REPORT TO THE INTERNATIONAL LABOUR ORGANISATION

- CARIBBEAN OFFICE -

ON A REVIEW OF

1. Labour Relations in the Caribbean Public Service (civil administration)
   (Selected Countries*)

   including an assessment of

   Public Sector Union – Management approaches to re-organisation and restructuring.

   and

2. Recommendations on:

   (a) Measures to be taken by Caribbean Governments to improve labour relations in the civil service:

   (b) New initiatives for public service unions/management co-operation.

* (Antigua and Barbuda, Grenada, Jamaica, Barbados, Guyana, Trinidad and Tobago)
CHAPTER V

OBSERVATIONS AND RECOMMENDATIONS

on the

Management of Public Service Reform

and the future of the

Collective Bargaining Process

The principal objectives of this study are to make recommendations on:

(a) measures to be taken by Caribbean Governments to improve labour relations in order to impact positively on output, efficiency, effectiveness, productivity and quality in the regions public service; and,

(b) new initiatives for public service unions/management co-operation.
1. The following Executive Summary chart outlines the main thrust of my recommendations.

### CURRENT SYSTEMS

<table>
<thead>
<tr>
<th>Description</th>
<th>Development of New Models</th>
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<tr>
<td>Highly adversarial culture and low levels of trust/outmoded or inadequate negotiation machinery and the involvement of Ministers/ Cabinet in the pay bargaining process.</td>
<td>Need to provide (in some cases) for an independent final adjudication process/ improved conflict resolution machinery/ reduction of direct political involvement.</td>
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<td>Central function of recruitment/ Promotions and discipline through Public Service Commissions/Appellate Bodies.</td>
<td>Need to update Civil Service rules, greater flexibility and possible change from constitutional to legislative/administrative powers.</td>
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<td>Non-existent/or fledgling systems for consultation and negotiations.</td>
<td>Need to develop modern formal mechanisms/structures for greater consultation and participation by public servants in the change process. Need to introduce partnership structures.</td>
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<td>In some countries low levels of innovation in work organisation and job design. Union and staff resistance to agency developments and transfer of services.</td>
<td>Encourage innovation and public service delivery/quality programmes and better service management and governance. Review of rewards system.</td>
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<td>In some countries low levels of staff training, development and morale.</td>
<td>Increase policy priority and spending in this area.</td>
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2. THE COLLECTIVE BARGAINING SYSTEM ITSELF

i) There is a clear and obvious requirement in some countries for a more effective dispute resolution mechanism within the public service — this applies not alone in the context of those public officers in central government services but also for other public services as well — nurses, teachers, police and other staff in various agencies/services. This is especially true in the case of Antigua and Guyana. New legislative changes in this area are being considered in Grenada and new administrative arrangements are being drafted in Barbados. In the case of Jamaica and Trinidad/Tobago, a reasonable degree of satisfaction was expressed regarding the procedures and institutions in place. Any dissatisfaction expressed related largely to resource and time access considerations or the skills deficit in the practitioners/representatives at the negotiation table.

ii) The issue of negotiating matters of pay to a finality was raised in nearly all countries and serious attention needs to be devoted to creating and gaining acceptance in some countries — and this applies to both Government and Unions alike — of a nationally agreed system or structure for the final independent determination of pay disputes in the public service. Invariably, the issue of protecting the "national interest" or "national finances" arises but there are many acceptable models which incorporate such concepts within a final arbitration
structure, e.g. Administrative budget limits for Government Departments; reference to Parliament for approval of a pay arbitration award; culture of acceptance of independent third party pay decisions; acceptance of outcome of special pay review bodies or pay commissions. Even in some cases where such pay determination mechanisms are voluntary and non-binding, they generally bring claims to a degree of finality.

iii) A 1993 OECD Report entitled "Pay Flexibility in the Public Sector" identified three elements of pay flexibility and most countries have sought, in recent years, to meet those criteria in their respective approaches to the determination of public service pay:

