Estonian cultural predisposition to value independence and the country’s communist legacy of distrust of the state (see Realo 2013).

With regard to the structural reorganization of the state, the combination of a neoliberal ideology, fear of the possible persistence of an overwhelming one-party-controlled public administration inherited from the Soviet republic, and an extremely complicated task environment during the initial transition led to the emergence of a segmented politico-administrative system and the ideal of a lean state. A crucial trait of the Estonian central government system is its reliance on ministerial responsibility (Sarapuu 2012b). Although the 11 ministries are rather small (employing a total of 2,473 people in 2012; Pesti 2013), they function as strong administrative actors that have considerable leverage in their particular areas of governance. Policies are mostly implemented by the various agencies that employ the vast majority of public sector employees and spend most of the state budget (Sarapuu 2012b).

Although Estonia is “one of the CEE countries [that comes] closest to NPM models” (Drechsler 2004: 391), a closer look reveals that Estonia’s administrative system actually represents a peculiar mix of NPM and continental legal traditions. Its administrative development has been influenced by both neoliberal ideas and the pre–World War II historical inheritance. Although practical public management reforms have been drawn primarily from the UK and the Nordic countries (Randma-Liiv 2005); due to the idea of “restoring” the Estonian state in the 1990s and the idealized legacy of the First Republic, Estonia’s administrative law has been shaped heavily by the German models. Furthermore, Van der Wal, Pevkur, and Vrangbaek (2008: 326–328) argue that despite the general NPM nature of the administrative reform discourse in Estonia, the actual public service values are more traditional. According to the surveys conducted among civil servants in 2005 and 2009, the most important values in public service were honesty, reliability, dutifulness, lawfulness, and competency, and these were respected more than NPM-type values, such as attainment of objectives, independence, and innovation (van der Wal et al. 2008; Riigikantsselei 2009).

In recent years, the issue of the horizontal integration of various policy sectors and the need for a whole-of-government approach have emerged in Estonia. This shift can partly be explained by the increasing evidence of problems related to the segmented system; but it can also be attributed to the international post-NPM trend toward “whole-of-government” reform. The discussion was bolstered by the OECD Public Governance Review of Estonia (2011) that strongly questioned the administration’s ability to work in a “joined-up fashion.” The review also concluded there was no strategic vision for public administration and personnel management in Estonia (OECD 2011: 32) and pointed to the need for the government to deal systematically with the public service system and its values.

Indeed, the Estonian public service human resource management policy can be characterized as “a case of no central human resource strategy” (Järvalt and Randma-Liiv 2010). Every ministry and executive agency is responsible for the recruitment, training, performance appraisal, and pay of its own officials. The discussion about the public service has been mostly a legal-technical one, and there has been resistance to addressing more fundamental issues, such as the goals and underlying values of the system itself. The open,
position-based public service system makes up only a small part of the entire public sector workforce and covers the people working for the ministries, government agencies, local government institutions, and a few other state institutions— that is, the people at the core of the public sector. In 2012, there were 27,072 people working in public service, constituting 4.3 percent of the total workforce of the country.\(^5\)

The new PSA further endorsed an open and decentralized nature of the Estonian public service. The act changed the 1995 institutionally based definition of public service, and reoriented the system toward differentiating between officials who are engaged in executing public authority and those employees who do not have this function. The goal of the new act was to reduce the number of public servants and to abolish the perceived “disparities” between public and private sector employment. This led to the abolishment of public service pensions and seniority pay, reduction of public sector job security to equal that of the private sector, and an increase in managerial discretion over pay. With regard to the top civil servants, the new act filled in the previous legal vacuum whereby the top civil service did not have a solid formal basis. The act made participation in the top civil servants development program compulsory for the target group and ended the era of voluntarism. The other mandatory elements include the introduction of open competition for the top positions, and determination of specific requirements that must be met for the development and assessment of top civil servants.

**Expectations of Top Civil Servants**

The specific leadership model for Estonian top civil servants is defined by the Top Civil Service Competency Framework, which lays out the expectations of public service executives. The initial competency framework was introduced in 2004–2005 and was developed by a team of top civil servants and external experts led by the Government Office. It contained five competencies: credibility, vision, innovativeness, leadership, and goal-orientation. The competencies were described using from two to four activity indicators with the levels of excellent, good, and poor. The project team relied on McClelland’s approach, trying to identify competencies and activities that were relevant for the attainment of work-related goals (Limbach-Pirm 2011: 9). However, feedback on the model revealed that it was deemed to be too general, not related to day-to-day work, and of questionable usefulness (ibid.: 11). These findings led to the re-evaluation of the model and its renewal in 2009–2010.

The new model addresses competencies in a more detailed way. The leadership profile it provides aims to ensure that Estonia’s top civil servants are committed, know their role, share common values, and make decisions based on the state’s priorities (Limbach-Pirm 2011: 61; see Figure 4.1). The four core competencies (credibility, citizen-orientation, leadership, and common identity) illustrate the main expectations on top civil servants and are operationalized in ten further competencies. On the list of competencies, generic management skills dominate.

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\(^5\) The Estonian public sector altogether employs 165,400 people, or 26.5 percent of the country’s total workforce (Pesti 2013). The total population of Estonia is 1.29 million.
Figure 4.1: The Estonian top civil service competency framework

Source: Riigikantsele 2013

The competency model is used in the recruitment, selection, and appraisal of top civil servants, as well as to map the overall quality of leadership in the Estonian public service. Candidates for the top positions are assessed by the central Top Civil Servants Selection Committee within the Government Office. The committee screens candidates and short-lists up to three for final selection by the relevant minister or secretary general. There are some exceptions for the secretaries general, who are appointed by the Cabinet and may be recruited outside the open competition, but these are also screened by the committee. Top officials are evaluated at least once every two years, in a combination of self-evaluation and feedback from direct supervisors and colleagues, most of whom are subordinates. This evaluation was voluntary until 2013, and the results of the evaluations were not made public.

Two studies of top civil servants based on the competency framework, one on competencies and the other on commitment, were commissioned by the Government Office in 2011 (Riigikantsele 2011). In the first study, the competencies of the top civil servants were assessed by politicians and representatives of partner organizations. The survey did not reveal much that was of interest, and most of the assessments fell in the expected average range. The top executives’ competencies in awareness of law, resource management, and self-management scored somewhat higher (3.6 to 3.8 on a 5-point scale) than did their competencies in communication, cooperation, strategic leadership, and policymaking (3.3 to 3.4 on a 5-point scale; Faktum & Ariko 2011). The general conclusion of the study was that
challenge for the future was to develop more of the “soft” competencies (e.g., communication, cooperation, and leadership) among top civil servants (Rigikantsselei 2011).

The results of the study on commitment were much more revealing, and disclosed some key challenges facing the Estonian administrative system. The survey interrogated top executives personally, and the results showed that whereas the executives were very committed to their work (though more committed to their institution than to the public service as a whole), only a few of them could be characterized as leaders of development and change. The majority were more oriented toward stability and security than toward looking for avenues for change (TNS Emor 2011). Furthermore, only 31 percent of the surveyed executives saw future career prospects for themselves in the public service, while the rest were hesitant or negative (TNS Emor 2011).

The fact that top executives have difficulty seeing future challenges and career advancement in public administration has led to considerable turnover as many leave the public service. Although the rate of renewal among the top civil servants has decreased compared to the early 2000s (see Järvalt and Randma-Liiv 2010) and has been around 9 percent lately (Limbach-Pirn and Toomet-Björk 2013), the possibilities for mobility within the public service have been restricted. Similarly, the OECD Review (2011) concluded that “the culture of Estonia’s public administration works against movement of staff within the public service. Staff currently view themselves as working for a particular public sector organization, and are hired based on technical specialization rather than generic policy skills; it is therefore difficult to encourage staff to move to other sector portfolios” (OECD 2011: 35). Although several experts, as well as many top civil servants themselves, have suggested the introduction of secondment and rotation schemes, these had not yet materialized by 2013.

Altogether, the survey demonstrated the organization-centric and segmented nature of the Estonian public service. It indicated that the top civil servants did not feel united as a group; nor did they believe that their colleagues would place the state’s interests above the interests of their individual organizations. Executives maintained that there was little joint understanding of the state’s strategic goals among them as a group, and that different public sector organizations did not share joint values and principles (TNS Emor 2011). The survey confirmed the results of the OECD review that found cooperation on policy coordination between the top executives to be mostly informal, incidental, personal, or reactive (see OECD 2011: 28–30). The review also highlighted the incapacity of top civil servants to act as a unified group to lead administrative change and solve horizontal public policy problems.

**Top Civil Service Training System**

The education system and the training system for public servants are separate in Estonia. Training is the responsibility of the individual organizations and, because there is no central civil service training institution in Estonia, is substantially dependent on the private sector training market. There is no institutionalized pre-service training, and no mandatory training required for promotions or salary increases. Background education prior to entering the civil service is received from various higher education institutions. According to the Government Office, 18 percent of top civil servants have studied public administration, 15 percent have studied law, 9 percent have a background in economics, and 9 percent in history; the remainder have a wide variety of educational backgrounds, including engineering, agronomy, forestry, criminology, and medicine.

Top civil servants also have varied previous work experience in the public or private sectors, which means that when they enter the top ranks, their knowledge, skills, and values may differ substantially. There is no common mandatory entry-level training for top civil
servants, and fast-track training systems are unknown in Estonia. Top civil servants often come from the ranks of specialists in the public service, and the politicization of top-level appointments can be considered relatively rare (Meyer-Sahling 2011; Randma-Liiv and Järvelt 2011). According to the Government Office, “The average top executive is a man in his forties with previous public service experience and a level of education that corresponds to the master’s degree” (Limbach-Pirn and Toomet-Björk 2013: 19).

The development of top civil servants was addressed in a highly decentralized way by individual public sector organizations until 2004. The Government Office started to work on the development of a top civil service corps, relying on the goals expressed in the Public Service Development Strategy (2004). This document emphasized the need to develop civil service leaders according to a unified competency model and proposed launching a development and training program for top civil servants. At that time, the Government Office was also responsible for coordinating the public service development in general. However, in 2010, all other public-service-related functions of the Government Office were moved to the Ministry of Finance, and since then, the training and development of top executives has operated rather independently of the rest of the public service development.

The Top Civil Service Competency Framework and implementation plan were completed in 2005, without any legal basis. Based on the competency model, a variety of one-off development activities were offered to the target group on a voluntary basis (e.g., specially designed training and development programs, individual coaching and mentoring; Riigikantslelei 2006). During that time, various ideas were tested, a first-round assessment of the target group was completed, and continual adjustments of specific activities were carried out. Because the competency evaluations were voluntary, about 65 percent of the top civil servants participated in the first round. After the third evaluation period, approximately 50 percent of the target group participated in development activities (Limbach-Pirn 2011: 11). Although the evaluation clearly pointed to the need for development (ibid.), the voluntary system could not ensure that top civil servants actually obtained the relevant competencies. The target group’s participation was quite accidental, and with the financial crisis in 2008, top civil servants were focused on budget cuts and trying to find new ways of coping, which meant that the participation in development activities decreased significantly, although the funding for training was retained (Limbach-Pirn 2011: 11–12). By 2012, however, the participation rate had recovered and increased to 81 percent of the target group. 40 percent of the top civil servants took part in individual development activities, mostly language courses (Limbach-Pirn and Toomet-Björck 2013).

In 2008, special funding for top civil service development activities was allocated from EU structural aid funds through the signing of the program document “Development of the Top Civil Service 2008–2009.” Activities addressing top civil service training were part of a general central civil service training program, and 85 percent were financed from EU structural funds. This document not only secured funding for the activities, but also became a semiformal basis for the continuation of the top civil servants development program. From this point onward, development of top civil servants was separated from general civil service training and, through biannual program documents, the goals and targets for the development of top civil servants were set separately. The development of top civil servants has been generously financed by EU structural funds ever since; whereas the Estonian government has only covered mandatory co-financing of the project. In the years 2006–2011, the financing for training increased steadily, reaching 311,000 EUR in 2011.

