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Small Countries, Big Performers

In search of Shared Strategic Public Sector HRM Practices in Successful Small Countries

ABSTRACT

This article compares strategic public sector HRM practices between 10 small countries that have consistently shown extraordinary economic, social, and governance performance. The fact that these small countries, which are traditionally considered to be disadvantaged, have become benchmarks of good government suggests they have uniquely maximized and leveraged their key resource: people. In search of novel lessons, we assess through secondary data how their public sectors have organized and institutionalized four key HRM activities: 1) selection, 2) appraisal, 3) training, and 4) compensation, and whether they engage in strategic, centralized efforts to architect and “bundle” these activities. Our exploratory case study findings show that these high performing countries employ various integrated efforts to attract the best and brightest into their public sectors, and train and reward them well, although they differ in terms of their centralization dynamics. We conclude our article with seven propositions for future research and implications for emerging small countries.

KEYWORDS

good governance; performance; quality of government; small countries; strategic HRM

INTRODUCTION

Anyone who regularly views global rankings must have noticed something striking: almost all of the countries dominating their top rungs are “small countries,” defined here as countries with a population of less than 20 million (IMF, 2013; Skilling, 2012).¹ Indeed, of the 36 advanced economies identified by the IMF, 25 qualify as small countries. Moreover, small countries currently make up 11 of the top 15 economies by per capita income; occupy eight of the top 10 positions in TI’s Corruption Perception Index, and 14 of the top 20 positions in the UN’s Human Development Index (IMF, 2014; Skilling, 2012).² Intriguingly, while scholars have emphasized inherent disadvantages of small countries (Alesina & Spolaore, 1995; Streeten, 1993), some of these countries have consistently outperformed most large countries in recent decades. Clearly, there’s something special about them.

For starters, proponents of top-down governance have argued that small countries such as Singapore or Hong Kong SAR are just “easy to manage” (Lehmann, 2014), as governing large countries comes with “political costs” (Alesina & Spolaore, 1995). However, many big performing small countries are intricate, increasingly volatile democracies, like Switzerland, The Netherlands, or Denmark. Clearly, these countries differ on many governance dimensions (Kaufmann & Kraay, 2008; World Bank, 2010). So, which key factors or competitive advantages explain their common success? Although economists suggest small nations have benefited exponentially from globalization, particularly those with export-oriented mind sets (Skilling, 2012), there are ample examples of such countries which nearly declared bankruptcy in recent years. Rather, we argue with Rothstein and Teorell (2012) that strong public policies and institutions—their “quality of government”—are crucial. More specifically, these policies and institutions have to be helmed by the best and brightest. As Friedman (1999) famously claimed: “in the globalization system one of the most important and enduring competitive advantages that a country can have today is a lean, effective, honest civil service”.

Indeed, while many small countries suffer from inherent disadvantages they cannot influence—a lack of economies of scale, substantive domestic labor markets, population diversity, or abundant natural resources (Alesina & Wacziarg, 1998; Easterly & Kraay, 2000; Streeten, 1993)—they can influence how their public services are governed and resourced. In order to prosper, they also have to do better than others. In the same vein, Himelfarb (2006) asserts: “the strength of public policies and public institutions matter greatly as in today’s global environment, countries which are relatively small and very open, have to understand global trends, global issues and global opportunities better than their larger neighbors.”³ Still, most small countries have not managed to excel, often because they “lack governing capacity with limited human capital and financial resources due to their “village culture which exaggerates patronage, causing significant administration problems” (Everest-Philips, 2015, p. 2). So, size alone is not the “smoking gun” here. Clearly, however, small countries that did become the world’s biggest performers “against all odds” constitute a unique species whose HRM strategies require further examination.

Surprisingly, however, although small states have been extensively studied in economics and development, they are a neglected research phenomenon in our field. In this paper, we compare four key HRM activities: selection, appraisal, training, and compensation (Beer, 1984; Lavelle, 2010; Wright & Snell, 1991) to examine the proposition that “small county governments employ better educated people in their public sectors and also tend to compensate them better”, to deliver on long-term policy effectiveness, and establish a mind-set of excellence and innovation (Skilling, 2012, p. 26).

At the outset, our assumption is that public sectors of these countries have in common a coherent and holistic set of meritocratic HRM principles, strategically orchestrated at the national level. This

¹ Half of these well-performing countries are also relatively “small” in size measured in square miles (see Table 1).

² One may argue this is not that surprising given that around 70 percent of countries classify as small according to our definition. However, this argument may easily be reversed. If there are 58 big countries in the world, half of which have a population of over 45 million, and thus a much larger workforce, domestic labor market, economies of scale, and – in many cases – more natural resources, why do not more of them feature in the top rungs of global rankings?

³ <http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=clerk-greffier&sub=archives&doc=20060926-eng.htm>

perspective differs from the mainstream (private sector oriented) scholarly usage of what makes HRM activities “strategic” at the organizational level (Condrey, 2005; Schuler & Jackson, 1987). After all, public sector settings generally allow for much less degrees of freedom to “strategize” HRM at the agency or managerial level (cf. Boyne, 2002; Van der Meer, 2011).

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We selected the following countries for our study: Denmark, Finland, Hong Kong SAR⁴, Ireland, The Netherlands, New Zealand, Norway, Singapore, Sweden, and Switzerland. We will explain in more detail how and why we did so in our methodology section. We conduct exploratory, comparative case research (Eisenhardt, 1989; Yin, 2009) in the context of their civil service systems (OECD, 2011, 2014; Van der Meer, 2011) to generate specific research propositions on strategic HRM practices and public sector performance. We do so using secondary data from the Organization for Economic Cooperation and Development (OECD), United Nations Public Administration Network (UNPAN), United Nations Development Program (UNDP), World Bank, and government institutions of the countries under study.