- The adaptation of pay systems to match the operational requirements of the civil administration/individual public organisations and the maximisation of the performance and motivation of employees.
- The control of growth in pay costs and an increase in the collective bargaining systems, responsiveness to inflation, unemployment levels and changes in economic circumstances.
- The ability to adjust pay structures to respond to labour market conditions.
iv) It has also to be noted that most public servants and their respective pay levels in the region have suffered from a period of fiscal retrenchment and have lost ground vis-a-vis comparable levels in the private sector. Some Governments have given commitments in recent times to re-adjust these levels to a certain median level of private sector earnings. Others have made settlements on outstanding arrears in order to re-establish a "current date" in the bargaining process.

v) The negotiation units of both the Personnel Departments and the Conciliation/Mediation services require enhancement. This enhancement is necessary if they are to acquire the authority, capacity and skill to negotiate in the developing and widening collective bargaining agenda arising from reorganisation, change and the new public management programmes already in place in many countries. Many of the current systems appear to have both limitations and shortcomings with respect to the degree of flexibility available to negotiators to make individual or category level pay adjustments or in making adjustments in pay scales to meet external labour market pressures and to meet internal demands arising from skill requirements/changes affecting particular groups. This is, to a degree, understandable when such situations could and may lead to claims for consequential pay adjustments or involve broader political and fiscal implications or industrial confrontation. Most countries have
continued to adopt a policy of maintaining an integrated civil administration and thereby are committed to the retention of generic grading and salary systems throughout that system, while at the same time making some adjustments to meet re-organisational or commercialisation requirements or indeed to prevent the loss of highly qualified staff in key areas to the private sector.

vi) There is, however, an emerging trend and increasing pressure in most of the countries to delegate some of the key issues involved in public management developments to quasi-autonomous agencies. These agencies in turn seek to pursue a policy of “flexible options” in pay structures. The objectives of such a policy is to provide for more favourable pay treatment for certain categories of new senior management, the use of fixed-term contracts, outsourcing or contracting out of some services and a level of “pay or grade drift” in response to organisational needs. This inevitably has led to dissatisfaction from some senior and middle managers in the civil/public services from what they perceive as unfair treatment and from the unions/associations which represent the staff affected or who may have to work with newly recruited staff at differing levels of pay and conditions.

vii) I would recommend that there is a need to undertake an initiative in most countries in order to address some of the most serious of the
above issues by revitalising and reviewing current bargaining structures both at central civil administration level within individual Ministries/Departments and in any executive agencies which are established as a result of the re-organisation agenda.

viii) I recognise the fact that as the Government is the major employer in the context of public service pay there are important and sovereign concerns on their part regarding the national interest and the viability of the state at any given budgetary period. However, there is an obligation upon them to allow pay claims to be eventually arbitrated upon to finality while, at the same time, ensuring parliament remains sovereign in the final determination of public expenditure and the national budget.

ix) On the unions/associations side, there is a requirement to commit themselves to negotiating pay claims through the pay determination structure and equally to ensure the process itself operates to a level of finality without accumulating an "arrears" syndrome in the context of pay determination. It is accepted that wider issues of public service reform and change may require different or parallel structures revolving around issues of consultation, co-operation and partnership.

x) There is always a tendency in issues of pay determination in the civil and public services for Government Ministers at some stage to
become involved in disputes (this occurs sometimes in relation to private sector disputes as well, particularly, where there could be widespread national economic disruption). Most modern legislative developments in this area seek to separate direct Government involvement from the pay determination machinery. Political reality sometimes requires or forces Ministers to become involved in aspects of negotiations but this should be as infrequently as possible so as not to undermine or bypass legislative or structural provisions for pay determination. This of course is a matter of political judgement in any of the particular countries concerned. Their role should primarily be one of delegation in the actual process itself.