The institutionalization of the top civil service training system within the Government Office has taken place under the direction of the secretary of state, Mr. Heiki Loot. To a great extent, this can be characterized as a personal project of his, and it has benefited significantly
from his personal leadership and commitment. In 2010, a specialized and rather autonomous unit for the development of civil service top executives was formed under his subordination—the Top Civil Service Excellence Center (TCSEC). By that time, trust had been built among the target group toward the entire development program, and a systematic approach to working with top civil servants had emerged. The institutionalization of development activities also made their formalization possible by inclusion in the 2012 Public Service Act.

**Content and Methods of Training**

The way that the top civil servants development system has emerged in Estonia is reflected in the content and methods of training. In general, the system can be characterized as a rather flexible framework that relies on the attractiveness of the activities offered to top civil servants, and creates numerous possibilities for executives to develop their individual competencies. The small size of the target group has made this personalized approach possible and has allowed the TCSEC to maintain an informal working style and to pursue a tailor-made approach. The general goal of the activities has been defined as the development of “competent top civil servants who support the advancement of whole-of-government approach to governing” (Program: Development of Top Civil Servants 2012–2013).

In assessing top civil servants’ training needs and devising training activities, TCSEC plays the main role. It uses the results of the annual competency assessments, feedback from previous development activities, and priorities as defined in the government’s working plans. Other units (e.g., Government Office’s Strategy Unit) are consulted now and then, but the TCSEC relies primarily on its own expertise. The target group’s role in identifying training needs and proposing common development activities has been minor and irregular. However, the top civil servants have had opportunities to propose TCSEC training activities that support their individual development needs (e.g., specific training courses, language classes, lessons for developing public speaking). These activities are financed through the TCSEC. In addition, top executives also have the opportunity to receive training through their own institutions (ministries and agencies).

The training and development activities offered to top civil servants can be divided into three categories (Veisson and Limbach 2007): (1) tailor-made development programs with an objective to develop specific competencies related to the strategic objectives of the state; (2) individual development activities supporting top civil servants in solving specific problems or carrying out organizational change (such as coaching and mentoring); and (3) master classes and workshops with the primary goal of enhancing cooperation and joint discussion and sharing experiences and best practices. Over the years, several training programs have been initiated addressing specific subgroups or topics. For example, in the years 2008–2011, development programs focusing on economic competitiveness, sustainable development, the quality of public services, a single government approach, and financial management were carried out. In 2010, an annual conference of Estonian top civil servants was introduced. The TCSEC also runs a leadership offspring program, Newton, which trains future top civil servants (mid-level managers or senior specialists at the time of participation in the program).

With regard to training topics, development activities have cultivated both public-sector specific knowledge and skills related to administrative capacity, policy-making, policy implementation, coordination, and quality of public services, as well as more generic management topics such as innovation, leadership, strategic management, and client-orientation. It can be argued that whereas in earlier years the content of training was quite strongly influenced by business concepts, in later years the TCSEC has focused attention on public sector specifics.
Just as the spectrum of training activities has been quite broad, so are the variety of training methods used. They have ranged from classroom lectures to individual coaching and mentoring. Considerable attention has been given to learning from foreign practices. Study trips abroad have been used to a great degree, in almost every multi-staged development program, and have usually involved seminars in the destination country. Likewise, external experts—mostly academics and civil servants from states with special arrangements for top civil servants (e.g., the UK and the Netherlands)—have been involved in providing development and training activities. In general, the emphasis of TCSEC has been on making the training and development activities as attractive, interactive, and as easily accessible for top civil servants as possible.

With regard to evaluation, training activities are mostly assessed by gathering oral and written feedback from the participants and trainers. Whereas such a system gives a representative picture of target groups’ satisfaction with the activities, it gives little information of the effect of training on their behavior and performance. An attempt to assess longer-term impacts of training and development has been made via the regular evaluation of top civil servant competencies and surveys. However, both of these sources give only indirect information on the impact of development activities on performance (Sarapuu et al. 2011: 63).

Discussion

It is not yet clear how much the top civil service development system has strengthened horizontal cooperation and the whole-of-government approach in Estonia. There is undoubted value in recognizing top civil servants as a coherent group with specific development needs and in creating a solid framework for addressing those needs. The construction of a sound foundation for top civil service development based on the competency model and professional testing, competency assessment, and development activities has led to merit practices in the Estonian civil service and a systematic approach toward public service training. The presence of the TCSEC has considerably widened the possibilities for maintaining and further developing a network of top civil servants.

However, with the enforcement of the new Public Service Act in the spring of 2013, a window of opportunity was opened through which to conceptualize the role and development of top executives in a novel, more integrated, and “joined-up” way. There is an opportunity to advance from the existing voluntary and rather individual-oriented training framework for top executives, to a genuine horizontal system of top civil service that would demonstrate a “common identity” as expected by the competency model. To achieve this, Government Office faces at least three major challenges.

First of all, it needs to confront the “silo-like” nature of Estonian public administration, in which there is almost no tradition of centrally coordinated administrative policy. The Estonian administrative system relies on strong ministries that are responsible for overseeing their areas of governance, both with regard to policy content and administrative matters. The top civil service system represents an attempt to build a horizontal instrument aimed at bringing the top ranks of ministries and executive agencies together under the same formal and mental roof. In order to succeed in this endeavor, the Government Office needs to challenge a strongly sectorized administrative culture, the lack of political enthusiasm for curbing minister’s discretion and to ensure financial sustainability of the top civil service development scheme.

A primary attempt to overcoming the “silos” was unsuccessful when an proposal to establish minimum requirements for top executives with regard to their managerial experience, education, and language proficiency failed in the Cabinet in 2013. Instead of
stipulating a minimum amount of work experience, an education level equal to a master’s degree, and a command of Estonian and English, as proposed in draft regulation, the Cabinet eventually passed a regulation requiring top civil servants to have only “managerial experience, education and knowledge of foreign languages sufficient to fulfill their civil service duties”; basically, stipulating no formal requirements for the top executives.

In addition, thus far, the system of top civil service training has benefited from generous funding from EU structural funds. Comparing the resources of the TCSEC with the Ministry of Finance’s resources for central development activities for the rest of the public service, it is clear that the top executives have been a priority. However, the EU structural support for administrative development is expected to end in 2020 and it is not clear how much the Estonian government is ready to spend its “own money” on creating a horizontal administrative policy. Considering the general belief in the virtues of a lean state and the distrust of centralization and the “doubling” of functions, the top civil service system needs to prove itself in a persuasive way.

Second, the Government Office operates in the context of an open, position-based civil service system with no institutionalized tenure and limited opportunities for top civil servants to move within the (top) civil service. Significant staff turnover and a sector-based approach represent serious challenges for a decentralized system that is dependent on cooperation. A frequent change of partners in the top ranks creates an unfavorable context for collaborative action and poses significant obstacles to developing common top civil service culture. The high turnover in the top civil service may also undermine any efforts put into training and development, since executives use their newly acquired competencies to build careers in the private sector or in international organizations. Moreover top civil servants might design their individual training activities so as to increase their employability in the external labor market. However, in this regard, the Government Office has recently gained some leverage as it has assumed responsibility for recruiting and selecting top civil servants’ and also supports rotation and career-building within the civil service.

The third challenge relates to the identity and perception of the role of the Government Office and of the TCSEC itself—whether TCSEC is able to reassess and redefine its role as the leader of the executive service in the new legislative framework. Thus far, the top civil service training and development system could be characterized as an “island of excellence”—secured with necessary resources and aspiring to a high level of professionalism, but largely separated from the rest of the public service development and with restricted access to other actors in the administrative system that might alert the top civil servants about topics and issues that need their attention. However, the move from a training system to a genuine top civil service that facilitates whole-of-government approach to policy making and implementation also demands integration in administrative policy and, most of all, in public service development.

To conclude, it remains to be seen if the present training and development framework for the Estonian top civil servants will be able to evolve into a unified top civil service system, binding together the existing segmented administrative arrangement. The implementation of the new PSA and the special regulations for top civil servant recruitment, selection, performance appraisal, and development establishes a new formal structure around the existing elements. The potential for the existing system to evolve into a unified system will be determined both by the Estonian politico-administrative context and the identity and perception of the role of the Government Office.
REFERENCES


Article III

The Impact of Cutback Management on Civil-Service Training: The Case of Estonia

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ABSTRACT

The focus of this paper is on the civil-service training during cutback management. The impact of the cutback management on civil-service training has not been thoroughly analyzed so far. The paper describes and explains the Estonian case and analyzes its implications for the theory. It is concluded that across-the-board cuts and a decentralized training system will lead to major cuts in training budgets. It is also found that in a cutback environment organizations prefer job-specific training over general civil-service training. Furthermore, in times of budget cuts organizations seek cost-effective training methods and thus provide in-house courses.

Key words: civil-service training; cutback management

1. Introduction

The recent economic crisis challenged governments all over the world to react to various economic and social effects. Estonia was one of the first countries to be affected by the global financial crisis and among the most strongly affected ones (Staehr 2010; Peters et al. 2011; Raudla and Kattel 2011). Government responses to the crisis were different in many other European countries. When most of the countries used discretionary measures or automatic stabilizers, the crisis management in Estonia was characterized by immediate and severe governmental expenditure cuts, public-service layoffs and also tax increases (Staehr 2010; Peters et al. 2011; Raudla and Kattel 2011, Jõgiste et al. 2012). Consolidation measures were taken already in 2008 and continued in 2009 when cuts in the budget were made on two occasions (Peters et al. 2011). The government adopted across-the-board cutback strategies which delegated the right to decide on cutback measures (layoffs, wage reductions, abolition of fringe benefits or other measures) to single governmental organizations (Raudla 2013).

Due to the severity of the crisis and governments’ responses it is worthwhile to analyze the impact of these circumstances on the different aspects of public administration. A range of topics connected to the recent crisis have been examined already
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(for example, see Kattel 2009; Staehr 2010; Raudla and Kattel 2011; Jõgiste et al. 2012; Kattel and Raudla 2013; Raudla 2013). The impact of the cutback management on human-resource management and more specifically on civil-service training has not been analyzed so far. The topic is interesting and novel not only in studies on fiscal crisis in Estonia but also in international literature. There are several studies on the impact of fiscal crisis on public administration (for example, see Onofrei and Lupu 2010; Pollitt 2010; Peters et al. 2011; Cepiku and Savignon 2012; Lodge and Hood 2012), yet the impact of the recession on training has received relatively little analytical attention. Furthermore, there are no comprehensive studies on the impact of cutback management on training in civil service, though there are a number of relevant studies conducted among private-sector companies (for example, see Majumdar 2007; Brunello 2009; Rao 2009; Mason and Bishop 2010; Felstead et al. 2012; Wickramasinghe and Perera 2012).

Training has many roles in civil service (Randma-Liiv et al. 2013). Firstly, it is related to the implementation of tasks and focuses on developing skills and competencies in order to fulfill objectives of the organization. Secondly, it is part of the motivation system and functions as an instrument to retain a high-quality and high-performing workforce. And thirdly, training is an instrument to raise civil servants’ awareness of their role and responsibility and introduce shared values among civil-service staff. The crisis literature suggests that workforce training has never been more important than in challenging financial times (Cayer 1986; Carrel 2000; Rusaw and Rusaw 2008; Lodge and Hood 2012; Wickramasinghe and Perera 2012).

At the same time, training has proved to be vulnerable to the economic downturn (Felstead and Green 1994; Felstead et al. 2012). Many authors even note that the civil-service-training budget is often among the first items to be cut when fiscal stress hits (Cayer 1986; Maor 2000; Felstead et al. 2012; Lodge and Hood 2012). This has further implications for training programs and training methods as shrinking training budgets force organizations to prioritize training topics and seek more cost-effective ways of delivering training (Felstead et al. 2012). Since the fiscal crisis in Estonia resulted in radical cutback management, the paper at hand uses cutback management as a theoretical framework for the analysis. The following research question is posed: how has cutback management affected civil-service training in Estonia during 2006-2011? The analysis is operationalized by looking at three key elements of civil-service training: budget, content and methods.