THEORETICAL FRAMEWORK

Strategic HRM, Public Sector Performance, and Good Government

Through our exploratory study of key public sector HRM practices of top-performing small countries, we aim to contribute to existing literatures in at least three ways. First of all, studies into strategic HRM and performance in public sector settings tend to be quantitative, cross sectional, and based on self-reporting groups of civil servants in a small number of agencies and settings (Gould-Williams et al., 2013; Messersmith, Patel, Lepak, & Gould-Williams, 2011), with few exceptions (Knies & Leisink, 2014). Quantitative studies involving larger sets of countries show that using a uniform survey instrument produces measurement and equivalence issues (Kim et al., 2013; Wright, Christensen, & Pandey, 2013), implying that more qualitative scoping may be necessary first to come up with better measurements later (cf. Klitgaard, 2014; Van der Wal, 2015). At the same time, studies that do use qualitative methodology or secondary data to compare public management systems across countries often select countries based on geographical criteria, or methodological convenience (e.g., Pollitt & Bouckaert, 2011; Pollitt, Van Thiel, & Homburg, 2007; Van der Meer, 2011). Rather, in this study we select a number of countries with consistent, holistic high performance to examine their public sector HRM practices up and close, searching for commonalities to produce new insights and lessons about strategic HR choices.

Second, even though scholars have examined the relations between performance and strategic HRM much more extensively in private sector settings (Boselie, Paauwe, & Jansen, 2001; Boxall & Macky, 2009), it is often argued private sector findings are not easily transferable to public settings for various reasons (see Boyne, 2002; Rainey, 2009; Vandenabeele, Leisink, & Knies, 2013; Van der Wal, 2008). One may ask the question: How do we even define what constitutes public sector performance? And who decides? We argue it needs to be defined broadly, including sustained economic growth, development and well-being, progress and innovation, and absence of corruption. In short, continuous good governance benefits as many stakeholders as possible.

⁴ We are well aware Hong Kong is not a “country” but a special administrative region (SAR) of the People’s Republic of China. However, given its separate inclusion in almost all key rankings we include it in our analysis.

Indeed, vigorous debates about the pros and cons of private sector-inspired HRM practices in public sectors, such as performance bonuses for senior public managers (Andersen et al., 2012) or normalization of the legal status of civil servants at the expense of their job security (Van den Berg & Van der Meer, 2012), make it all the more relevant to explore whether their concomitant occurrence coincides with consistent high country performance. Even though we do not claim to provide causal explanations for successes and failure of small countries amidst deeply rooted and interconnected governance dynamics, insights superseding the level of individual agencies or employees may contribute to our understanding of whether such practices are associated with country performance, as current evidence is inconclusive (Weibel, Rost, & Osterloh, 2010).

Third and final, most of the literature on the quality of government (Rothstein & Teorell, 2012), good governance (Fukuyama, 2013), and good government (Klitgaard, 2014; Klitgaard & Light, 2005; Perry, de Graaf, van der Wal, & vanMontfort, 2014), attempts to identify key input and output indicators or pivotal success factors such as a government's impartiality (Rothstein, 2011), across large sets of countries. However, rather than quantitatively examining large sets of countries or developing ever more advanced composite indicators (cf. Botero & Ponce, 2010), we argue that this literature will benefit more from in-depth, qualitative investigations of success factors in particular countries than from continued measurements of things we still don't know how to quantitatively measure (cf. Klitgaard, 2014).

Successful Small Countries: Extrinsic and Intrinsic Levers

For decades, economists have emphasized “special disadvantages” of small countries, including their often small areas resulting in less diversity in raw materials and natural resources, their small domestic markets lacking optimum scales, and their necessity to concentrate on fewer products in which they have a comparative advantage, which may be resolved by exporting although it carries greater risks (Alesina & Wacziarg, 1998; Easterly & Kraay, 2000; Streeten, 1993, pp. 197–198). Turning to governance, Everest-Philips (2015, p. 3) refers to “benign smallness” and “malign smallness”. Malign smallness emphasizes highly personalized and constantly revolving governments which undermine long-term planning; public administration characterized by low skills, low morale, and recruitment and promotion by social connections; and inadequate, small scale public services with high fixed costs.

Strategist and small country researcher, Skilling, reframes such arguments by suggesting that recent globalization dynamics are “better seen as a partial removal of disadvantage to small size than as conferring a specific advantage on small countries” (2012, p. 12). He, in turn, identifies three classes of reasons for strong performance of a number of small countries: their political and economic environment being conducive to globalization; their well-deserved reputations for the quality and agility of their policies, including distinctive settings in areas such as R&D and fiscal policy; and their domestic “intrinsic”, including high levels of social capital and trust, well-functioning governance institutions, and a well-developed sense of external orientation (2012, pp. 12–17).

Indeed, these countries have placed an *emphasis on investing in strengthening the quality of the human capital in the public sector*, according to Skilling (2012, p. 26); over the past 20 years, their governments have acted forcefully to improve public sectors. In terms of agency structures, accountability mechanisms, and pay for performance, their governments have been in the vanguard of new approaches to public management (cf. Pollitt & Bouckaert, 2011; Pollitt et al., 2007).

Human Resource Strategies within Civil Service Systems

However, the ability of public sectors to strategically leverage HRM techniques and ideas is enabled or constrained by their civil service systems, which can be identified as “mediating institutions that mobilize human resources in the service of the affairs of the state in a given territory” (Morgan & Perry, 1988, in Bekke et al., 1996, p. 2). Van Der Meer (2011) shows how civil services form an integral part of modern

states, which constantly strive to reform and improve administrative capacity. North (1990) points out civil service systems can be understood as institutional structures that drive organizational behavior within legal environments and authority relations. Their design is embedded in political and societal contexts across six themes: historical context, labor market, political relations, representativeness, public opinion and reform, and diffusion (Van der Meer, 2011).

These contexts show considerable variance for the countries we study, with Hong Kong SAR and Singapore being examples of British colonies while many Western European bureaucracies have belonged to similar political, economic and social environments for centuries (Van der Meer, 2011), although some suggest a unique “Nordic” model or approach. Whereas many countries have evolved in legalizing the position of civil servants while emphasizing merit and professionalization of services (Raadschelders & Rutgers, 1993, 1996), some of the countries in our sample have recently incorporated private sector inspired reforms to manage labor relations. For instance, the Dutch government has limited the years of tenure for senior public managers to provide public agencies with more flexibility (Van der Meer & Raadschelders, 2014), and recently normalized the special legal status for public servants (Van den Berg & Van der Meer, 2012). In the 1990s, New Zealand famously abolished its civil service system while backtracking somewhat in recent years (Boston, 2000; Pollitt & Bouckaert, 2011); Sweden did the same in 2002 (Lavelle, 2010).