A considerable level of change and contracting-out of existing civil and public service functions is being advocated if not specifically proposed in a number of the countries involved in this study. As indicated earlier in this report, such policies are heavily influenced by reports from various international funding agencies and by actions taken by countries within the British Commonwealth and beyond. The development of semi-autonomous Civil and Public Service Agencies and the commercialisation of certain state services have impacted upon the normal traditional pay comparabilities and the method of determining public service pay. Developments in the UK in the form of various changes which have taken place in the re-organisation of civil service pay have been observed closely by some Governments.
Pay re-organisation in many of these new agencies have been predicated upon greater flexibility in pay structures, merit pay, special local pay additions, cash limits in budgetary terms and efficiency measures. A recent survey indicated that over 130 agencies now exist in the UK employing over 72% of the civil service. These included such large organisations as the Inland Revenue, Customs and Excise, the Benefits Agency, the Employment Service and the Prison Service. As a result, the system for national pay determination and pay structures has all but disappeared in the UK.

In view of the above, it is necessary that where similar executive agency-type developments are taking place that unions and management (Government) need to come to new arrangements for the implementation of such change by transitional negotiations leading to new collective agreements. Invariably, such new policy shifts require appropriate consultation, negotiation and agreement if they are to succeed and to be managed in an effective and efficient manner. For unions this presents a particular difficulty, for in many cases, previous positions and principles may have to be abandoned and a "new realism" created in order to conduct negotiations on behalf of their members. Management require a high degree of sensitivity in the performance of this task if they are not to encounter resistance to, and distrust of, such policy changes. Public and civil services organisations have gone through and are still undergoing this process.
of transformation in most countries. Most managements/unions in such situations have to negotiate new bargaining arrangements and new consultation agreements and these are not always easily accomplished and require time, commitment and leadership dedication.

xiii) There is considerable promise in adopting a new strategy. Unions are particularly strong in the Caribbean public service and are capable of blocking or delaying change if their members feel excluded or threatened. The engagement of, and endorsement by, trade unions in the process of change will considerably assist management in realising the changes sought and in delivering them when agreed. Industrial relations issues will undoubtedly continue to be processed through existing or normal procedures. It is to be expected, however, that as trust and confidence grows in a newer and better partnership process it would enable non-contentious industrial relations issues to be resolved through senior department representatives or eventually through Ministers in the case of legal administrative arrangements. I will return to this theme later under Section 5 of this chapter.

xiv) It is also imperative at this stage to ask the question as to whether or not the old ways of doing our business in the collective bargaining process is relevant or responsive to our future needs? I believe the conclusion to that question must largely weigh in the direction of the
negative and that we must seek new models which first and foremost seek to create an agenda for mutual self respect and interest. In addition, it must be one which identifies existing structures/attitudes impeding solutions, and on the other hand, seeks options and structures, including new adventures, which could and will lead to solutions. At the end of the day, such a process is essentially about working together to achieve a better service for all constituent bodies.
3. PUBLIC SERVICE COMMISSIONS:

RECRUITMENT/PROMOTION/DISCIPLINE

i) The extensive existence of constitutionally established Public Service Commissions and their appellate systems is a major feature of Caribbean civil administration and I have addressed this issue at some length in the main report.

Opinions are divided on their necessity and effectiveness in a modern constitutional democracy. Obviously, the historical evolution of these institutions and their respective roles and functions in many countries over many years have attracted diverse opinions as to whether they should continue as currently constituted or be replaced by individual Ministry functions or new legislation.

ii) Most individual Commission members felt that they perform an important independent role in the appointment, promotion and disciplining of staff and which if not performed by them would lead to a deluge of charges of political favouritism, potential legal challenges and unacceptable Government influence on civil service performance and policy delivery.
iii) On the other hand many civil service managers have queried their efficiency, performance and co-operation in the new public management policies which require specific performance requirements of all staff. They also see such Commissions as delaying the implementation of new policy initiatives in human resource management. The unions for their part have varying views on their effectiveness – seeing them, on the one hand, as defenders of individual civil servants rights and, on the other hand, as requiring reform in their procedures and greater transparency in their operations particularly, in regard to disciplinary matters. Overall the system itself appears to suffer from an excessive degree of legality in its operation and deliberations and a reliance on legal opinion or expertise in many matters.