2. Cutback management in public administration

Fiscal stress necessitates governments to impose spending cuts (Raudla et al. 2013). Most commonly, cutback strategies have been divided between across-the-board and targeted cuts (Pollitt 2010). With across-the-board measures operational managers and professional service deliverers are obliged to find ways of reducing their budgets in equal amounts or percentages (ibid.). Targeted cuts are assumed to identify and rank priorities and to allocate cuts based on these priorities (Levine 1979). Across-the-board cuts are believed to minimize the pain, help to maintain morale, build a good team spirit in organizations and involve fewer decision-making costs (Levine 1978, 1979). Yet, these cuts often do not reflect the public needs and prefer-
ences, tend to penalize efficient organizations, ignore varying needs of different units and may lead to decline in service levels and quality (Raudla et al. 2013).

There are several cutback instruments for dealing with cutting public expenditures. Different cutback instruments have been classified as follows: instruments for cutting operational measures (running costs), program measures (transfers and grants) and capital expenditures (investments) (Raudla et al. 2013). Reductions in operational expenditures, which are most relevant in the current paper, are further divided between personnel expenditures and non-personnel expenditures (ibid.). Decision makers faced with a crisis situation often focus on personnel costs to accomplish the cuts in government spending (Cayer 1986). So, the cutback management puts pressure on traditional public-service bargains in terms of reward, competency and loyalty (Lodge and Hood 2012). Indeed, reducing recruitment costs, freezing new recruitments, dismissal, freezing salaries and social benefits, cutting back public-sector wages, reducing pensions and increasing the retirement age (Cayer 1986; Lodge and Hood 2012; Onofrei and Lupu 2010; Pollitt 2010) have been popular instruments to cut expenditures. Non-personnel expenditure cuts restrict or ban spending on utilities, supplies, equipment, travel and communication (Wolman and Davis 1980 cited in Raudla et al. 2013).

Cutbacks in personnel and non-personnel expenditures create a conflict in public administration. At a time when public-sector staff is likely to bear various kinds of negative implications on their functioning (Pollitt 2010) there is an increasing need for professional and committed civil servants (Peters et al. 2011). Indeed, modern governments depend to a great extent on the work of national civil services and their employees (Onofrei and Lupu 2010). During the crisis, the role of the civil service and the permanent, professional components of the governance apparatus are highly important (Rusaw and Rusaw 2008; Peters et al. 2011). As Cepiku and Savignon (2012, 429) put it: “the role of the public sector is essential to overcoming the crisis, to fostering sustainable development, and for managing the equilibrium between public services supply and demand”.

The changing environment and new challenges require new skills from civil servants. They may have to organize industrial bailouts and policies, steernationalized companies, own global mega-banks and property portfolios of daunting complexity, try to find ways of making the best of their bad or doubtful loans and carry out cuts (Lodge and Hood 2012). At the same time, they have to continue their usual work (Cayer 1986), often under extreme time pressure and general uncertainty. Several authors note that human-resource training has an important role in tackling the changes stemming from cutback management (Cayer 1986; Carrel 2000; Rusaw and Rusaw 2008; Rao 2009; Lodge and Hood 2012). The next chapter addresses the role of training in civil service and the impact of cutback management on the key elements of training.

3. The impact of cutback management on civil-service training

3.1 The role of civil service training

Employee training is a key element of human-resource development. Training is “the planned and systematic modification of behaviour through learning events, programmes and instruction which enable individuals to achieve the levels of knowl-
edge, skill and competence needed to carry out their work effectively” (Armstrong 2003, 527). The role of training in civil service has been divided into three levels: the individual level, the positional/organizational level and the level of civil service as a whole (Randma-Liiv et al. 2013). On the individual level, training is part of the motivation system, as it provides civil servants with opportunities to move to new positions and develop their careers through developing their skills and competencies. On the positional/organizational level, training is related to the implementation of tasks and focuses on developing skills and competencies in order to fulfil the objectives of the organization. The performance of organizations and their ability to implement policies depends by and large on the qualities of their members and on the organizations’ ability to learn and adapt. On the state level, training is an instrument for retaining a high-quality and high-performing workforce, raising civil servants’ awareness of their role and responsibility and introducing shared values that contribute to cross-departmental cooperation and public-service ethics.

The key elements of civil-service training are training budget, content and methods. The following subsections describe the potential impact of cutback management on the key elements.

3.2 Civil-service-training budget

Funding of civil-service training is a fundamental characteristic of a training system, as it affects both the quantity and the quality of civil-service training. In general, civil-service training systems are divided between decentralized and centralized systems, as the systems are determined by the funding scheme and the presence of the central coordinating institution responsible for training (Lucking 2003). In case of a centralized model, funds are allocated from a state budget to a central civil-service coordinator or a central training institution which then organizes training activities (Randma-Liiv et al. 2013). In a decentralized funding model, funds are allocated to individual organizations which administer the training budget for training and are thus free to decide on training provision (topics, methods, provider) (ibid.). In practice various combinations of these funding models are applied.

In academic discussions the training budget is often linked to the economic cycle of an organization. Felstead et al. (2012) claim that during an economic downturn organizations may increase, decrease or stabilize their investment in training. With increasing profitability organizations can afford to invest in training, while in turbulent times, training budgets are often the first savings targets (Cayer 1986; Vanhala 1995; Maor 2000; Felstead et al. 2012; Lodge and Hood 2012; Wickramasinghe and Perera 2012). Then again, some studies demonstrate that employers have avoided slashing budgets for training during the slump because they believe it is vital to their operations.

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1 In general, training provision follows a systematic cycle (Torrington et al. 2002). The training cycle starts with the analysis of training needs, continues with planning and delivering the training and ends with training evaluation. This paper does not cover the topics of organization of training-needs assessment and training evaluation. Training-needs assessment is comprised in the analysis only in terms of training content, as training-needs assessment designs the training content. Training method is a component of planning and delivering training. The paper investigates training delivery in terms of training content and methods.
in the future, and some even increase training costs in the expectation that workers will be needed as businesses pick up (Felstead and Green 1994; Felstead et al. 2012). Some training topics are recession-proof, because a certain minimum level of employee training has to be carried out even during financially hard times (Felstead and Green 1994).

Academic literature offers some explanations to training budget cuts. Firstly, Lodge and Hood (2012, 84) and Felstead et al. (2012) note that there is a tendency of cutting activities with no immediate apparent payoff, such as staff training. Secondly, several authors (Paddock 1997; Maor 2000; Carrel 2000) point to the general view held by political executives and public officials that training is considered a cost rather than an investment. Both of these explanations convey general attitudes towards training. A third explanation derives from the system of training funding. In the case of across-the-board cuts the decentralized funding model leaves a great discretion to the organization level to decide on the size of the training budget (Freibert 1997; Paddock 1997; Maor 2000; Carrel 2000; Lucking 2003), whereas in a centralized system funds are allocated from the state budget, and this guarantees financial sustainability and a continuation of civil-service training activities in times of cutbacks (Randma-Liiv et al. 2013). Of course centralized training funding is recession-proof only in case the training budget is not a component of the targeted cuts.

3.3 Civil-service training content

The training topics covered in civil service demonstrate the areas in which civil servants are developing their skills and are thus expected to perform professionally or where they might lack knowledge due to the shortage of training. The content of civil-service training is divided into two: general civil-service training and job-specific training (Schiavo-Campo and Sundaram 2000; Bossaert et al. 2001; Randma 2002; Pollitt and Op de Beeck 2010). General civil-service training is provided in issues that have high priority for the public service as a whole and which require uniform understanding, know-how and principles of action to be adopted and implemented in different organizations in common areas (for example, policy-making skills, policy analysis, civil-service values and ethics).

Job-specific training is oriented around the needs and expectations of the administrative services, and it involves preparing public officials in the specific techniques of their posts (Bossaert et al. 2001). Job-specific training content involves development of knowledge and skills which are critical to the functioning of a specific organization. During the crisis and possible cutbacks organizations have to continue the execution of their tasks (Cayer 1986), so there is a continuing demand for job-specific training.

Both general civil-service training and job-specific training content reflect the challenges that a particular country is facing (Schiavo-Campo and Sundaram 2000). Crisis, catastrophes and international threats affect the functioning of civil service, forcing it to look for new and different working practices and require new skills from civil servants. In the recent financial-crisis context, Lodge and Hood (2012) argue for the need of specific competences in the civil service because public-sector staff has new tasks to fulfil in times of crisis.

During cutback-management training managers have to make reductions in the training amount, which in turn forces them to prioritize training programs (Felstead
et al. 2012). Human-capital theorists have come to the conclusion that during financially hard times organizations are reluctant to finance training that is not connected to specific organizational goals (Becker 1962; Swanson and Dobbs 2006). Empirical research by Felstead et al. (2012) among large and small enterprises in the United Kingdom serves as an example. The studied organizations adopted more systematic and parsimonious forms of administration of training resources in order to focus the training more tightly on organizations’ core functions. This also resulted in reducing or losing “nice to have” training programs. In the civil-service context this would mean cutting general civil-service training and maintaining the development of knowledge and skills which are critical to the functioning of a specific organization.

3.4 Civil-service training methods

Besides prioritizing training content, reassessing the way training is delivered becomes equally important. This is a high concern of training managers because they are forced to seek more cost-effective ways of delivering training in times of cutbacks (Felstead et al. 2012). There are many methods of delivering training. A distinction between methods is usually made by the training provider and the location of training activities (Kitching and Blackburn 2002). Methods of training are usually divided into internal and external delivery training depending on the training provider and into on-the-job and off-the-job training depending on the location (see Table 1) (Schiavo-Campo and Sundaram 2000; Torrington et al. 2002; Jacobs 2010).

Table 1: Training methods

<table>
<thead>
<tr>
<th>Training provider</th>
<th>Internal delivery</th>
<th>Off-the-job training</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Training provided by supervisor or a skilled co-worker; coaching; mentoring; action learning; self-development; E-learning</td>
<td>In-house courses offered by one or more employee(s) to other staff in the same organization; E-learning</td>
</tr>
<tr>
<td>External delivery</td>
<td>Coaching by external expert</td>
<td>Courses run by external experts at locations other than where the work is actually done; outdoor-type courses</td>
</tr>
</tbody>
</table>

Source: compiled by the author, based on Schiavo-Campo and Sundaram 2000; Torrington et al. 2002; Jacobs 2010

On-the-job training is the process in which knowledge and skills are acquired at the location of work; knowledge and skills are often passed down by one person (e.g. a supervisor) to another person (Jacobs 2010). It is believed to be cost-effective because there are no costs for travelling to the training site, and much of the learning is tacit
Yet, it has several disadvantages: its quality depends on the ability of the trainer and time available, it is time-consuming, and bad habits might be passed on (Torrington et al. 2002). Off-the-job training provides group-based learning opportunities on a variety of topics at a site other than where the work is actually done (Jacobs 2010). Depending on the training provider, off-the-job training can be delivered with relatively low costs in the case of in-house courses (Kitching and Blackburn 2002), yet it can be more expensive and superficial in the case of an external training provider (Torrington et al. 2002; Jacobs 2010). In-house units have the advantage of knowing policies, programs and the culture of the organization concerned (Schiavo-Campo and Sundaram 2000). On the other hand, the outside provider is more flexible and able to cater to a variety of training needs (ibid.).

Both on-the-job and off-the-job training methods serve well the various goals training has in civil service. Most commonly the motivational events (e.g. teambuilding) take place in the form of outdoor-type courses (Torrington et al. 2002). But as the theory suggests, any type of training functions as motivation (Bossaert 2008). New knowledge (e.g. new initiatives, developing time management and change in legislation) is best passed on in the format of classroom-type courses delivered by either an external or an internal provider (Torrington et al. 2002). Classroom-type courses embrace a big audience, which ensures that the target group gets the same information, and this also supports a common understanding of the topic. Job knowledge and skills are also passed on by on-the-job methods (coaching, mentoring); these methods are also good to accomplish change in employees’ performance (Jacobs 2010) helping to fulfil the objectives of an organization, pass on values and support individual development (Torrington et al. 2002).