Van Der Meer (2011) and Skilling (2012) both seem to argue that labor market dynamics help to understand how recruitment, selection procedures, rewards systems and their standardization has helped shape up the current day civil service systems. However, Hong Kong SAR, New Zealand, Singapore, and Switzerland are known for high, sometimes private sector-pegged salaries for senior civil servants: all of them, alongside Denmark and The Netherlands, experiment with performance bonuses while their public sector operating environments differ widely in terms of union influence and labor relations. A final important issue to assess is level of active interference of politicians in senior civil service appointments and career progress (Lee & Raadschelders, 2008; t’Hart & Wille, 2006). Such “politicization” of bureaucracy often coincides with employment of alternative sources of policy advice and services by political executives (Pollitt & Bouckaert, 2011; Vancoppenolle, Van Der Steen, Noordegraaf, & Van Twist, 2010), and may be considered at odds with the meritocratic character of the civil service.

Comparing Four Key Public Sector Human Resource Activities

Unlike many strategic HRM studies, we do not look at individual agencies and how they align HRM activities with strategic management and decision making (cf. Boselie, 2014; Boselie, Dietz, & Boon, 2005). Rather, we examine recruiting, rewarding, training, and appraising of human capital at the public sector level. Taken together, these four classical key HRM activities (Beer, 1984; Wright & Snell, 1991) are commonly referred to as human resource strategy or, when executed strategically and coherently, human resource architecture (Kang, Morris, & Snell, 2007; Lepak & Snell, 2002). In addition, we explore the often delicate interplay between meritocracy and political connections in determining career progression of public servants (cf. Dahlström, Lapuente, & Teorell, 2012; Pollitt & Bouckaert, 2011), in other words, its politicization. Finally, we assess the extent to which public sector HR strategies are centrally governed and determined or decentralized to agencies and ministries (cf. Devine & Powell, 2008).

METHOD

Comparative Case Study: Most Similar, Most Different Design

Because not much is known about the extent to which public sector HRM activities in high performing countries are centrally coordinated or even “architected”, we chose an explorative and inductive research strategy (cf. Eisenhardt, 1989; Glaser & Strauss, 1967). Specifically, we used a multiple, “most

similar, most different” case study design—with the small countries as cases—which focuses on understanding the dynamics present within single settings (Eisenhardt, 1989; Herriott & Firestone, 1983; Yin, 2009) with the aim of generating new insights for theory and practice in the shape of propositions (De Graaf & Huberts, 2008). This method is fitting when not much is known about the phenomenon that is being researched or when the phenomenon is so complex that neither the variables nor the exact relationship between the variables is fully definable (De Graaf & Huberts, 2008, p. 639), as is the case in research on country performance. Case studies offer the advantage of richer details and their contextuality. Coupled with the within-case analysis is a cross-case search for patterns (Eisenhardt, 1989, p. 540), in our case commonalities in the way civil servants are recruited, trained, remunerated, appraised, and how their career trajectories and prospects are legally and institutionally arranged and governed. We look at public sectors at a macro level, which in most cases means all organizations making up the core of the federal or national government (some countries in our sample have only one layer of government). In examining HRM instruments we focus on middle management and senior management of the civil service.

In addition, we include four poorly performing small countries by means of a control group (Yin, 2009). After all, we run the risk of self-confirmation bias through our selection on the dependent variable, which plays out in some of the well-known business literature on highly successful companies (e.g., Peters et al., 1982). Put sharply: if poor performing small countries have an identical approach to public sector HRM, our assumption of its unique role in big performing small country contexts turns out to be irrelevant. To conclude, we stress once more that we do not attempt to generalize results beyond the selected countries, let alone generalize them statistically. Because small, qualitative data sets on comparable countries have been overlooked in studies on public sector performance and good government, we needed to start somewhere (cf. Van der Wal, 2013, p. 752).

Selection of Countries: Why Rankings?

We selected and combined a number of key rankings to identify countries for our comparative case study. In doing so, we are mindful of the various well-argued critiques on their distinctiveness and composition, or, according to some, even inadequate and misleading nature (Bouckaert & Van de Walle, 2003; Fukuyama, 2013; Van de Walle, 2006; Van de Walle & Roberts, 2008). However, our paper is not intended as yet another contribution to the lively debate on contestability of rankings or an attempt to answer the unanswerable question “What is governance?” (Fukuyama, 2013, p. 347). Rather, we take as a departure point Klitgaard’s (2014), and Rothstein and Teorell’s (2012) observations that many widely cited rankings, such as World Bank’s Governance Indicators and Easy of Doing Business Index, Transparency International’s Corruption Perception Index, and World Economic Forum’s Competitiveness Index, show strikingly high correlations, often exceeding 0.9.

Indeed, scholars seem to at least agree that all of them aim to measure “something” that comes close to good government or quality of government. In fact, high correlations demonstrated in meta-analyses are a case in point: these rankings and their indicators point to similar phenomena. They identify excellence. Evidently, small countries that do well in one ranking almost without exception do well in other rankings as well, with some exceptions in terms of corruption control, e.g., Israel, or voice and accountability, e.g., Hong Kong SAR and Singapore (World Bank, 2014). It can well be argued that these figures taken together more adequately represent public sector performance than one-off survey results based on employee self-reports of their (organization’s) performance.