iv) Some countries have begun to undertake a review of current civil service regulations (e.g. Guyana and Barbados) while other countries are reviewing these regulations in the context of public management reform programmes. (Grenada/Trinidad). Overall, however, there needs to be a degree of co-operation in the performance of these exercises/reviews and not a retention of a level of institutional jealousy of the independence of the Commissions' functions and authority. The extent to which in some countries the role of Public Commissioners have been bypassed and the existence and level of either "ghost" or non-established appointments indicates the need for
reform, an updating of procedures and constitutional review. This need was recognised by Caricad when in December 1997, it organised a seminar on "Public Service Commissions – Imperatives and Challenges for Leading Reform". Their report when published may have significant proposals for further reform and modernisation.

v) I believe it is necessary, at this stage, in the light of political development of the region that the Caribbean Governments would collectively review the experiences of other countries on how legislatively they have dealt with the issues of civil service management as opposed to the Constitutional structures for such management. It would be extremely useful that the views expressed in the Caricad Report on Public Sector Reform (1995) would be updated and formal proposals made for reforms of such Public Service Commission on a possible Caribbean wide basis. This would assist in avoiding the controversies which have arisen recently in some Caribbean countries regarding the appointment/dismissal of public servants.

vi) In addition, most modern public service management proposals and the human resource aspects of such changes are in large measure different from the centralised constitutional function and role of such Commissions. This is not to state that centralised recruitment through publicly organised competition, or an organising agency for such
competitions may not continue to be necessary, particularly, given the population size of the countries involved. Such a review, as I have outlined above, will be required also when more and more executive agency developments take place and in circumstances where those who were previously public servants are transferred, to or employed by, privatised/commercialised companies and who no longer may enjoy or retain civil or public service status e.g. Post Office, Telecoms, Hospital Trusts, Revenue/Customs.
4. NEW STRUCTURES FOR CONSULTATION AND PARTICIPATION

i) Many new public management processes are explicitly committed to making public services more community/customer/consumer focused and are geared towards promoting continuous quality improvement in the delivery and management of services. These are predicated on better performance management criteria and on more flexible working practices. Creating the conditions for the delivery of such objectives are likely to require a more radical set of changes in the positions being adopted by traditional managerial and union representatives. The achievement of the level of change envisaged will be considerably complicated in civil and public service-type organisations by a vertically organised trade union representation, by the strong identities and vested interests of administrative and professional categories, by the limited flexibility in pay bargaining approaches available to personnel departments and Governments and by the inbuilt rigidities of civil service/public organisation collective bargaining structures.

ii) A new approach is therefore required to involve both civil service managers, unions and staff in the strategy for achieving the policy and performance changes required. Initially, most consultative processes or policies in the area of reform have been built around discussions with trade unions and direct staff involvement. The form, structure
and fundamental nature of the changes in public service management and delivery of service, both to citizens and private enterprises, requires a deeper process of involvement and engagement of unions and staff interests.

iii) There is a veritable tidal wave of change occurring not only in the private sector but also extending into the area of public services. Such change needs to be managed carefully and with successful outcomes. Successful models for change management and agreed policy objectives can be achieved by the joint ownership of the process i.e. a joint commitment by management (Government) and union/staff. In achieving this goal the adversarial approach needs to adapt to one where there is an open, co-operative, consultative and participative involvement by all concerned. This approach is both novel and innovative and presents some major challenges to long-held relationships and positions and indeed to ways of working and negotiating together. In effect, to a way of managing our industrial relations/human resources agenda in a business-like fashion. As a result successful change can be based on a partnership approach which can be seen as a means of generating a pro-active, productive and collective approach by management, union and staff to sharing ideas and decision-making in relation to resolving problems and addressing challenges. The policy objective of which is to reach a
iv) Through this approach unions and their representatives can play an effective role in developing and shaping strategy and policy at the highest level and in a manner which it is difficult to envisage being achieved through reliance upon direct staff involvement and consultation alone. Initiatives in direct employee involvement and consultation are also likely to be more effective in a context of a high unionisation culture and where it is necessary to engage the unions at all levels in jointly steering the change programme.