During cutbacks, organizations have to make use of methods which are affordable and yet effective. “Train smarter” and “doing more with less” become the catchwords (Felstead et al. 2012). Previous studies (Felstead et al. 2012; Vanhala 1995) have demonstrated that organizations shift from external to in-house and on-the-job training in time of retrenchment. Organizations have found that these methods cost less and are good ways to use in-house knowledge. The recent economic crisis also gave a boost to online and E-learning (Felstead et al. 2012). Organizations perceived E-learning to be a cheap, standardized, cost-cutting and highly flexible mode of training (ibid.).

4. The impact of cutback management on civil-service training in Estonia

4.1. Methodology

The paper aims to describe and explain the Estonian case and to analyze its implications for the theory. The following research question is posed: how has the cutback management affected civil-service training in Estonia during 2006-2011? The analysis is operationalized by looking at three key elements of civil-service training: budget, content and methods. The theoretical background derives from the cutback management and training literature. The empirical evidence is drawn from a qualitative analysis. The paper makes use of several information resources: official statistics of Ministry of Finance, analysis of public documents, public-service legislation, previous academic research on the Estonian public service and the findings of a research project.
commissioned by the Estonian Ministry of Finance, where the author of this paper served as an analyst. The statistics presented in this paper reflects training in ministries, boards and inspectorates, constitutional institutions, county governments and local governments. In addition, all together 34 semi-structured interviews were conducted in May-June 2011 and in January 2013. The interviews addressed the training managers of ministries, boards and inspectorates, local governments and the Government Office, secretary generals, deputy secretary generals, county governors and experts in the field. 20 interviews were conducted with human-resource management/training managers. 7 interviews were conducted with top civil servants. And the remaining 7 interviews were conducted with experts and interested parties. Interviews served as a means to triangulate the information that was gathered from documents.

4.2. Estonian public administration and civil-service training system

Estonia is a unitary state territorially divided into counties, rural municipalities and cities. As of 31 December 2011, there were 27,369 public servants in Estonia, forming 5% of the total work-force of the country. The Estonian public service involves both the civil service (central government) and the local-government service. Only the core of the public administration (ministries, government organizations and county governments) is covered by the open, position-based civil-service system established in 1995 by the Public Service Act. In the rest of the agencies, people work under the general labor law. A few branches within the civil service are career-based and are regulated by special statutes: foreign service, police service, border guard, the court system and a few institutions within the administrative area of the Ministry of Defence. In April 2013, the new Public Service Act was implemented, which restricts the 1995 institutionally-based definition of the civil service even more and re-orient the system towards differentiating between officials who are engaged in executing the public power and employees who do not have this function (Randma-Liiv et al. 2013).

After regaining independence from the Soviet Union in August 1991 Estonia inherited an institutionally fragmented administrative system with a high number of relatively autonomous individual organizations (Sarapuu 2011). A central trait of the Estonian administrative system is its reliance on ministerial responsibility. Although the eleven ministries are small, they form strong administrative actors that have considerable leverage over the issues (including the organization of people management) belonging to their areas of governance (Sarapuu 2012). Such a decentralized system is accompanied by weak and fragmented central coordination. There are a few government institutions which have specific responsibilities in coordinating administrative policy:

- The Ministry of Finance is responsible for the general development of public administration, the development of personnel and training policy, the development of remuneration policy in the civil service, the planning and implementation of civil-service training and development, the promotion of quality development in the civil service, the development of the strategic-planning system for the central government, the reform of budgetary procedures and financial management;
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- The Government Office (formerly called State Chancellery) is responsible for coordinating the recruitment, selection and development system of civil-service top executives;

- The Ministry of Justice is responsible for general public-law development, including civil-service legislation;

- The Ministry of Interior is in charge of the development of regional and local administration.

Since the late 2000s, the increasing demand for better horizontal integration of policy sectors and for a whole-of-government approach has been acknowledged by the government (Sarapuu 2011). The general trend of reforms over the two decades has been towards aggregating the system and establishing mechanisms for steering, control and cooperation (Randma-Liiv et al. 2013). Yet, the central coordinating units in the system, such as the Government Office and the Ministry of Finance are equipped with restricted coordinating powers and, in addition, often constrained by limited resources. By 2013, there is neither a central human resource strategy (Järval and Randma-Liiv 2010) nor a clear and targeted top-down steering of the development of the civil service. No single institution at the central-government level has the power and the necessary resources to develop and implement the central-government-wide civil-service policy (Randma-Liiv et al. 2013).

In line with the general structure of public administration and public service, the training system is also decentralized in Estonia. The planning and implementation of training activities is largely the responsibility of the individual institutions. Deriving from the open position-based system, training is not a mandatory requirement of career development. The Public Service Act stipulates that public servants’ training needs are decided by the manager. Every ministry, board and inspectorate, constitutional institution, county government and local government has its own training budget. A part of the training and development activities is centrally funded and coordinated. The Ministry of Finance (State Administration and the Civil Service Department) administers the central training budget. Since 2008 the amount of the central training budget is divided between the European Social Fund (85%) and own financing (15%). The central training budget is used to offer centralized training programs including training activities which are based on horizontal training needs.

As public organizations are in charge of a substantial part of the training budget, they are free to decide on the training content (job-specific and general civil-service training), training methods and choose training providers. For this reason throughout the years an open and very diverse training market has evolved. A research project of the Estonian civil-service training system (Sarapuu et al. 2011) concludes that most of the training providers offer similar (rather basic-level) courses based on private-sector experience. The Centre for Public Service Training and Development under the Ministry of the Interior is not an active partner to the Ministry of Finance. The Centre is not capable of fulfilling the role of central training institution in the way it is in most highly developed countries’ civil-service training systems (ibid.).

Besides the Ministry of Finance, the two other central actors in the training system are the Government Office and the Ministry of Interior. The Government Office
is in charge of the development of top civil servants. A variety of development activities have been launched for slightly less than one hundred top civil-service executives (e.g. specially designed training and development programs, individual coaching and mentoring, development of future leaders). Similarly to the central training program the development of top civil servants is to a substantial part funded by the European Social Fund: 85% of the total funding comes from the EU and 15% from the Estonian state budget.

Although by statute the Ministry of Interior is responsible for the development of the local governments, a systematic approach to local-level training is lacking, as there are no long-term strategies, no overview of the target groups and no central analyses of training needs on the local-government level (Sarapuu et al. 2011). The division of responsibilities between the Ministry of Finance and the Ministry of Interior in developing a training system for local governments is not defined.

4.3. The impact of cutbacks on civil-service training

Estonia was one of the first countries to be affected by the global financial crisis and among the most strongly affected ones (Staehr 2010; Peters et al. 2011; Raudla and Kattel 2011). The GDP fell by 3.7% and 14.3% in 2008 and 2009 respectively (Kattel and Raudla 2013). Shortly after the outbreak of the crisis, the Estonian government turned to consolidation measures, which were taken already in 2008 and continued in 2009, when cuts in the budget were made on two occasions (Peters et al. 2011). The government adopted across-the-board cutback strategies which delegated the right to decide on cutback measures (layoffs, wage reductions, abolition of fringe benefits or other measures) to single organizations (Raudla 2013). Government operational expenditure was the main source for cuts, as the cuts made were 7% in 2008, 7% in February 2009 and 8% in June 2009 (Jõgiste et al. 2012; Kattel and Raudla 2013). As a result, the Estonian public service saw reductions in workforce, and consequently in 2011 there were 8.8% less civil servants than before the crisis in 2008. Moreover, civil-service salaries were sliced back by 10-20% (Peters et al. 2011). A detailed description of the cutback-management impact on training budget, content and methods will be given below.

4.3.1 Civil-service training budget

Training activities in the Estonian civil service were financed from different resources: the central training budget administered by the Ministry of Finance (including EU structural funds), training budgets of ministries, agencies, local governments and foreign aid (funding from smaller international projects) (Sarapuu et al. 2011). Characteristically to a decentralized system, most civil-service training was financed from the budgets of individual institutions. In 2010, the total training costs in ministries, boards and inspectorates, constitutional institutions, county governments and local governments were about 5 million Euros, while the budget of the central training program was 332,000 Euros (Statistics of Ministry of Finance).

The central training budget was used for horizontal training activities. The budget was divided into two parts: one part for a central training program targeted at all
public servants and the other for the development of around 90 top civil servants. Since 2008, both sub-divisions were to a substantial part funded by the European Social Fund: 85% of the total funding came from the EU and 15% from the Estonian state budget, which made it possible to offer these training and development activities free of charge. As the budget of the central training program was funded by the European Social Fund and was already fixed for the period of 2010-2011 the cutbacks did not have an influence on the central training budget. Table 2 demonstrate that central training funds increased over the years.

Table 2: Funding of central training (in Euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>255,384</td>
</tr>
<tr>
<td>2007</td>
<td>165,017</td>
</tr>
<tr>
<td>2008</td>
<td>117,550</td>
</tr>
<tr>
<td>2009</td>
<td>703,027</td>
</tr>
<tr>
<td>2010</td>
<td>556,031</td>
</tr>
<tr>
<td>2011</td>
<td>819,000</td>
</tr>
</tbody>
</table>

Source: Statistics obtained from Ministry of Finance

The impact of cutback management was the hardest at the level of ministries, boards and inspectorates, constitutional institutions, county governments and local governments. During 2006-2008 the training costs increased consistently. A drastic fall in training costs in 2009 was directly influenced by the austerity measures. The training costs decreased by 60.6% in public-sector organizations. Besides applying across-the-board cuts the government decision to abolish the requirement to spend 2-4% of the annual payroll on training was made as a consequence of the worsening economic situation in 2009 and increased the discretion of organizations by allowing them to substantially cut training costs (Randma-Liiv et al. 2013). After the abolishment the act stipulated that funds for professional education and training for employees and civil servants of state authorities shall be prescribed in case of available budgetary resources. A slight growth in training costs was evident in 2010 and 2011. Growth was possible due to more active use of foreign aid. In local governments the training costs still decreased in 2010.
The impact of cutback management is also evident when looking at the share of training costs from the payroll in the period of 2006-2011 and the number of civil servants trained (see Figure 2 and Figure 3). Before the cutbacks in training budgets, the training costs constituted approximately 3% of the payroll. In 2009, the share of funds spent on training from the civil servants’ payroll decreased to its lowest level constituting approximately 1.4% of the payroll. A small growth in training costs took place in 2010 and 2011 (training costs constituted approximately 1.8% of the payroll).
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The number of civil servants who received training during 2006-2011 (Figure 3) is very expressive in describing the considerable drop in training opportunities. A drastic fall occurred in 2008 when the number of civil servants who participated in training dropped from 21,126 to 15,987 civil servants. In sum, statistics clearly demonstrates the drop in training budgets in the Estonian public sector. Due to the European Social Funds, the budget of central training did not change.

![Graph showing the number of civil servants participating in training activities during 2006-2011](image)

Source: Statistics obtained from Ministry of Finance

Figure 3: **The number of civil servants participating in training activities during 2006-2011**

4.3.2 Content of civil-service training programs

The Ministry of Finance addressed general civil-service training needs by administering the central training program targeted at all civil servants. The central training program was a basis for creating common practices, knowledge, skills and values across the civil service. For example, civil servants had horizontal training on civil-service core values and ethics, the Estonian language, policy-making skills, better provision of public services and human-resource-management skills. The Government Office offered various development activities to the top civil-service group on diverse subjects like innovation, leadership, strategic-management, policy-making, coordination, quality of public services etc.