Performance across Rankings of 14 Selected Countries

Specifically, we started by selecting eight widely used global rankings and listing the countries with a population of less than 20 million which consistently appear in the top 35 of these rankings. We assess a

broader range of issues than just GDP per capita because we want to select countries that do well on social, economic, and policy outcomes.⁵

In short: these big performers produce private value and public value (Benington & Moore, 2011) across the board, without one compromising the other. Moreover, our holistic definition of country performance harks back to Boselie et al.'s (2005) critique of the equation of performance with organizational outcomes and the neglect of outcomes that are relevant to other stakeholders such as employees, citizens and society. As a consequence, our holistic definition excludes Qatar, Kuwait or the United Arab Emirates who've shown remarkable economic growth but much less superior performance in other areas. In addition, we excluded countries with a population of less than 500,000 that are mere subsets of other, larger, countries, or remnants of royal glory without notable public sector HRM as such (e.g., Liechtenstein, Macao, Monaco).⁶

In line with Skilling (2012, 2012) and others, we also decided to exclude countries with a population of less than one million, in this case Iceland and Luxembourg. In addition, our holistic approach to performance also leads us to eject Israel as it scores considerably lower than the others on political stability, rule of law, corruption control and regulatory authority. Finally, because Austria barely meets the threshold on most rankings and its most recent average score is 20.8, we decided to exclude it as well. This leaves us with 10 small countries shown in Table 1 which on average rank among the first 20 on the selected rankings, with Singapore, Sweden, Switzerland, The Netherlands, New Zealand, Hong Kong SAR, and Denmark being ranked almost without exception (and on average) in the top 10 throughout the previous decade. Nine of these countries have a population of less than 10 million, whereas The Netherlands is a bit of an outlier with close to 17 million inhabitants.

Then, we also sought to include four small countries which classify as small or even poor performers. We assessed those countries that ranked 60 or lower on average and made sure countries in our sample were distributed across the globe, ultimately including countries from Africa, Asia, and Europe. In the end, these criteria leave us with 10 big performers and four small performers—Greece, Lao PDR, Malawi, and Romania—for our comparative analysis.

Table 1 shows how these countries perform on eight key rankings in 2012–2014 (depending on the most recent available data) and how they performed throughout the decade before that data point. The average ranking for the past decade shows consistent performance over the years, with some exceptions. As for the four countries that perform much less well, it shows that EU member states Greece and Romania still rank considerably higher than “small performers” from Africa and Asia. However, given the governance and rule of law requirements for EU member states to be admitted to the Union (e.g., Nugent, 2010), their poor rankings are actually rather surprising.

⁵ In 2010, Newsweek published a special with a ranking of the “World’s best countries,” together with McKinsey & Co. and several academic institutions. Through a variety of data points they tried to develop an aggregate assessment of best countries to live in. Although we do not aim to produce (such) a new metric with our selection of small countries, our approach is comparable to theirs given our broad focus on social, economic, and policy success. All 10 countries we selected are also in Newsweek’s top 20. Twelve out of their top 20 countries qualify as small using our definition. See also: <http://www.newsweek.com/interactive-infographic-worlds-best-countries-71323>.

⁶ We were unable to obtain comparable data on two categories we considered to be relevant: lateral entry and pre-recruitment training requirements. However, it is clear many of the high performing countries have been experimenting for some time with lateral hiring for more senior positions, often aiming to increase the number of public managers with private sector backgrounds (with varying success; see Pollitt & Bouckaert, 2011; Van der Wal 2011). This trend coincides with the decrease of job security and tenure at more senior levels throughout the countries under study. None of the 10 countries requires extensive pre-job interview training; however, almost without exception their mid-level and senior positions require graduate degrees.

Table 1. Performance of 14 Selected Small Countries on Eight Key Rankings

Country	Size by Population	Size by Area (sq miles)	GDP/ Capita (US \$)	Index of Economic Freedom- WSJ		Global Competitiveness- WEF		Corruption Perception Index		Human Development Index- UNDP		Global Innovation Index		E- Government Development Index - UN		World Happiness Report	Mean Rank	World Bank- World Governance Indicators (2012)									
				WB Data		2014	2005-2014	2014	2005-2014	2013	2004-2013	2013	2004-2013	2014	2009-2014			2014	2010-2014	2010-2012	Most recent year	Voice and Accountability	Political Stability	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
				Rank	Average	Rank	Average	Rank	Average	Rank	Average	Rank	Average	Rank	Average			Rank	Average	Rank		Rank	Rank	Rank	Rank	Rank	Rank
Denmark	5,639,719	16,639	58,930	10	10.2	13	6.9	1	2	10	10	8	7.2	16	9.0	1	8.6	99	75	99	98	98	100				
Finland	5,460,459	130,666	47,219	19	17.3	4	4.3	3	2.6	24	24	4	6.3	10	12.7	7	10.8	97	98	100	98	100	98				
Greece	11,123,034	50,960	21,910	119	90.5	81	73.0	80	66.6	29	29	50	57.3	34	37.3	70	64.5	67	38	62	68	64	51				
Hong Kong	7,234,800	426	38,124	1	1	7	10.8	15	13.8	15	15	10	7.3	NA	NA	64	9.6	67	80	97	100	91	93				
Ireland	4,593,100	27,133	47,400	9	5.8	25	24.9	21	18	11	11	11	13.8	22	25.7	18	15.7	92	77	92	94	94	90				
Lao PDR	6,693,300	91,400	1,646	144	143	93	NA	140	127.3	139	139	NA	NA	152	152.0	109	123.5	5	47	21	22	23	15				
Malawi	16,829,000	45,747	226	124	120.1	132	122.0	91	97.8	174	174	113	92.8	166	161.3	139	127.9	41	44	38	26	47	40				
Netherlands	16,865,200	16,160	47,617	15	14.3	8	8.4	8	8.1	4	4	5	7.0	5	4.0	4	7.9	98	91	97	96	97	97				
New Zealand	4,548,620	104,428	40,842	5	4.3	17	22.4	1	1.2	7	7	18	16.5	9	12.0	13	9.9	98	97	96	99	99	100				
Norway	5,137,679	125,021	100,819	32	35	11	14.4	5	8.6	1	1	14	14.3	13	9.0	2	13.6	100	94	98	92	100	99				
Romania	19,942,642	92,043	9,499	62	71.6	59	71.0	69	74.5	54	54	55	54.3	64	57.7	90	62.6	58	49	44	69	56	51				
Singapore	5,399,200	270	55,182	2	2	2	3.8	5	4.2	9	9	7	5.5	3	8.0	30	4.8	54	97	100	100	96	97				
Sweden	9,694,194	173,860	58,164	20	23.3	10	4.1	3	4.1	12	12	3	2.3	14	11.0	5	9.8	100	90	99	99	99	99				
Switzerland	8,160,900	15,940	80,528	4	6.3	1	1.6	7	6.7	3	3	1	2.5	30	21.0	3	6.0	99	98	98	95	97	98				