v) The development of Partnership Committees in public service change management programmes incorporate and embrace a number of significant factors:

- An active structured relationship between the parties which implies positive actions being undertaken by all involved to develop and enhance their relationships and the creation of a climate/culture of trust.
- Commitment by all employees – from management and staff at all levels – to improve performance in terms of quality and efficiency.
- Acceptance by senior managers/policy makers to treating staff as stakeholders and, therefore, adequate consideration of their views
in the context of all major decisions affecting their work and livelihood.

- Common interest in and ownership of the process thus reflecting the need for partnership to be a mutually beneficial relationship demanding an active response from all in seeking the resolution of problems and in addressing challenges and changes.
- Clear recognition of the need for investment in training and development and the creation of a better working environment.
- Creation of a shared vision and mutual respect for each other's goals and a joint commitment to work together.

vi) The primary advantage for unions in this approach is their entry to and participation in strategic and operational decision making outside of the sometime narrow confines of established collective bargaining channels. For unions to remain wedded to narrow collective bargaining issues in the new re-organisation of public services reduces or restricts unions to a residual role in protecting, defending, or obtaining the best terms available in a diminishing public service. However, to pursue the partnership route opens up the possibility of being at least able to influence the shape, direction, timescale and structure of future developments. This in turn could lead to new forms of industrial relations practices which could generate a level of goodwill towards change on both sides. The alternative downside is to allow inertia and the continuation of established adversarial
collective bargaining to dictate the agenda and result in the loss of influence and position. The real challenge for both managers and unions is to think in a longer-term strategic mould and to change their positions and behaviour in profoundly major ways and sometimes in difficult fiscal circumstances where factors are not always favourable for such innovation and initiatives.

vii) For such a partnership approach to be successful, it is necessary that apart from an overall central co-ordinating committee at national level there exists a specific need for partnership committees at Ministry/departmental level. This would ensure that the policy and strategy objectives adopted at national level can be translated into active implementation at local level. Such committees should also be used for "bottom up" suggestions and recommendations for discussion and action.
5. NEW FORMS OF WORK ORGANISATION/REWARDS

1) New human resource policies in the public domain have largely followed the emergence of models and innovations which have their origins in the private sector. These models have been adopted to "fit" public service changes and the principal features of those changes are:

- New performance and contracts for senior management, including Chief Executives and Heads of Government Departments.
- Performance related pay and performance management.
- Line department and line management responsibility for human resource management and strategic planning as opposed and distinct from administrative or centralised personnel functions.
- Recruitment of atypical staff on a temporary contract or part-time basis as required but otherwise if possible a continued reliance on existing staff or the established career system to select staff for promotional positions.
- Grade integration (flatter organisations) and flexible work practices to support high or extended performance in order to achieve a better service delivery.
- Achieve more public service delivery within limited resources (leaner organisation costs, efficiency audits, customer/citizen charters, performance tables).
ii) The necessity for some Governments to improve public service performance is widely accepted within the region and as indicated in this report many excellent initiatives have been taken in this direction. During the course of the interviews in different countries, many public managers, policymakers, Ministers and union officials raised the issue of developing and creating incentives and reward mechanisms in the context of reform and improved delivery of services. These queries related also to plans for a diffusion of the human resource line management function and the implications of such a development. A major degree of uncertainty regarding such a development was evident from many interviews and this needs to be addressed.

iii) An OECD survey of performance pay schemes (1997) — "Performance Pay Schemes for Public Service Managers" — reviews a number of developments in eleven public sector agencies in five countries Australia, the UK, Ireland, Denmark and the USA. The findings of the survey found that a substantial majority of managers do not value PRP as much as many other work characteristics e.g.;