Interestingly, the content of the central training program and the top civil-servants development program did not change during cutbacks. Program leaders did not introduce new topics to the curriculum, nor did they abolish planned training events. Although it has been discussed that crisis requires new competencies, new programs were not offered to the civil servants. One explanation for this is that the training programs were already confirmed for two-year periods\(^2\), and so it was complicated

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\(^2\) Top civil-servants training and development programs were approved for the periods of 2008-2009 and 2010-2011; the central training program was approved for the periods of 2008-2009 and 2010-2011.
to introduce changes to the curriculum, though not impossible. Secondly, changes occurred rapidly so program leaders could not respond accordingly to the emerging needs. Evaluating horizontal training needs is a long process lacking a systematic approach and resulting eventually in the discretion and competency of a limited number of personnel in State Administration and the Civil Service Department (see Sarapuu et al. 2011). Thirdly, the interviews revealed that civil servants themselves did not show an interest in special training which would support them to cope with the then on-going changes. The same applies to top civil servants who were busy with dealing with the cutbacks without paying attention to their own development in the same sphere. It can be concluded that training topics resulting from specific competencies required in times of crisis did not get attention during cutbacks. These training needs were nor evaluated or targeted due to the lack of resources and interest. But on a more positive note, as the central training was financed by the European Social Fund all planned training events took place even during cutbacks.

The impact of the cutbacks on the content of training is clearly visible on the organizational level. The decentralized nature of the training system and across-the-board cuts left a great discretion to organizations in choosing training content. Cutbacks in training budgets forced training managers to prioritize training programs. Interviewees said that their organizations tried to retain job-specific training to guarantee the functioning of an organization, and the cuts were made at the expense of general training and so-called “motivational events”. Interviewees also confirmed that in times of budget cuts, it was not possible to introduce new training topics because introducing a new topic requires a large amount of resources (time, money, and competencies).

Job-specific training was the most commonly used method already in 2006, but it peaked (57% of the total amount of training hours) in 2009. As a result general civil service-training decreased. Statistics show (see Figure 4) that training specific to an organization’s core function was followed by language courses, law courses, training on communication psychology and other training topics. The amount of language courses decreased during the period of 2006-2011 (approximately from 14% to 7%). There was a slight increase in law courses in 2007 (from 5% to 6%), yet a decrease in 2008 and 2009 (from 6% to 4%), and again a slight increase in 2010 and 2011 (6% in both years). From 2006-2008 communication-psychology courses constituted around 4% of the total amount of training hours. A drop occurred in 2009, when these courses formed around 2%. 2010 and 2011 witnessed a slight increase (3% and 4% respectively). In sum, as a reaction to the cutbacks in training budgets training managers prioritized training programs and chose to retain training specific to the core function of an organization in order to guarantee the functioning of an organization; the cuts were made at the expense of general training topics and motivational events. The Ministry of Finance and the Government Office continued providing general civil-service training as planned regarding the amount and the content.

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3 The statistics do not reflect training delivered from the central training budget.
4.3.3 Civil-service training methods

The Ministry of Finance collects data about in-house courses, outsourced group training, external training, self-development and E-learning. In-house courses are courses run by an employee from the organization; outsourced group training is offered by external expertise to staff from the same organization; external training is provided in a format of courses run by consultants or professional bodies for people from varying occupational backgrounds; E-learning is a learning activity which is supported by information and communication technologies; self-development is a learning activity in which the civil servant independently acquires knowledge and skills related to a specific purpose. In-house courses and E-learning are off-the-job training methods and delivered internally. Outsourced group training and external training are also off-the-job training methods with the difference that training is delivered by an external provider. Self-development takes place on the job and can be considered to be delivered internally.

Characteristically to a decentralized training system, the substance of Estonian civil-service training was almost entirely pending on what the training market could offer (Sarapuu et al. 2011). Outsourced group training bought in from the training market was the most frequently used training method from 2006 to 2008 (see Figure 5). The share of group training remained around 35% through these years. The second most often used method was external training, amounting to 34%. In-house courses formed about 22%. The share of self-development and E-learning remained modest.

The image of the most frequently used training methods changed substantially in 2009. The amount of in-house courses increased and became the most regularly used training method in the period of 2009–2011 (forming approximately 36%). The
amount of outsourced group training decreased (forming approximately 32% in 2009-2011) as did the amount of external training (forming approximately 24% in 2009-2011). These changes were directly influenced by the training-budget cuts. Together with focusing on organizations’ core function training managers sought ways to be more cost-effective. So, cutbacks in budgets brought along the preference for in-house courses in order to make use of the expertise in the organization and to save money. Internal experts had the advantage of knowing the policies, programs and culture of the organization concerned. Also, organizing in-house courses was cheaper compared to outsourced group training, which was accompanied with high transaction costs and did not always fulfill the needs of an organization. Offering in-house courses entailed problems with motivating employees who were not interested in offering training courses to others because they were occupied with their daily work. Offering in-house courses also raised the question of civil-service ethics and conflicts of interest. However, interviews revealed that in smaller organizations (like local governments) where civil servants have very different tasks, the in-house courses were not so relevant.

Although E-learning and self-development methods are believed to be cheap, standardized, cost-cutting and highly flexible modes of training, these methods were not preferred even before the cutbacks, and their frequency of use did not increase after the cutbacks, either. The frequency of self-development decreased already before the cutbacks, remaining between 3% and 5%. E-learning decreased from 2009 on and formed approximately 1% of the training methods in 2011. These tendencies refer to under-utilization of alternative training methods in civil service. It can be argued that it is costly and time-consuming to introduce new training methods in times of budget cuts.

Source: Statistics obtained from Ministry of Finance
Figure 5: Training methods used in 2006-2011 (% of total amount of training methods used)
5. Discussion

There are no comprehensive studies on the impact of cutback management on training in civil service. Crisis literature briefly mentions cutbacks in civil-service training budgets without thoroughly analyzing what impact cutbacks have on training content and methods. However, a certain amount of relevant studies conducted among private-sector companies demonstrate the impact of the reductions on training budget, content and methods. Most of the studies reveal that the training budget is often the first saving target which leads to prioritizing training content and choosing cost-effective training methods. The current study indicates several other interesting points which explain the Estonian case and complement the existing knowledge about training during the cutbacks.

Firstly, the Estonian case revealed that the public-sector response to crisis is similar to the private-sector reaction in the sense that in times of financial difficulties training budgets are cut. The budget cuts in public organizations are, of course, determined by various decisions made on the central level. Based on the Estonian case it is possible to point to two decisions made after the burst of the crisis which smoothed the way for drastic cuts in civil-service training budgets. First, the central government decided to impose across-the-board cuts so organizations were free to choose the targets of cutbacks in their institution. Second, the government decision to abolish the requirement to spend 2-4% of the annual payroll on training increased the discretion of organizations by allowing them to substantially cut training costs.

Secondly, the civil-service training system itself influences the cutbacks in training budgets. The decentralized training system put the biggest training obligation to the individual organizations. As is noted by Lucking (2003) the decentralized training-funding model is vulnerable in financially hard times. Across-the-board cuts together with the decentralized civil-service training system increase the discretion of organizations by allowing them to substantially cut training costs. The decision to cut the training budget derives from decision-makers’ attitudes towards training – for example from their belief that the benefits of training are doubtful. So, in the decentralized training system the impact of the cutback management on civil-service training is clearly visible at the organizational level. In the Estonian case the central training element remained unchanged. It was not due to the system but due to the source of the training funds, which leads to the third interesting finding.

Thirdly, closely linked to the previous argument, cuts in training budgets are influenced by the source of training funds. When the source of training funds is fixed, at least for some period, and is not the target of cuts (i.e. is not financed from the state budget), it is most probable that training activities will continue even in times of cutbacks. In the Estonian case, the central training program and the development of top civil servants were financed by the European Social Fund so the cutbacks did not have an effect on the central funding. Funding from the European Social Fund even increased over the past few years. As was already noted in the previous section, individual organizations carried the biggest burden of civil-service training. Interestingly, the cutback management points to the systematic problems of a training system. Although it has been a political decision to make use of EU funds as much as possible and external funding has undoubtedly been crucial in the provision
of central training activities and the development of top officials, especially during the crisis, a strong reliance on EU funding raises questions about the financial sustain-
ability of centrally provided training (Randma-Liiv et al. 2013). Furthermore, many public-sector organizations turned to external funding in order to provide training in organizations’ core function. These resources were definitely crucial for organizations, but it raises serious concerns about the sustainability of the training-funding scheme.

Fourthly, it appears that training specific to an organization’s core function is more or less recession-proof. When under pressure to prioritize training programs organizations choose to maintain job-specific training. Prioritizing training content is undoubtedly beneficial, making it possible to perform professionally, but at the same time the decline in general civil-service training undermines the accomplishment of civil-service training goals (motivating civil servants, retaining a high-quality and high-performing workforce, raising civil servants awareness of their role and responsibility, introducing shared values that contribute to cross-departmental cooperation and public-service ethics).

Finally, cutbacks make it necessary to reconsider the ways in which training is delivered. Cutbacks in training budgets bring along the preference for in-house courses. In-house courses have the advantage of internal expertise and are relatively cheap. Yet, at least in civil service, offering in-house courses intensifies the need for developing unified principles because in-house courses entail problems with motivation, ethics and conflict of interest. Another interesting finding is that in times of cutbacks organizations are reluctant to introduce new (or previously underexploited) methods. It can be argued that taking up new methods of training would require high investments in terms of design time and other resources (e.g. hardware and software in the case of E-learning). At the same time, cutback management points to many shortages from which organizations can learn (for example, the need to develop on-the-job and in-house course practices).

6. Conclusion

The aim of the paper was to describe and explain the Estonian case and to analyze its implications for the theory. The Estonian case was remarkable as it was one of the countries hit hardest by the global financial crisis and because rather than pursuing devaluation and counter-cyclical fiscal policies, the government decided to cut public spending. The paper at hand demonstrated that central-level decisions and the decentralized training system led to major cuts in training budgets. The extent of cutbacks is different on the central and organizational level, depending on the source of training funding. The study also revealed that public-sector organizations retain training specific to an organization’s core function and pay less attention to general civil-service training. They also obtain more cost-effective ways of delivering training.

It appears that cutbacks have positive and negative impacts on training. On the negative side, decreased training opportunities endanger the fulfilment of most of the training goals. On the positive side, cutbacks make it necessary to think about outcomes, priorities and saving costs. Furthermore, cutback management draws attention to many flaws in the system from which organizations can learn.
The current study opens up several avenues for further research. Firstly, as was demonstrated, the structure and sources of training funding are crucial elements of the civil-service training system – the decentralized nature of the training system leads to major cuts in training budgets. Still it would be useful to study cutback management’s impact on the centralized civil-service training system. Secondly, it is known that crises provide the opportunity for adopting longer-term solutions and for undertaking reforms. Therefore, as the cutback management points to many systematic flaws in the training system, it would also be interesting to observe what kind of reforms, if any, cutbacks will initiate. This case study demonstrated that the decentralized training-funding model is vulnerable in financially hard times, so one could assume more centralization in the system.

ACKNOWLEDGMENTS

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Appendix

Article IV

Between Continuity and Change: The Analysis of the Estonian Civil-Service Training System

TIINA RANDMA-LIIV, MERILIN METSMA, KÜLLI SARAPUU

1. Introduction

The public sector worldwide has been under pressure to improve its performance in pursuit of more efficiency and effectiveness, and in order to revive the citizens’ trust in public institutions. The quest for a well-performing public sector and, more broadly, for good governance has brought the competence and development of civil servants to the center of attention by politicians, public-service leaders and academics. Modern governments depend to a great extent on the work of national civil services and their employees (Demmke and Moilanen 2010, 1). Civil service is believed to be one of the most important institutions securing democratic public governance, contributing to administrative capacity, supporting economic development and securing states’ competitiveness (Verheijen 1999; Dimitrova 2002; Meyer-Sahling 2011; Peters et al. 2011). The role of civil service as a separate institution is to attract and retain a high-quality and high-performance workforce, to establish a foundation for cooperation between government institutions and to ensure professional continuity in public administration. Also, civil service secures common and shared values among state organizations. Civil-service training has a vital role to play in meeting these objectives. The development of a new generation of professional and democratically-minded civil servants has been especially relevant in the context of the Central and Eastern European (CEE) transition to democracy that has demanded the formation of competent and meritocratic civil services able to support democratic policy-making and implementation. The development of modern civil services has presumed, among other things, the establishment of effective systems for defining and addressing the training needs.