Sub-indicators and Scales of Four Key HRM Activities

We operationalized the four key dimensions into the following parameters (obtained from Humphreys & Worth-Butler, 1999; Lavelle, 2010; OECD 2011, 2014; UNPAN, 2010), each with a self-composed scale of either dichotomous or threefold answer categories, in case mixed policies or methods are observed. Table 2 below shows the indicators

Appendix 1 displays all categories and scales. For the majority of variables we used a 3-point scale with generic (low, medium, high or small, medium, high) or specific values depending on the category (e.g., for “mode of job application” the answer categories are “print media”, “digital media”, or “both”). We assessed politicization of HR practices for senior civil servants and decentralization for each of the four activities. We first used secondary data from the HR sections of OECDs Government at a Glance reports (2011 and 2014) which contains information on eight of the 10 high performing countries.

Table 2. Four HRM Activities and their Parameters

<p style="text-align: center;">1. Recruitment⁷</p> <ul style="list-style-type: none"> ▪ Mode of job application ▪ Publication of vacancies ▪ Recruitment process ▪ Legal employment terms ▪ Career structure ▪ Contract type ▪ Diversity quota ▪ Guarantee of life time employment 	<p style="text-align: center;">2. Appraisal</p> <ul style="list-style-type: none"> ▪ Extent of usage appraisal system, ▪ Number of KPIs used for performance appraisal, ▪ Performance related pay, ▪ Standardization of appraisal exercise across public sector ▪ Appraisal needed for contract renewal ▪ Frequency of appraisal exercise ▪ Employee influence on appraisal decisions
<p style="text-align: center;">3. Training</p> <ul style="list-style-type: none"> ▪ Type of training provided ▪ Annual time allocated to training ▪ Range of training provided ▪ Training provided through external collaboration ▪ Use of technology 	<p style="text-align: center;">4. Compensation</p> <ul style="list-style-type: none"> ▪ Transparency in pay grade scales ▪ Top salaries indexed to private sector ▪ Educational qualifications determine base salary ▪ Job Content determines base salary ▪ Seniority determines base salary ▪ Age determines base salary ▪ Fringe/secondary benefits ▪ Annual salary for middle managers (in USD) ▪ Annual salary for top managers (in USD)

For Singapore and Hong Kong SAR we used their well-documented and accessible government websites and central documents from their Public Service Division, Civil Service College, and Public Service Commission. For the four poorer performing countries, we accessed various UNPAN and UNDP reports as well as World Bank and Asia Development Bank documents

⁷ We were unable to obtain comparable data on two categories we considered relevant: lateral entry and pre-recruitment training requirements. However, it is clear many of the high performing countries have been experimenting for some time with lateral hiring for more senior positions, often aiming to increase the number of public managers with private sector backgrounds (with varying success; see Pollitt & Bouckaert 2011; Van der Wal 2011). This trend coincides with the decrease of job security and tenure at more senior levels throughout the countries under study. None of the 10 countries requires extensive pre-job interview training; however, almost without exception their mid-level and senior positions require graduate degrees.

and databases. However, obtaining information for these countries was often more difficult, which may be illustrative of their governance capacity and external communications capabilities. Tables 3 to 6 display the results for the four activities. In the discussion that follows we structure our comparative observations around seven research propositions (cf. Van der Wal, 2013, p. 753).

DISCUSSION OF FINDINGS

“Nothing Lasts Forever”

Proposition 1: Public sector performance is negatively associated with guaranteed lifetime employment and career-based systems for civil servants

A striking similarity between top performing small countries is that none of them has a system of guaranteed lifetime employment or non-performance based tenure. Moreover, while many of them offer some type of permanent contract to valued employees, senior positions are never occupied for more than seven years and job rotation is mandatory. However, all poorly performing small countries offer guaranteed lifetime employment and career-based trajectories: once you are in you will stay in and move up even if your performance is mediocre.

“Hire for the Job, not for the Service”

Proposition 2: A key difference between high and low performing countries of similar size is that the former have position-based systems with transparent reward and appraisal system whereas the latter have non-transparent, seniority based systems

A related observation is that public agencies in top performing small countries advertise positions both internally and externally and search for job candidates with specific backgrounds and expertise (e.g., information technology [IT], project management, or strategy) rather than automatically hire or promote existing civil servants because “it’s their time”. This practice applies to starter positions (with the exception of trainee programs or internships) as well as senior positions. In short: they hire for the job, not for the service. Moreover, job advertisements, requirements for promotion, and salary scales are transparently communicated in high performing countries, whereas a fair amount of secrecy and lack of clarity can be observed in low performing countries. A case in point is the sheer impossibility of acquiring complete information on these issues from government websites and documents from the four poor performers, or international data sets which include (some of) these countries.

“Keep the Politicians at Bay”

Proposition 3: Public sector performance is negatively associated with political interference in recruitment, appraisal, training, and compensation

All high performing countries have autonomously governed and legislated performance appraisal and recruitment systems for public service positions, even though increasing political interference with senior public management appointments can be observed in countries such as The Netherlands and New Zealand. Strikingly, all of the poor performing small countries show a high degree of politicization of (senior) administrative appointments, with evident implications for the degrees of meritocracy and integrity of their public sectors. Such politicization also implies that even if such countries have adequate performance appraisal systems on paper (often copied from or benchmarked against global best practices enforced by aid agencies and consultants), those executing such systems may often not be empowered to follow up on their outcomes.

