

Charting a New Course for Israel's Civil Service

Democratic Governance

The Working Group

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Abstract

Two seminal crises challenge the developed democracies today—the crisis of legitimacy of representative democracy and the economic crisis of the era of globalization. Both have contributed to real erosion in the status of public service in general and of civil service in particular. The crisis of legitimacy stems in part from the weakening of reciprocal relations between the elected and professional echelon, on the one hand, and the citizenry, on the other hand. This generates increasing distrust among the citizens in regard to politics and the mechanisms of civil service. Neo-liberalism, the dominant ideology of the past generation, contends that the civil service is not efficient, is mediocre in quality, and is incompetent. Thus, it promoted privatization and outsourcing of large parts of what has traditionally been regarded as roles of the civil service. The economic crises of the past decade are integrally connected to neo-liberalism and its international legitimacy. Thus, to counter the image of bureaucracy as the mother of all sins, a fundamental rehabilitation of the self-image and public image of the civil service is needed, and its role in both the political arena and the economic arena must be redefined.

This document charts the outline of a new paradigm for democratic governance in the civil service, based on three components:

- The citizenry in an advanced democracy
- The state in the era of a knowledge society
- The roles of the civil service

The concept of **democratic governance** stands at the center of the proposed paradigm. Governance represents all of the processes related to governing, decision making, balances of power and policy leadership—by the government, the market, policy networks, enterprises, informal organizations, international corporations, and other entities.¹ Contrary to the view that identifies governing exclusively with the government and governmental bodies, this view of governance speaks about the interaction between the entities involved in shaping policy.

The document proposes an inclusive view of the citizenry that would facilitate a rebuilding of trust and dialogue, and forge essential understandings for democratic legitimacy. The paper focuses on a different structure for the civil service, one that is citizen-oriented and whose key role—in addition to providing sound and professional service to the citizens—is to create long-term strategic planning. This, in turn, would spawn policy networks that call upon the relevant players—including the research community, civil society, stakeholders, the private market, and the public—to formulate, develop, and implement policy. The public service would function as a professional hub,

¹ Mark Bevir, *What is Governance: A Very Short Introduction*, Oxford University Press, UK, 2012

with a service mentality and constitutive ethos, creating policy and facilitating democratic governance. It would serve as an important axis for restructuring the roles of the state and rehabilitating democratic legitimacy.

Recommendations

The operative recommendations of the paper focus, on the one hand, on changing the organizational culture in the civil service in this spirit, and on the other hand, on conducting pilot studies—such as building a broad infrastructure based on collaboration and establishing research centers associated with the National Economic Council, with the aim of developing long-term strategic thinking.

- **At the level of changing the organizational culture:** This change would entail creating a framework in which the civil service concentrates on the connection between the citizen and the state, and generates a culture of trust, professionalism, and service orientation that enables partnership and reinforces the democratic legitimacy of the institutionalized system. The civil service would become an entity that coordinates, integrates, and facilitates the creation of relevant policy networks for the various policy areas. The civil service's unique knowledge is based on aggregating processes of initiating, designing, leading, and implementing policy. The culture of the civil service would become one that facilitates collaboration, builds trust within and between government ministries, and between the national and local governments, as well as cross-sector trust between the political system, civil society and the private market, and between stakeholders and the government. The civil service would also enable and promote significant public involvement as part of the policy networks.
- **At the level of strategic thinking:** These principles are applied in organizations that engage in writing annual situation assessments and in the National Economic Council, as an integrator. We recommend initiating collaboration with research bodies, think tanks, and professional entities in the civil society that could provide information, contribute to the assessment, create a reliable picture of future needs and propose ways for the state to respond to them. The more concrete recommendation is to establish think tanks that would work alongside the council and conduct a “top down” change in the civil service as an integrating and coordinating body.