A number of researchers (e.g. Goetz 2001; Verheijen 1998; Meyer-Sahling 2009, 2011; Zubek and Goetz 2010; Bouckaert et al. 2010) have already considered various aspects of public-management reforms in new CEE democracies. Yet, the civil-service – and more particularly, civil-service-training – component of these reform attempts has not received sufficient academic attention so far. On the one hand, there are a few studies that look upon general civil-service developments in CEE (Verheijen 1999; Randma 2002; Bossaert and Demmke 2003; Meyer-Sahling 2011; Randma-Liiv and Järvall 2011) without going in depth into analyzing civil-service training. On the other hand, another group of existing studies
(OECD 1997a; OECD 1997b; Lucking 2003; Bossaert 2008; Lavtar 2008; ReSPA 2008; Vukovic et al. 2008) focus on civil-service training with particular emphasis on training needs and the substance of training programs. None of the existing studies has paid close attention to the evolvement, design and actual functioning of civil-service training systems in the context of post-communist transition. The paper at hand proposes to make up for that deficit.

The focus of this paper is on the Estonian civil-service training system: its structure, evolvement and functioning. The aim is not to investigate civil-service training needs, but to analyze the system that addresses those needs. The following research questions are posed:

- How has the Estonian civil-service training system evolved?
- What are the strengths and weaknesses of the Estonian civil-service training system?
- What lessons can be learnt for the development of decentralized civil-service systems?

The paper starts with a theoretical overview, which sheds light on the role of training in a civil-service system. This is followed by the presentation of an in-depth case study of the evolvement of the Estonian civil-service training system, stretching from Estonia’s regaining of independence in 1991 to 2012, an analysis of the present system, an analytical discussion and lessons learnt. Empirical evidence is drawn from the analysis of various public documents, interviews and the findings of a research project commissioned by the Estonian Ministry of Finance “The Analysis of Civil Service Training System and Development Needs of Estonia”, conducted by the authors of this paper in 2011.

2. The role of training in civil-service systems

Civil-service training reflects challenges that a particular country is facing as well as the developmental stage of and current prevailing trends in its public administration (Schlavo-Campo and Sundaram 2001; Bossaert 2008). The role of training can be divided into three levels: the individual level, the positional/organizational level and the level of civil service as a whole. On the individual level, training is part of the motivation system (Bossaert 2008) as it provides civil servants with opportunities to move to new positions and develop their careers through developing their skills and competencies. Good training and development opportunities may thus increase the attractiveness of civil-service careers. On the positional/organizational level, training is related to the implementation of tasks and focuses on developing skills and competencies in order to fulfill objectives of the organization. The performance of organizations and their ability to implement policies depends by and large on the qualities of their members and on the organizations’ ability to learn and adapt. Training on the organizational level is highly important in transition countries as they are going through organizational changes, e.g. establishment of new management systems, structural changes or implementation of new laws (ReSPA 2008; Chlivistkas 2010, 361). All these changes require new skills and competencies in order to prepare and implement them successfully.

This study addresses the system level – the entire national civil-service system as a separate institution which has several functions and where training has a crucial role supporting the implementation of these functions (Van der Meer 2011, 3). First, civil service can be seen as a personnel-management system. In this regard, the main role of the civil service is to attract and retain a high-quality and high-performing workforce (Järvelt and Randma-Liiv 2010). For newly democratic countries, competent civil service is very important as countries in immediate post-communist transition face many specific challenges (e.g. building up democratic institutions, preparing and implementing a great amount of new laws and policies, supporting the development of democratic values). Regime change creates a situation where both “old” and “new” civil servants require fundamental (re)training in order to adapt to the new roles and requirements set forth to civil servants in democratic societies (Randma-Liiv and Connaughton 2005). Besides the communist legacy, most CEE civil services have been affected by the EU accession in the late 1990s and early 2000s. Joining the EU called for higher professionalism in every policy field as the EU made the establishment of a professional civil service a “soft” requirement for the EU membership and assumed new EU-related competencies from civil servants (Meyer-Sahling 2009). Finally, the main challenges following the EU accession were related to increasing professionalism in order to influence the decisions of the EU, as well as to making the decision-making processes more transparent, trustworthy and knowledge-based.

Second, civil service can function as a mechanism of accountability and control. From this perspective, civil service describes the basis of accountability of civil servants and contributes to the differentiation between political and administrative spheres by drawing the line between public positions with different principles of access. Furthermore, civil service ensures preventing the misuse of power and helps to secure the legal and transparent use of public resources. This function of civil service helps public officials to acknowledge their role and responsibility. Such an acknowledgement has been of critical importance in the post-communist countries of CEE with their need to reorient from single-party rule and serving political elite to democratic governing and serving the public. Train-
ing is a particularly valuable mechanism to raise civil servants’ awareness of their role and responsibility in a democratic public administration and to contribute to the development of public-service ethics (Chlivickas et al. 2002; Randma-Liiv and Connaughton 2005; Bossaert 2008; Trendafilova 2008). Last, and certainly not least, civil service can be seen as a system of symbols and values. Training is an instrument for the development of shared values and knowledge in the civil service, which form a basis for coherent policy-making and analysis (Bossaert 2008). The development of a common knowledge and value base throughout the civil service is likely to create a solid foundation for coordination and cooperation between different institutions and also ensure a similar development stage and management principles throughout the executive (Peters 1998). Shared values provide a basis on which to give practical ethical judgments since many civil-service daily operations are related to decisions which are value-based, and every civil-service system involves conflicting values (e.g., flexibility vs. stability, economy vs. professionalism, merit vs. representativeness). Therefore, civil service functions as a creator and maintainer of a unified identity throughout the executive, which is transferred and cemented through the training process. Whereas in “old democracies”, public-service training traditionally revolves around skills and competencies, training efforts in CEE countries are expected – in addition to skill development – to specifically focus on the role and values of the public service, because in spite of the fact that two decades have elapsed since the beginning of democratic reforms in CEE, democratic values cannot be taken for granted yet (Randma-Liiv and Järvalt 2011).

Training objectives can be achieved through a well-designed and functioning training system. However, several authors researching the CEE states have reached the conclusion that existing training systems are poorly developed and even impede the progress in public administration (see e.g. World Bank 2006; Chlivickas 2008; Meyer-Sahling 2009). Specific characteristics of civil-service training systems require a closer look in order to develop a framework for identifying system flaws and pinpointing critical factors for success.

The analysis of civil-service training systems can be operationalized by looking, first, at the relevant institutions (actors). Training in civil service is usually administered and/or organized by several institutions. For example, countries differ with regard to the presence and importance given to the central coordinating institutions responsible for training, and the role that central civil-service training centers play in the entire system (see e.g. Bossaert et al. 2001; Lucking 2003; OECD 2008; Meyer-Sahling 2009). Funding of civil-service training is another important component of a training system as different funding models operationalize roles and relationships of various actors. Funding is a fundamental characteristic that affects both the quantity and the quality of civil-service training. In general, funding schemes can be divided into two: centralized and decentralized models (Lucking 2003, 10; Dujić et al. 2006). In case of a centralized model, funds are allocated from a state budget to a central civil-service coordinator or a central training institution. In a decentralized funding model, funds are allocated to individual ministries and agencies which administer the funds for training. Governments, however, tend to increasingly mix different civil-service systems and funding models (Lucking 2003) in order to compensate weaknesses of “pure” models.

In usual Western practice, civil-service training systems have evolved over a long time and have been substantially affected by path dependency in both institutional setup and funding. The Estonian case study below will demonstrate how a civil-service training system has been developed from scratch in a newly independent country with a de-institutionalized administrative system and the freedom to choose different paths of development.

3. Estonian public administration and civil service

Estonia is a small parliamentary democracy with an area of 45,227 km² and a population of 1.29 million. The formal Head of State, the President, mainly has a representative and ceremonial role. Estonia regained independence from the Soviet Union in August 1991. Since then, the Estonian state has gone through major economic and administrative reforms. The radical shift of political regime from communism to democracy necessitated changes in the institutional structure of the state. As Estonia inherited an institutionally fragmented administrative system with a high number of relatively autonomous individual organizations, the general trend of reforms over the two decades has been toward aggregating the system and establishing mechanisms for steering, control and cooperation (Sarapuu 2011).

The executive power rests with the government. A central trait of the Estonian administrative system is its reliance on ministerial responsibility. Although eleven ministries is a small number, they form strong administrative actors that have considerable leverage over the issues belonging to their areas of governance. Such a decentralized system has effectively reproduced itself and has been reluctant in committing coordinating powers to some central units. Horizontal coordination mechanisms that have been built into the system (e.g., consultation of draft regulations, management of EU affairs) are mostly based on network-type cooperation (Bouckaert et al. 2010) and in that way reinforce the central role of ministries in deciding over the policies falling to their areas of
governance. The central coordinating units in the system such as the Government Office and the Ministry of Finance are equipped with restricted coordinating powers and, in addition, often constrained by limited resources. Since the late 2000s, the increasing demand for better horizontal integration of policy sectors and for a whole-of-government approach has been acknowledged by the government (Sarapuu 2011).

As of 31 December 2010, there were 28,340 public servants in Estonia (Rahandusministeerium 2011), forming 5% of the total work-force of the country (Statistics Estonia). The Estonian public service involves both the civil service (central government) and local-government service. Only the core of the public administration (ministries, government organizations and county governments) is covered by the open, position-based civil-service system established in 1995 by the Public Service Act. In the rest of the agencies, people work under the general labor law. A few branches within the civil service are career-based and are regulated by special statutes: foreign service, police service, border guard, the court system and a few institutions within the administrative area of the Ministry of Defence. In June 2012, the new Public Service Act was passed in parliament, which restricts the 1995 institutionally-based definition of the civil service even more and re-orientates the system toward differentiating officials who are engaged in executing the public power and employees who do not have this function. The goal has been to reduce the number of civil servants. In other respects, the reform further endorses the open and decentralized nature of the Estonian civil service and aims to abolish the perceived “disparities” that there are between the civil service and private-sector employment (e.g. in redundancy benefits). The implementation of the law is expected in 2013.

The organization of people management in the civil service follows the generally decentralized setup of the government. Every ministry and executive agency is responsible for the recruitment, probationary periods, training, performance appraisal, promotion, setting of pay levels and organization of the work of its officials. Ministries and executive agencies are guided by the legal framework and centrally set advisory guidelines. Minor exceptions concern top officials. The recruitment of around 100 top civil servants is partly centralized as the central Competition and Evaluation Committee of Higher State Public Servants screens candidates and suggests the shortlisted applicants for the final selection to the relevant minister or to the Secretary General. Therefore, the final selection of top civil servants is left to the individual institutions. This scheme does not cover the Secretary Generals of the ministries who are appointed by the Cabinet.

There is no institution at the central government level with single powers to develop the government’s human-resource policy, as the management of the civil service is fragmented among several institutions (Meyer-Sahling 2009, 21; OECD 2011, 25). There are a few government institutions which have specific coordinating responsibilities:

- The Government Office (formerly called State Chancellery) is responsible for the recruitment, selection and development system of civil-service top executives;

- The Ministry of Finance is responsible for the general development of public administration, the development of personnel and training policy, the development of remuneration policy in the civil service, the planning and implementation of civil-service training and development, the promotion of quality development in the civil service, the development of the strategic planning system for the central government, the reform of budgetary procedures and financial management;

- The Ministry of Justice is responsible for general public-law development, including civil-service legislation;

- The Ministry of Interior is in charge of the development of regional and local administration.