Table 4. Recruitment

Country/ Selection Parameters	Extent of use of Appraisal System	Number of Performance Indicators used	Extent of Use of Performance Related Pay	Standardization in Appraisal System within Departments/ Ministries	Use of Appraisal for Contract Renewal	Frequency of Appraisal Assessment	Extent of Influence on Appraisal decisions	Degree of Centralization	Politicization
Denmark	3	3	3	1	3	3	1	1	1
Finland	3	3	3	1	-	3	1	1	1
Hong Kong SAR	3	3	3	1	-	2	2	3	2
Ireland	3	3	2	0	2	2	2	2	1
Netherlands	3	3	2	0	2	2	2	2	1
New Zealand	3	3	2	1	2	2	2	1	1
Norway	3	3	2	1	2	-	-	2	1
Singapore	3	3	3	1	3	3	2	3	1
Sweden	3	3	3	1	-	3	-	1	1
Switzerland	3	3	3	1	-	3	-	1	1
Greece	1	1	1	1	3	1	3	3	3
Lao PDR	1	1	1	1	-	1	3	3	3
Malawi	1	1	1	1	-	1	3	3	3
Romania	1	1	1	1	-	1	3	-	3

Table 3. Performance Apprais

Country/ Selection Parameters	Career Structure	Mode of Application	Publication of Vacancies	Recruitment Process	Legal Terms	Contract Type	Diversity Quota	Guarantee of Lifetime Employment	Degree of Centralization	Politicization
Denmark	1	3	2	2	3	3	1	0	2	1
Finland	1	-	3	2	3	3	1	0	3	1
Hong Kong SAR	3	3	3	3	3	3	1	0	2	2
Ireland	1	3	3	3	3	3	1	0	3	
Netherlands	1	3	3	3	3	3	1	0	1	2
New Zealand	1	3	3	3	3	3	1	0	3	2
Norway	1	3	2	3	3	3	1	0	2	2
Singapore	1	3	3	3	3		0	0	3	2
Sweden	1	3	3	2	3	3	1	0	1	1
Switzerland	1	3	3	3	3	3	1	0	1	2
Greece	2	-	1	3	2	3	1	1	3	3
Lao PDR	2	1	1	3	-	3	0	1	3	3
Malawi	2	1	1	3	-	3	0	1	3	3
Romania	2	1	1	3	2	3	0	1	3	3

“Train and Develop All, not Just the Elite”

Proposition 4: An inclusive approach to public sector strategic HRM with training and development opportunities across levels and functions is positively associated with public sector performance

Almost all countries involved in our comparison have fast track programs for their future leaders, including traineeships, overseas study opportunities, private sector internships, and extensive management development trajectories. However, what high performing small countries do differently is that they offer training opportunities to all public servants, in some cases (Singapore) even with a mandatory number of annual hours, and courses provided by their in-house Civil Service College. At the same time, substantive differences exist when it comes to the amount of training that governments provide, allocated budgets, and the mix of internal and external providers (cf. Suino, Van Wart, Hondeghem, & Schwella, 2014).

“Pay for Meritocracy”

Proposition 5: Paying public servants competitively amidst rigorous performance appraisal practices is positively associated with public sector performance, particularly in tight labor market settings

It is often argued small countries with dynamic economies have to pay higher salaries due to their tight labor market and talent pool, and constant “star wars” as a result (Chen & Boon, 2007; Lent & Wijnen, 2007). Intriguingly, not all top performing small countries pay their senior public managers evenly well, although none of them pays poorly. Still, Singapore which is well known for its private sector pegged salaries—a Permanent Secretary can earn as much as 2 million USD annually—pays their most senior executives seven to eight times more than is the case in The Netherlands, taking into account differences between both countries’ pension arrangements. European countries are generally a bit more egalitarian and modest when it comes to public sector remuneration, although all European countries under study here have experienced with performance related pay in the past decade (e.g., Brans & Peters, 2012).

“Appropriate Measures can be Effective without Grand Architecture”

Proposition 6: Effective public sector HRM measures and instruments do not necessarily have to be part of a grand architecture or strategy in order to contribute positively to public sector performance

A key question is whether all the countries we study actually have a nation-wide “coherent human resource strategy” or even “architecture” for building and maintaining administrative capacity and excellence. Certainly, in countries such as Finland, New Zealand, and Singapore continuous conversations take place at the national level on recruiting the best and brightest for public service amidst a global war on talent on the job market, in concurrence with world-famous training programs and institutions and relative high salaries for public servants. Singapore, for example, very deliberately recruits top talent into the system at the precollege level and then actively develops this talent through a structured program of career development (Chen & Boon, 2007). The top class of civil servants—the Administrative Service—is paid on par with private sector leaders, given overseas study opportunities and fast track management development programs as well as a wide range of

leadership positions across agencies early in their careers (e.g., Chen & Boon, 2007; Quah, 2010). Quah has described public administration in Singapore as “macho meritocracy”.

A key characteristic of this deliberate approach is its careful documentation and propagation through success stories (cf. Chen & Boon, 2007) and branding (cf. Klijn, 2011). In fact, this has to some extent affected the availability of data to study their approaches. However, based on our descriptive comparative assessment, we cannot support our initial assumption that these high performing countries all have a thought-through grand HRM architecture.

“Both Centralized and Decentralized Approaches Work in Meritocratic Cultures”

Proposition 7: The degree of centralization of public sector HRM activities does not affect public sector performance provided such activities support merit-based employee performance

Our findings are inconclusive when it comes to the degree of centralization of HRM activities in the top performing countries, meaning they’re orchestrated, legislated, and implemented top-down from the national level downwards. For instance, public sector HR activities in Ireland and New Zealand have increasingly been decentralized and devolutionized (Humphreys & Worth-Butler, 1999), whereas centralization dynamic can be observed in The Netherlands in recent years. Interestingly, the poor performing countries have in common that their HRM activities are centralized, leading to rigidity and bureaucracy. Moreover, their central Ministries of Personnel or Public Administration note that none of the top performing small countries has an entire ministry devoted to such matters—are sometimes considered to be “dumping grounds” for less ambitious and capable public servants.

KEY TAKE AWAYS

At the outset of this paper, it was clear we entered a contested and “fuzzy” debate on why some countries perform better than others, and how such performance is created, maintained, and elevated. After our exploratory analysis, we cannot provide definitive causal explanations of the success, and more often, failure of individual countries. However, our in-depth assessment of public sector HRM practices of a unique species to study excellence in governance—*big performing small countries*—shows many striking similarities. This, in turn, provides us with intriguing takeaways, resulting in various new research questions for future studies.