Management and Labor Relations in the Civil Service

The Working Group

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Abstract

In recent years, public sentiment has grown stronger about the need for a substantive improvement in the operative capabilities of the civil service – *inter alia*, by modifying the mechanisms of labor relations and management. The question of work relations and management in the civil service has been the focus of numerous committees that were formed to examine alternatives to the structure of civil service and administration, and to define an agenda for implementing reforms. Ideas proposed for structural reforms in the civil service via academic research and the activity of these and other committees have attracted attention and interest for over a decade. This is beneficial in keeping the subject of change and reform on Israel's public agenda and offering up-to-date and creative ideas for enhancing administration.² However, upon close examination, we see that these proposals focus on the organizational, structural, and monetary array of the branches of government. None of them include an approach that says: Through cooperation and building trust between all of the parties involved (the public, the government, and the sides in labor relations), it is possible to arrive at reforms and achievements. Civil service reform is now being discussed in negotiations between the government teams that worked to formulate this reform and the Histadrut labor federation. In our view, this reform also misses a key aspect: trust between the public, the government, unions and all of the parties involved in the labor relations. This trust is the key to the implementation and success of any reform.

The goal of this document is to propose a general policy outline and recommendations for action in order to improve the efficiency of the civil service in Israel and in order to enhance the level of service for the citizen. The outlines of the proposed reform are based, first and foremost, on discussion and relations of trust between all of the parties cited above. Indeed, without this, joint action is impossible and there is no pooling of forces and resources for creating real change in any social area that could be called a “dramatic change in policy.” It is difficult for unilateral reforms to succeed, even when they reflect, objectively, the right thing to do. This document represents the approach that says: Only with cooperation and increased trust between all of the parties involved—the public, the workers, the employers, and the government—is it possible to reach reforms and achievements.

This document discusses the two sides of the relations of trust that any reform must focus upon—between the civil service and the civil society it comes to serve;³ and, primarily within the

² For example, see D. Nachmias, M. Danon-Karmazin and A. Yar’oni, *Toward Structural Change in the Public Sector in Israel*, Policy Research 5, Jerusalem: Israel Democracy Institute, 1997 [Hebrew]; A. Ben-Bassat, *Report of the Public Committee for Income Tax Reform*, Ministry of Finance, 2000 [Hebrew].

³ For more on this subject, see the document **Democratic Governance: Integration and Inclusion in the Civil Service**, which was also written for the 2013 Eli Hurvitz Conference on Economy and Society [Hebrew], and the English abstract.

civil service, between the sides involved in labor relations. The generally negative image of government and public administration in the eyes of the citizenry, and the relatively low level of trust in them are often explained as if they were a direct result of the civil service's performance, of convoluted processes associated with it, of its lack of flexibility and sensitivity to the needs of the public, and of the "bureaucratic sluggishness" it represents in providing suitable solutions for urgent problems. One of the important steps in boosting trust between the public and the government is to restore trust between the parties involved in labor relations in the economy and to encourage cooperation between them in order to better utilize the society's public and collective resources and in order to provide improved service for the citizenry. Cooperation between the sides is what is needed in order to introduce reforms and modernization in the civil service in Israel.

In this document, several reasons are suggested for the loss of trust between the sides in the system and for the decline in the quality of the services provided:

- Commitments in agreements whose feasibility was not sufficiently checked by the parties to the agreement.
- A mutual failure to comply with signed agreements—by both the employers and the unions.
- Lack of desire by the Histadrut to enforce the local union's compliance with agreements.
- Abuse of the mechanism of tenure for workers and lack of incentive for excellence.
- Outdated work agreements that harm productivity and the ability to manage, create a wage structure that lacks incentive, and hamper the organization's ability to manage and innovate in a changing environment.
- Technological innovation that has not been absorbed in the civil service (unsuitability of the public service for the modern economy).

That is, in order to get the Histadrut to accept changes in the wage structure (a critical condition for implementing any change), we must build a model in which the Histadrut has an incentive to cooperate.

Recommendations

The team's conclusion—based on many studies emphasizing the centrality of trust as an essential tool in processes of reform and the significant leverage it creates for the success of the processes of change—is that cooperation between the parties involved in labor relations must focus on eight activities:

1. Changing the old and cumbersome wage structure.

2. Creating a connection between the individual's performance and advancement, salary, and continued employment in the public service, as well as strengthening the connection between compensation for the group as a whole and its performance, as measured in structured methodology.
3. Improving mechanisms of selection, recruitment and termination of employment.
4. Improving managerial abilities in the civil service.
5. Improving the mechanisms for termination of work, voluntarily or at the employer's initiative—for retirement, prior to retirement age or for severance pay—without payment of an allowance prior to the age of pension entitlement.
6. Decentralizing the regulatory mechanisms.
7. Shifting power from the leaders of the Histadrut to the local organizations in regard to the authority to reach agreements and manage the labor relations.
8. Privatization and structural changes.