Previous studies have indicated that the current Estonian institutional framework does not guarantee the fulfillment of the functions that a central civil-service coordinator is expected to perform (Meyer-Sahling 2009; Järvalt and Randma-Liiv 2010). Although in 2010, the Ministry of Finance was designated as the responsible institution for civil-service policy, its coordination activities have been limited in most cases to technical functions without strategic involvement in policy design. By 2012, there is neither a horizontal civil-service strategy nor a clear and targeted top-down steering of the development of the civil service. No single institution at the central government level has the power and the necessary resources to develop and implement the central government-wide civil-service policy. The analysis below will take a closer look at the development and functioning of the Estonian civil-service training system.

4. The Estonian civil-service training system

4.1 Evolvement of a decentralized training system in the 1990s

The Estonian civil-service training system has evolved over the past 20 years. The 1990s can be described as a period of institution-building and an introduction of modern personnel policies in the public service. Among other things, the im-
mediate post-communist transition in Estonia caused high turnover in the public service. Changes in personnel were especially marked in 1992–1993, when 37% of public servants were replaced (Drechsler 2003). By 2000, the proportion of Estonian public servants who had worked in the public service for less than 10 years reached 76% (Rügikantselei 2001). This clearly indicated the need for comprehensive civil-service training.

Training efforts in CEE countries after the collapse of communist regimes have been generally characterized by a frantic process of institution-building with uncoordinated and overlapping programs (OECD 1997a, 21). This is also true for Estonia. In 1992, the State Chancellery’s Training Centre was established, and its activities were directed by a Training Council located at the State Chancellery. In 1994, the Estonian Institute of Public Administration (EIPA) was created in the area of administration of the State Chancellery. EIPA was responsible for offering training, conducting research in the field of public administration and preparing study materials for civil servants. These training materials are still freely available and in use. So, EIPA had the responsibilities of a central civil-service training and competence center and was largely funded by the State Chancellery. Therefore, the early years of transition were characterized by a number of central initiatives with regard to the civil-service training.

After the adoption of the Public Service Act in 1995, the coordination and steering of civil-service training formally became the responsibility of the State Chancellery. In 1996, the Department of Public Service and Human Resources was created at the State Chancellery. The Department had the responsibility for coordinating civil-service human-resource management (personnel appraisal, training and the reserve list). Yet, the responsibility for civil-service pay and grading stayed with the Ministry of Finance. Previous analysis has hypothesized that the performance of the civil service could have been enhanced by giving the State Chancellery a mandate to develop all civil-service human-resource issues, including pay and grading (Nunberg 2000, 179). Furthermore, the State Chancellery lacked the essential power to prepare and draft the Public Service Act as well as to prepare secondary legislation, as these tasks rested with the Ministry of Justice. The State Chancellery largely had a consulting role (Meyer-Sahling 2009). Consequently, the institutional setup of the training system was fragmented between different units, and the civil-service training system lacked clear responsibilities and efficient coordination instruments.

In parallel with the adoption of the Public Service Act, the Government of the Republic Act was passed in 1995. This endorsed a highly decentralized institutional setup of the Estonian executive with very limited opportunities for institutionalized central coordination. The consequence for the civil-service training system was the increasing responsibility of individual public-sector organizations for the training and development of their officials. The central funding of the EIPA was gradually diminished in the second half of the 1990s and increasingly, a lion share of civil-service training costs was carried by various central and local government institutions.

In 2001, the Cabinet approved “The Principles of a Training System for Public Servants”. These Principles had a bearing effect on the system as they provided a framework and guidelines for organizing the training of officials (The Principles of a Training System for Public Servants 2001):

- “The organization and coordination of training of officials is carried out at different levels (public service as a whole, ministry with its governing area, individual public-sector organizations, officials). For each level, there is a responsible agency, unit or person nominated”;
- “A part of the training of officials is conducted centrally. Central training is provided in issues that have high priority for the public service as a whole and which require uniform understanding, know-how and principles of action to be adopted and implemented in different organizations. The need for central training is closely related to the preparation and introduction of major changes to the public service (i.e. accession to the EU, budget reform, etc.)”;
- “The organization and financing of training is mostly delegated to the organizational level.”

These principles operationalized a decentralized setup of a training system. Every institution was responsible for the development of its staff since every ministry and executive agency had its own training budget and was free to choose where to buy in training activities (Tönnisson and Paabusk 2005).

### 4.2 Development of central instruments within the decentralized system in the 2000s

Further developments in the 2000s have indicated that a fully decentralized setup of civil-service training requires coordinating mechanisms in order to steer the entire civil-service training system. This has led to the reforms related to the central training institution, the central training coordinator and the development of top civil servants.

In 2002, the Centre of Continuing Studies was established at the Estonian Academy of Security Sciences under the Estonian Ministry of Interior. In 2003, EIPA was reorganized, and the Centre for Public Service Training and Development
the Ministry of Interior continued to be responsible for the development of the local governments and the Ministry of Justice stayed in charge of civil-service legislation. Accordingly, the Estonian civil-service training system continues to operate as a network with many actors, where the training and development decisions concerning civil servants are taken at different levels and institutions.

The Ministry of Finance as the central coordinating body has the most important role in holding the civil-service training system together and steering its development. The Ministry of Finance is expected to use the following instruments for central coordination:

- **Planning and implementation of central training activities.** The Ministry of Finance administers the central training program by contracting out to the external providers specific horizontal training activities. The central training program can be seen as a basis for creating common practices, knowledge, skills and values across the civil service. For example, civil servants have had horizontal training on civil-service values and ethics, Estonian language, policy-making skills and human-resource management skills (Program “Central Training 2010–2011”). However, the impact of the central training program is rather moderate due to very limited funding, which allows reaching only a small share of the target groups. There are very few teaching materials produced to support the aims of the central training program;

- **Cooperation with training managers in public-sector organizations.** The Ministry of Finance cooperates with the networks of public personnel and training managers. The latter provides a valuable communication mechanism for the public-service training managers. The participating training managers have gotten to know each other through joint activities which have facilitated the sharing of training information and best practices. It has also served as a communication channel between individual public organizations and the Ministry of Finance. However, participation in the network is voluntary, and therefore not all training managers participate in the network activities, which makes its impact rather uneven;

- **Gathering, analyzing and circulating relevant information.** The Ministry of Finance gathers general statistics about training activities in individual public-sector organizations. However, the analysis of training needs and the effectiveness in the civil service as a whole has been rather modest and irregular due to limited resources;

- **Design and steering of common policies and principles.** However, as of 2012, there is neither a horizontal civil-service strategy nor clear and targeted top-down steering of the development of the civil service. As there is also no common
training strategy in civil service, this (potential) instrument is largely un-
employed by the Ministry of Finance. The coordination instruments used by
the Ministry of Finance have been in many cases limited to technical functions
without strategic involvement in policy design.

These central coordination instruments are administered by three persons in the
Public Administration and Public Service Department at the Ministry of Finance,
which is a clear indication of the lack of resources and which limits the coordina-
tion ability of the Ministry. In sum, the central coordinator is institutionalized,
but it lacks both a legal mandate and financial and human resources to effectively
fulfill its coordinator’s role.

ATAK, under the jurisdiction of the Ministry of Interior, should fulfill the role
of a central training institution. Its aim is to provide comprehensive continuing
education throughout the civil service. According to the formal rules, the Minis-
try of Finance should steer ATAK by heading the Council of ATAK, but in prac-
tice, this has not been accomplished, and the central coordinator and the central
training institution have hardly any formal linkages. Although ATAK offers a
considerable amount of training to civil servants, it does not fulfill several other
roles foreseen by its statute (e.g. building in-house public-service-specific com-
petencies, conducting applied research, assessing civil-service training needs,
preparing training materials, training of trainers, cooperation with universities).
The SIGMA report on Estonia’s public service stated that ATAK has not been ac-
tive in consultancy work or research and methodological work necessary for the
training of officials (Cardona and Meyer-Sahling 2007, 50). These deficiencies are
partly related to the lack of a fixed budget as ATAK has to cover all its costs from
its own income. This makes it a similar training provider to other external actors
in the training market.

The general civil-service training market has shown constant development since
the late 1990s. As public organizations came to be in charge of a substantial part
of the training budget, they were free to choose training providers. In 2001, over
200 training providers offering various training activities for public servants were
mentioned in the State Chancellery statistics (Riigikantselje 2002). In 2004, 410
training providers were listed (Riigikantselje 2005). According to a survey car-
ried out by the State Chancellery (Riigikantselje 2010a), there were 354 different
public, private and third-sector training institutions providing training courses
for public servants in 2009. In sum, external training providers have a very im-
portant role to play in the Estonian civil-service training system.

4.3 Funding

Civil-service training activities are financed from three main resources: the cen-
tral budget administered by the Ministry of Finance (including EU struc-
tural funds), training budgets of ministries and agencies, and foreign aid (fin-
ancing from smaller international projects). Characteristically to a decentralized
system, most civil-service training is financed from institutions’ own budgets.
For example, in 2010, total training costs in ministries and agencies were about 5
million Euros while the budget of the central training program was 332,000 Euros
(Ministry of Finance).

The central training budget is divided into two parts: first, for a central train-
ing program targeted to all public servants, and second, for the development
of top civil servants. Both sub-divisions are to a substantial part funded by the
European Social Fund: 85% of the total funding comes from the EU and 15% from
the Estonian state budget. Table 1 shows that funds allocated for the central
training program and the development of the top civil servants have grown over
the years. It is also evident that the development of about 100 top civil servants
has been seen as a clear priority compared to the central training of over 28,000
public servants.

<table>
<thead>
<tr>
<th>Year</th>
<th>Top civil-servants development</th>
<th>Central training program</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>51,307</td>
<td>250,247</td>
</tr>
<tr>
<td>2007</td>
<td>51,307</td>
<td>113,710</td>
</tr>
<tr>
<td>2008</td>
<td>65,374</td>
<td>52,176</td>
</tr>
<tr>
<td>2009</td>
<td>191,734</td>
<td>511,293</td>
</tr>
<tr>
<td>2010</td>
<td>223,690</td>
<td>332,341</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance

The Public Administration and Public Service Department at the Ministry of Fin-
cance carries additional costs to support networking among training and person-
nel managers. This budget includes costs for regular seminars and developmen-
tal events. In 2011, the budget for these activities was 14,030 Euros. Comparing
these figures to the EU funds and the small number of people working on the
training issues in the Department provides evidence that the central coordinator

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1 The costs were low because the program was approved for the first time in November 2008. As a
result, the main costs of the period 2008–2009 arose in 2009.
is overwhelmingly occupied with the administration of the EU Social Funds and has limited possibilities to focus on the general policy design and steering.

As the development of top civil servants and the central training program are so generously financed by the European Social Fund, the recent financial crisis did not have much effect on the central funding of civil-service training. However, the impact of the financial crisis on training budgets is clearly visible at the level of individual public-sector organizations (ministries, boards and inspectorates, country governments, local governments and constitutional institutions). From 1999 up to 1 July 2009, the Adult Education Act stipulated that 2–4% of the annual payroll of each central government organization should be spent on training. As a consequence of the worsening economic situation, this requirement was abolished. This has increased the discretion of individual public organizations by allowing them to substantially cut training costs. Figure 1 illustrates training costs made by ministries, boards and inspectorates, local governments, county governments and constitutional institutions during 2006–2010.

![Figure 1](image)

**Training costs 2006–2010 (in Euros)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Board and Inspectorate</th>
<th>Local Gov</th>
<th>Ministry</th>
<th>County Gov</th>
<th>Constitutional Inst</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4797575</td>
<td>1045452</td>
<td>1147963</td>
<td>149375</td>
<td>332464</td>
</tr>
<tr>
<td>2007</td>
<td>5703078</td>
<td>1328178</td>
<td>1113062</td>
<td>135195</td>
<td>499988</td>
</tr>
<tr>
<td>2008</td>
<td>7857967</td>
<td>1831824</td>
<td>1291701</td>
<td>114329</td>
<td>534234</td>
</tr>
<tr>
<td>2009</td>
<td>2756660</td>
<td>840324</td>
<td>658719</td>
<td>49068</td>
<td>196191</td>
</tr>
<tr>
<td>2010</td>
<td>3139854</td>
<td>653380</td>
<td>839572</td>
<td>83600</td>
<td>290181</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance

During 2006–2008, the training costs increased consistently. A drastic fall in training costs took place in 2009, directly influenced by the austerity measures. A slight growth in training costs is evident in 2010 although in local governments, the training costs kept decreasing in 2010, as well.