First of all, the enthusiastic adoption of private sector-inspired, performance-driven HRM practices of all big performers we studied makes one rethink the fears voiced by colleagues about effects of NPMLike tools and techniques on public sector performance and service delivery (Eikenberry & Kluxfer, 2004; Frederickson & Ghore, 2005; Van Der Wal, 2008). Indeed, our results seem to imply that making public sector HRM practices more businesslike aligns with high country performance in countries with fairly strong, respected states with tripartite traditions (yet more or less union power). In fact, we hypothesize that “strong states” (Fukuyama, 2013) which treasure tripartite relations are able to absorb businesslike public sector labor reforms without too much unrest and tension, and thus without decreasing performance.

Moreover, although we are mindful of the tenuous tendency in management and leadership literature to separate the individual from the environment (Hart 2014), our results may suggest it is *possible to create entrepreneurial, businesslike mindsets of civil servants without necessarily making organizational structures and processes businesslike* through contracting, privatization, and competition. The two are often conflated in negatively framed debates about businesslike government. The Singapore case, for instance, shows that paying senior civil servants very high salaries can coincide with government control in almost all major public enterprises and even private firms, with extraordinary public sector performance as a result.

Table 5. Training

Training	Training Type	Time/ Number of Hours Allocated to Training per Year	Range at which Training is Provided	Collaborations to Provide Training with Universities and Educational Institutes	Use of Technology for Training	Degree of Centralization	Politicization
Denmark	3	1	3	-	2	2	1
Finland	3	1	3	-	2	2	1
Hong Kong SAR	3	2	3	1	1	2	2
Ireland	3	-	3	1	1	2	1
Netherlands	3	2	3	1	1	1	1
New Zealand	1	1	3	1	1	1	1
Norway	3	1	3	-	2	2	1
Singapore	3	3	3	1	1	1	2
Sweden	3	1	3	-	2	2	1
Switzerland	3	3	3	-	2	2	2
Greece	1	1	1	1	0	3	3
Lao PDR	-	-	1	1	0	3	3
Malawi	-	-	1	1	0	3	3
Romania	1	2	3	1	-	2	3

Table 6. Compensation

Compensation	Transparency in grade pay scales	Pay Scale Top Indexed to Private Sector	Extent of Educational Qualification determining Base Salary	Extent of Job Content determining Base Salary	Extent of Performance Determining Base Salary	Extent of Seniority determining Base Salary	Extent of Age determining Base Salary	Other Benefits (Fringe)	Annual Salaries for top-level managers (USD)	Annual Salaries for mid-level managers (USD)	Degree of Centralization	Politicization
Denmark	1	1	3	3	2	2	-	1	2	2	1	1
Finland	1	1	1	3	2	2	1	1	2	2	1	1
Hong Kong SAR	1	1	3	3	3	-	-	1	1	1	3	1
Ireland	1	0	3	3	-	1	1	1	2	2	1	1
Netherlands	1	0	3	3	2	2	1	1	2	2	1	1
New Zealand	1	1	2	3	3	1	1	-	1	1	1	2
Norway	1	1	3	2	3	2	1	1	2	2	1	1
Singapore	1	1	3	3	3	2	1	1	1	1	2	1
Sweden	1	1	3	3	3	1	1	1	2	2	1	1
Switzerland	1	1	3	-	2	2	2	1	1	1	2	2
Greece	0	0	-	-	1	3	3	1	3	1	3	3
Lao PDR	0	-	3	-	1	3	3	1	3	3	3	3
Malawi	0	0	3	-	1	3	3	1	3	3	3	3
Romania	0	0	0	-	1	3	3	1	3	2	3	3

All in all, it is apparent various contextual factors and intricacies may have contributed to the unexpected success of many of these countries that lie beyond the scope of this study. Factors such as macro-economic policies, colonial histories, or education reforms have been studied (Lim, 2014; Rodrik, 1998), yet many factors merit further research, including the importance and composition of political will, policy content, and historical dynamics.

However, *a consistent observation is that 10 of the world's best performing nations show remarkable similarities in terms of their approach to public sector HRM, with the exception of centralization* (Devine & Powell, 2008). Once more, our results seem to suggest that private sector strategic HRM practices (Boxall & Macky, 2009; Paauwe, 2009) are applicable to public sector settings aiming to enhance their performance, provided that openness and change readiness are to some extent already part of the mindset. In addition, *some of the successful small countries we studied have perfected their public sector branding and recruitment efforts to speak out to intelligent individuals whose key motivations correspond with the intellectual challenges and complexities public sector jobs in dynamic contexts have to offer* (cf. Van Der Wal, 2013). In doing so, they manage to leverage person-environment fit (Edwards, 1996; Kristof-Brown & Guay, 2011).

This observation brings us to our second issue: the extent to which public sectors are unique and their employees are (and should be) driven by a particular public service ethos (Horton, 2008; Rayner et al., 2011) or public service motivation (Perry, Hondeghem, & Wise, 2010). Although our data do not allow us to draw conclusions about the (lack of) presence of these attributes among the public servants in these countries, they do show that public servants in these countries are relatively well paid, and often encouraged with performance bonuses and management development opportunities. They are also able to affect their performance appraisal exercises and career trajectories up to a point because their opportunities are transparently communicated to them. This result raises questions about whether extrinsic incentives necessarily “crowd out” intrinsic drivers, and the extent to which multiple incentives conflict (Perry, 2014; Taylor & Taylor, 2011). Indeed, qualitative endeavors produce a nuanced picture of public servants in rich countries being driven by a dynamic of intrinsic and extrinsic factors without such problems as a result (Van Der Wal, 2013).