- challenging job opportunities
- a sense of accomplishment
- recognition of achievement
- respect and fair treatment from colleagues.
iv) In managing innovation an overall co-ordinated and structured approach is necessary in many countries for ensuring public management change does not become merely a short-term or medium policy objective or that it simply just does not "run out of steam" following an initial outburst of goodwill and enthusiasm towards change on both sides. In the case of employee reward innovations can be based on either individual-based intangible rewards:

- personal recognition
- removal of constraints from constant scrutiny and encouragement of initiative/discretion
- more interesting and challenging work assignments
- delegation of authority and responsibility for setting and achieving targets,
- career planning and development and further education progression,

or individual based financial rewards:

- pay increases by incremental progression at a rate different to normal/annual incremental increases
- widening grade scales for performance based pay/special awards/merit pay
v) The combination of seeking better strategic performance in public services and the legitimate desire of staff to receive reward for their efforts is one which is not easily reconcilable and is the subject of active debate and negotiation in many countries. It is inevitable that some conflict will arise between the different parties in the process. What is of importance is that such conflict be resolved in whatever respective forums are established and to make the strategic shift from the dominant adversarial model to one of a pluralist and partnership model based on a recognition of the mutual gains obtainable for both Government and their employees and ultimately for the citizens of each country.
6. **STAFF TRAINING, DEVELOPMENT AND MORALE**

i) There is a clear recognition that change in the public services requires training, staff development and the rebuilding of morale and reward after more than a decade of retrenchment and salary erosion. Staff representatives have consistently emphasised the necessity to increase the status, standing and pay levels of public servants. Governments, in more recent times, have begun to re-evaluate their approaches to public service pay and pay systems. They must also give equal priority to the rebuilding of morale through training and skill development and the active involvement of union representatives as advocates in this process.

ii) Many training/development programmes are being put in place in some countries to enhance public employees' perceptions and performance levels. Much requires to be done if the ambitious policies and programmes are to be sustained. Change is difficult, time consuming and requires a new level of commitment from all those involved. It is vital, therefore, that an overall structure is established to oversee the change management programme as is evidenced in the initiatives and structures put in place by Caricad, and by the Governments of Grenada, Trinidad and Barbados. The precise mix for the successful conclusion of such policies will be dependent on the particular commitment given to the process by the major
players in each country and, indeed, the shift in political, union, institutional, and in cultural attitudes necessary to achieve such change.

iii) Such strategic programmes must include the following elements and a management/co-ordinating structure for monitoring, developing and achieving the objectives of such programmes across the civil and public administrations:

- commitment from Government, senior managers and union leaders
- setting clear objectives and priorities
- ensuring they are met within distinct timeframes
- obtaining the resources for the tasks
- developing the technical knowledge/expertise to improve the quality of decision making
- seeking means of improving the quality, capability, and competence of staff
- monitoring the quality and necessity of the work being undertaken
- planning to avoid crisis situations
- working to achieve Government/Ministry policies
- introducing good human resource practices
- building new structures/teams to achieve public policy goals.
CHAPTER VI

CONCLUSION AND ACKNOWLEDGEMENT

1. In the review/study which I have carried out I have made a number of observations and recommendations which, I believe, will assist Government, public service management, unions and their members to respond to the myriad challenges involved in redefining and reorganising the public services. This is a process affecting every developed and developing nation in varying ways. In many countries that change is being managed in a confrontational way and in others in a more consensual way. The common thread is the fact that change is unrelenting and affects all of the parties in a profound fashion.

2. In the Caribbean region, many Governments can learn from the more successful models in other countries and if they so choose they have the advantage of avoiding their respective mistakes. For all it is a learning process and one which requires sensitive and careful management. It cannot be achieved by confrontation but where radical change is necessary the structures necessary to engage the unions in that direction must be put in place. If they are approached on the basis which I recommend, I believe such reform programmes have at least a reasonable chance of being successful and will
commit all involved to the objectives of the process itself – a better
delivery of Government services by a quality and motivated staff.