## 5. Discussion

The Estonian civil-service training system has gone through dynamic development over the past 20 years, which allows it to explore critical factors that influence the setup and functioning of the system as well as to pinpoint its strengths and weaknesses (which are sometimes two sides of the same coin).

The most important actor in the Estonian civil-service training system appears to be the Ministry of Finance as the central coordinator of civil-service human-resource management. As the civil-service training system is decentralized and the organization of civil-service training is carried out at different levels – public service as a whole, ministries with their governing areas, individual public-sector organizations, civil servants – centralized coordination instruments are expected to guarantee an effective functioning and steering of the entire system. However, the absence of a central training (or HRM) strategy hinders a systematic approach to civil-service training. There are no long-term goals when it comes to the development and training of civil servants. This has contributed to a correct external assessment that Estonia has not one but many civil-service systems as each ministry has developed its own approach to personnel management (Meyer-Sahling 2009). This has resulted in a wide variety of training and development policies and practices across the public service which are likely to lead to very different professional knowledge, skills and values of public servants.

The Estonian civil-service training system is characterized by specific emphasis and considerable resources spent on the development of top civil-service executives. The aim of these activities has been declared as supporting the development of competent top executives who contribute to achieving the strategic goals of the state and who are critical in fostering the whole-of-government approach. It is yet to be seen whether the development of top civil servants will help to counterbalance the fragmentation of the central government. It can already be said that institutional changes in 2010 reduced the problem of fragmentation only to a limited extent. Firstly, because the coordination of public-service policy is still shared by the ministries of Finance, Justice and Interior. Secondly, the coordination of civil-service training is distributed between the Ministry of Finance and the Government Office. Cooperation between the Ministry of Finance and the Government Office is neither regular nor systematic. The existing setup reflects the fragmentation of the Estonian executive and has not contributed to the development of a coherent approach to the development of the civil service as a whole.

Another factor that illustrates the fragmentation of the Estonian executive is related to the central training institution ATAK. It belongs to the governing area.
of the Ministry of Interior, which means that the Ministry of Finance as a central training coordinator has very limited opportunities to effectively steer ATAK, and the Ministry of Interior does not have proper instruments to hold ATAK accountable for civil-service training. ATAK has not turned into an active partner for the Ministry of Finance. Although the formal goals of ATAK correspond to traditional roles of a central training institution (building in-house capacity specific to public service, providing the public service with analysis, etc.), the confusing governing scheme, together with a missing fixed budget, positions ATAK like any private-sector firm in the training market and makes it dysfunctional as a central training institution. This, in turn, puts a heavy operational burden on the central coordinator, who, instead of steering general civil-service policy, has to administer centrally provided training activities.

The substance of Estonian civil-service training is almost entirely pending on what the training market can offer. One can argue that more than 300 training providers for a population of 1.29 million is a lot. On the one hand, a higher-education system of a small country cannot offer the specialized degrees for all professionals that the public service needs. This has to be compensated by in-service training. On the other hand, there is no critical mass of people who request specialized training activities, which often means that specific and advanced courses are unavailable. Lack of demand, in turn, means that training providers do not have enough incentives for building their own (public-service specific) capacities, which leads to the shortage of professional trainers. Consequently, most of the training providers provide similar (rather basic-level) courses based on private-sector specificity, which may not be suitable to the civil service. In a training market with so many external private-sector training providers, it is difficult to control the quality of training, and transaction costs for ministries and agencies are high, increasing the likelihood of market failure. This speaks further for the need of a central civil-service training institution, which could be especially relevant for small countries when considering the limitations of a training market.

External funding from the European Social Fund has been crucial in the provision of central training activities and the development of top officials. The availability of the EU structural funds has substantially facilitated the role that central coordinator(s) fulfill. However, a strong reliance on EU funding raises questions about the financial sustainability. 85% of the central training budget has been financed by the EU structural funds, which will end in 2013. The EU funding has created a temporary “oasis”, which may need to substantially shrink once it ends. The current funding scheme refers to a temporary arrangement and raises questions about the sustainability of centrally provided training. Moreover, substantial dependence on the EU funding mixes the accompanying accountability

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unified training policies and principles</td>
<td>Central coordination of civil-service training is administered by the Ministry of Finance together with coordinating general public-service development, performance appraisal and pay</td>
<td>Absence of common training strategy in the civil service; a wide variety of training practices developed by individual organizations</td>
</tr>
<tr>
<td>Central coordination</td>
<td>Central training program</td>
<td>Central coordination of public service is fragmented between the Ministry of Finance, Government Office, Ministry of Justice and Ministry of Interior; limited human and financial resources at the Ministry of Finance</td>
</tr>
<tr>
<td>Central training program</td>
<td>The Ministry of Finance administers horizontal training activities organized centrally for public servants for the dissemination of common knowledge, skills and values</td>
<td>Not sustainable because it is almost entirely (85%) based on the EU structural funds</td>
</tr>
<tr>
<td>Gathering, analyzing and circulating training information</td>
<td>The Ministry of Finance gathers training information and disseminates it through publications, seminars and information days</td>
<td>There are insufficient central resources to systematically evaluate training needs and effectiveness of training activities</td>
</tr>
<tr>
<td>The network of public training managers</td>
<td>Provides for informal networking opportunity among training managers in the public sector; supports the dissemination of best practices</td>
<td>Voluntary network which does not involve all training managers and thus leads to uneven information sharing and development; no formal power of the network for influencing central training policies</td>
</tr>
<tr>
<td>Top civil servants</td>
<td>The Government Office is in charge of the development of top civil-service executives (about 90 persons) based on a common competency model; training activities are generously financed from the EU funds</td>
<td>Funding is not sustainable; voluntary participation of top executives leading to limited participation; imperfect coordination with the Ministry of Finance and individual public-sector organizations</td>
</tr>
<tr>
<td>Central training institution ATAK</td>
<td>Status of a central civil-service training institution</td>
<td>Poor instruments of the Ministry of Finance to steer its activities; absence of a fixed budget; no specific in-house competence; operates like any other actor on the training market</td>
</tr>
<tr>
<td>Training market</td>
<td>Market competition for training provision; cooperation between various actors of the training market</td>
<td>Training market is fragmented with many training providers (354 in 2009); difficult to assess the quality of trainers; high transaction costs in buying-in training</td>
</tr>
</tbody>
</table>
framework on the part of the Ministry of Finance with the Government Office. The accountability to funders has been given a prominent role while the accountability to the target group, political leaders and citizens has not been systematically addressed.

Based on the discussion above, Table 2 attempts to summarize the strengths and weaknesses of the Estonian civil-service training system.

6. Conclusions

Two decades after the fall of the Communist regime, civil-service training in Estonia still struggles with weak strategic planning, institutional fragmentation, unsustainable funding and insufficient coordination. Despite conceptual weaknesses, several lessons can also be learned from the Estonian experience. These lessons can be especially useful, a) for other CEE countries which have faced similar challenges in institution-building and upgrading of civil servants’ competencies, b) for other small states which, like Estonia, need to address specific challenges related to smallness (e.g., limitations of the education system and training market), and finally, c) for other countries with a decentralized setup of central government and with open position-based civil service.

The first lesson concerns the strategic approach to civil-service training. Above all, civil-service human-resource management should be based on a central human-resource strategy (Järval and Randma-Liiv 2010, 20). The training system should be a part of a systematic public-service HRM, and training objectives should stem from the needs of a civil-service system. The presence of a broad strategy is especially important in decentralized systems so that individual public-sector organizations would have a solid “backbone” on which to build their organizational programs and activities.

Secondly, high levels of decentralization coupled with absent strategic planning on the state level and poor coordination are likely to lead to ad hoc practices and varying training levels and contents in different public-sector organizations. In order to compensate for such weaknesses of a decentralized training system, there is a need for elaborate coordination at the center of government. A clear division of roles, responsibilities and instruments between various actors in the training system helps to avoid overlapping functions and duplication of duties. Coordination at the center of government can be more efficient if it is located in one (central) organization – otherwise a number of coordinators may face difficulties with coordinating central roles between themselves instead of taking care of the entire system. The Estonian case study shows that the formal institution-

alization of a central coordinator is not enough – it needs to have a clear mandate for steering backed with necessary human and financial resources.

Thirdly, the market alone is not enough for an effective provision of civil-service training. This is particularly relevant for CEE countries as well as for small states, which are more likely to face market failures due to underdeveloped training markets with limited provision of training activities. Although practices of various countries justify the need for a central training institution in centralized systems, the analysis of the Estonian experience indicates the need for a functioning central training institution for a decentralized system. A central training institution should be “at arm’s length” from the civil-service central coordinator and offer specific training activities (mostly those which are not available in the training market), develop training materials, analyze civil-service training needs and effectiveness, as well as building and offering specific competencies relevant for the civil service.

Fourthly, even a decentralized training system needs central funding in some of its parts and central implementation of training activities. Specific training needs exist (e.g., related to facilitating major reforms or implementing new legislation) that are better addressed centrally to ensure a unified approach across the civil service. Moreover, common training contributes to the development of common values and enables the sharing of best practices. The central training institution should (at least partially) be financed by central funding in order to develop specific competencies and not be purely based on business income. Funds allocated from the state budget guarantee financial sustainability and continuation of civil-service training activities in times of financial crisis. Additional funding sources (e.g., the EU structural funds, foreign aid) are only temporary arrangements which need to be replaced in a longer perspective in order to guarantee sustainability. The best use of such one-off funds would be to use them for the development of a training system (e.g., for building up a central civil-service training and competence center), rather than spending them on regular training activities.

Finally, investments in top civil servants’ development are vital. A civil-service training system should involve programs for top officials as they play a substantial role in initiating and maintaining changes. The importance of top executives, their competencies and cooperation is crucial in any country, but particularly so in new democracies, which need to build and guarantee fundamentally new practices in public administration.
Acknowledgements

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Public Administration in Georgia: Twenty Years of Development

MALKHAZ MIKELADZE

In many respects, Georgia is a country at the crossroads of East and West, North and South, and its way ahead combines examples of both problems and success stories of great relevance for the whole Eastern European region. Georgia went through different cycles of challenges and problems: it has seen wars and conflicts, poverty and shortages, fear of the future and nostalgic feelings about the past. But thanks to the young Georgians, we were able to rebuild our country; we were able to follow the path of democratic development based on prosperity and the fundamental values of democracy and individual liberty, which are not exclusive to Western societies, but also applicable to the rest of the world. Most assuredly, young public-administration professionals from Georgia will play an important and essential part in building the future of the country of Georgia and in pursuing the path of democratic state-building for the prosperity of the nation. In this regard, I would express my appreciation to NISPAcee for its contribution to the education of young public-administration professionals in Georgia.

Numerous internal as well as external factors have had an impact upon the system of public administration in Georgia. The development process has been very much influenced by the recent past and, in this regard, we should take into account the impact of Soviet legacy on public administration in Georgia. In that regard, I will try to formulate a general definition of the aforementioned Soviet legacy and examine its impact on developments in Georgia during different phases of the existence of this young developing democracy.

Discussing the Soviet style of management, one must begin with the leading role of the Communist party and ideology during the Soviet Era – both of which had primacy over the rule of law in many, if not all, spheres of life. The fundamental administrative rules were directed at facilitating the implementation of political tasks and did not take into account any other interests. The political party was controlling all activities of the executive branches in order to keep full control over the bureaucratic machine and to avoid any possibility of alternative approaches or the emergence of civil society based on volunteerism.

In terms of its basic foundation, we can distinguish four main pillars on which Communist governance, I believe, was based:

- Primacy of the political party component and political goals,
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