Third and finally, what do our exploratory findings mean for the vigorous and heated debates on good government, good governance, and quality of government? By *studying small countries that have excellent government, and contrasting those with a number of poorly performing small countries, we have corroborated the importance of people who populate institutions and make policies*. Arguably, they are more important than superior structures in themselves. In fact, while many struggling, developing countries or failed states have received a lot of aid and advice from international governance actors to implement best practice systems and structures (see Andrews 2013), *capacity building at the individual and strategic level has often been overlooked*. Finally, our findings once more corroborate the importance of meritocratic public service systems. Indeed, Rothstein and Teorells (2012) have shown that in most countries meritocracy of public service careers correlates negatively with the necessity of having political connections, with two big countries as an exception: China and Japan.

However, *we would argue that small countries that can become irrelevant in a matter of years cannot afford to maintain high levels of nepotism for too long. As they have smaller labor pools and usually a highly competitive labor market in which public and private sectors compete, stressing meritocracy is a much bigger necessity* (cf. Skilling, 2012). This observation begs a key question: to what extent do features of public service excellence infused by HRM strategies apply to high performing countries in general, regardless of size? To some extent they do, however, the fact that these countries have the disadvantages of being small has made it more imperative for them to be at the forefront of making HRM systems businesslike, paying mid-level and senior public managers competitively, and pay more attention to continuous training and skills upgrading (and how this should be organized). They simply have to be more agile, adaptive, and excellent in order to survive.

FUTURE RESEARCH

This last point brings us a number of intriguing questions that still lie unanswered. What do our results mean for emerging small countries that search for best practices, often assisted by international governance players and donors who tend to propagate simple, uniform public management reforms, including HRM reforms (cf. Andrews 2013)? Throughout Eastern Europe and Africa in particular, a number of small countries have made remarkable progress during the past two decades. What lessons can be drawn from our study for Estonia, Slovenia, Rwanda, to name a few, and for the Emirates, Kuwait, and Qatar whose governments are frantically upgrading their (public and private) human resources to sustain “life after oil”? Should they pursue a more egalitarian approach to talent management and development, like the Nordic countries or The Netherlands, or can they only remain relevant if they become macho meritocracies like Singapore and Hong Kong SAR?

And finally, can we distinguish a fuller typology of “smallness” that captures these countries’ unique successes, by distinguishing between small, open Asian Pacific countries (Singapore, Hong Kong, New Zealand), a “Nordic model” (Norway, Denmark, Sweden, Finland, and to some extent The Netherlands), and rich commodity producers (Bahrain, Kuwait, United Arab Emirates, Qatar)? By examining input factors of the quality of government (strategic HRM practices) we aimed to increase our understanding of how such factors contribute to success in different contexts. The next step is to build more meaningful instruments to measure and compare more such factors across a larger set of big performers.

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Selection	Career Structure/ Job Type 1= Position Based 2= Career Based 3= Mix	Mode of Application 1= Print Media 2= Digital Media 3= Both	Publication of Vacancies 1= Internal 2=External 3= Both	Recruitment Process 1= Written 2= Interview 3= Both	Legal Employment Terms 1= Collective Agreement/GEF 2=Special Acts 3= Both	Contract Type 1= Full Time 2= Part Time 3= Both	Diversity Quota 0= No 1= Yes	Guarantee of Lifetime Employment 0= No 1= Yes 2= Not known	Degree of Centralization 1= Low (0%-30%) 2= Medium (31%-60%) 3= High (61%-100%)	Politicization 1= Low (only top officials) 2=Medium (middle +top) 3= High (all positions including lower)		
Appraisal	Extent of use of Appraisal System 1= Low (0%-30%) 2= Medium (31%-60%) 3= High (61%-100%)	Number of Performance Indicators used 1= Small (1-5) 2= Medium (6-10) 3= High (more than 10)	Extent of Use of Performance Related Pay 1= Low (only top) 2= Medium (middle + top) 3= High (all positions)	Standardization in Appraisal System within Departments/ Ministries 0= No 1= Yes	Use of Appraisal for Contract Renewal 1= Low 2= Medium 3= High	Frequency of Appraisal Assessment 1= Low (Once in 3 years) 2= Medium (Annually) 3= High (More than once a year)	Extent of Employee Influence on Appraisal decisions 1= Low 2= Medium 3= High	Degree of Centralization 1= Low (0%-30%) 2= Medium (31%-60%) 3= High (61%-100%)	Politicization 1= Low (only top officials) 2=Medium (middle + top) 3= High (all positions)			
Training	Training Type 1= On the Job 2= Pre-Joining 3= Both	Time/ number of hours allocated to training annually 1= Low (Few hours) 2= Medium (Few days) 3= High (One week or more)	Range at which Training is Provided 1= Low (only for top management) 2= Medium (middle + top) 3= High (All employees)	Collaborations to Provide Training with Universities and Other Institutes 0= No 1= Yes	Use of Technology for Training 0= No 1= Yes 2= Not known	Degree of Centralization 1= Low (0%-30%) 2= Medium (31%-60%) 3= High (61%-100%)	Politicization 1= Low (only some) top officials) 2=Medium (most top officials) 3= High (Top, middle, and some low level positions)					
Compensation	Transparency in grade pay scales 0= No 1= Yes	Pay Scales Top Indexed to Private Sector 0= No 1= Yes	Extent of Educational Qualification determining Base Salary 1= Low (Lower levels) 2= Medium (middle) 3= High (All employees)	Extent of Job Content determining Base Salary 1= Low (Lower levels) 2=Medium (Middle) 3= High (All employees)	Extent of Performance determining Base Salary 1= Low (Lower levels) 2=Medium (middle) 3= High (All employees)	Extent of Seniority determining Base Salary 1= Low 2= Medium 3= High	Extent of Age determining Base Salary 1= Low 2= Medium 3= High	Other Benefits (Fringe) 0= No 1= Yes 2= Not known	Annual Salaries for top- level managers (USD) 1= Over 250k 2= 100-250k 3= Below 100k	Annual Salaries for mid- level managers (USD) 1=over 100k 2=50-100k 3=below 50k	Degree of Centralization 1= Low (Only Base Salary) 2= Medium (Base Salary + some Benefits) 3= High (Base Salary + all Benefits)	Politicization 1= Low (only top officials) 2=Medium (middle +top) 3= High (all positions including lower)

Appendix 1: Four Categories and their Parameters and Scales