

## **Western Balkan Network tackling undeclared work**

# **RETHINKING THE FUTURE OBJECTIVES, ROLES AND COMPETENCIES OF INSPECTORATES AND INSPECTORS**

**Sarajevo, December 2020**

Colin C Williams

*University of Sheffield*

*This document has been prepared for the Employment and Social Affairs Platform 2 (ESAP 2) project implemented by the Regional Cooperation Council's (RCC) and funded by the European Union (EU) and reflects only the views of the author. The Regional Cooperation Council cannot be held responsible for any use which may be made of the information contained herein.*

## Contents

|   |    |
|---|----|
| Executive Summary .....   | 1  |
| 1. Introduction .....   | 3  |
| 2. A Holistic Integrated Strategic Approach: rethinking enforcement<br>authorities' objectives, roles and competencies..... | 4  |
| 3. Implications for Labour Inspectorates and Tax Authorities .....  | 5  |
| 4. Implications for Inspectors: future roles and competencies .....   | 9  |
| 5. Implications for Human Resource Management .....   | 12 |
| References .....  | 15 |

## Executive Summary

The adoption of a holistic approach has significant implications for Labour Inspectorates (LIs) and Tax Authorities (TAs), and the skillsets, expertise and competencies required by inspectorates and inspectors. The aim of this report is to evaluate the human resource management implications that arise from:

- pursuing the objective of transforming undeclared work into declared work;
- pursuing cooperation across government and with social partners, and
- the adoption of preventative approaches and achieving a good balance between deterrence and prevention.

### Implications for Labour Inspectorates and Tax Authorities

A holistic strategic integrated approach has implications for the capacities, skills and expertise required by enforcement authorities.

Adopting a **wider range of policy measures** to transform undeclared work into declared work requires the development of new functions if these do not already exist. These new additional core functions include:

- data mining and analysis, including IT;
- information, communications and awareness raising, including public relations (PR), marketing, online services;
- project management, evaluation, piloting and testing;
- strategy development (including key performance indicators) and change management;
- human resource (HR) management, including training provision.

The skillsets, expertise and competencies required to fulfill these functions include:

- leadership skills in (i) implementing preventative strategies and (ii) supporting organisational culture/attitude changes in inspectors and authorities;
- statistical analysis and IT competencies for data mining and risk assessment;
- communications skills related to awareness-raising with employers, informing the public and collaborating with social partners;
- customer-friendly “soft” skillsets to provide advisory and support services;
- marketing, IT and communications expertise, including in organising educational and awareness raising materials;
- technical competencies relating to labour and social security laws in inspections;
- evidence-based policy evaluation skills.

The division of labour needs to be decided. At one end of the spectrum, attempts could be made to provide all enforcement authority staff with *all* these skillsets, expertise and competencies. At the other end of the spectrum, all staff could be allocated to a single function. If a division of labour is adopted, the interfaces between these functions will need to be addressed (e.g., how data mining and inspections interact).

Pursuing **cooperation** across government and with social partners also requires new skills, capacities and expertise develop effective cooperation with other governmental agencies and the full range of social partners and other stakeholders. There is therefore a need to develop the skills, expertise and competencies required by senior officials in enforcement agencies to build relationships with other governmental and non-governmental stakeholders.

### **Implications for Inspectors**

The increased focus on a fuller range of policy initiatives to tackle undeclared work means that the role of, and skills needed by, inspectors is changing. Given the new core functions of inspectorates, a wider range of professional qualifications, knowledge, skills, attributes and competencies are required by inspectors, including:

- “soft skills”, such as customer-friendly skillsets and communication skills, to provide advisory and support services to “customers”;
- skills for education and awareness raising, including marketing and communications expertise;
- ability to use new IT tools and analytical skills for interpreting and applying risk assessment, and data mining and risk analysis expertise, and
- evidence-based policy evaluation skills.

### **Implications for Human Resource Management**

For inspectorates to effectively provide the new functions, changes are required in organisation structure, processes and job roles. Having established a new vision, mission and values for enforcement authorities, a human resources (HR) management strategy is required which reflects the new skillsets, competencies and expertise. This HR strategy consists of the following central elements:

- Definition and description of qualification and competence profiles for all functions at all organisational levels; these profiles are made accessible to all employees;
- On-going analyses of the organisation’s human resource capacity and forecasts of future requirements;
- Flexible recruitment methods which enable the filling of all vacancies on all organisational levels in strict accordance with these profiles; regional/local offices take part in the recruitment decision in case of their own staff;
- An initial training plan for new employees upon entry which takes into account that specific qualifications are typically accompanied with varying competences, and includes the use of mentoring and coaching programs as informal training procedures; and
- A further training and career development plan which is strictly competency-based. Its implementation in the organisation is monitored systematically which includes a request for feedback from employees (e.g., employee satisfaction surveys).

There is no **“one size fits all”** solution for all LIs and TAs, and individual LIs and TAs are at different stages in modernising their enforcement authorities to incorporate the new skillsets, competencies and expertise required. However, this report has outlined the common human resource issues that LIs and TAs must address when modernising their inspectorates.

## 1. Introduction

The adoption of a holistic approach has significant implications for the future role of labour inspectorates (LIs) and tax authorities (TAs), and the skillsets, expertise and competencies required by inspectorates and inspectors.

To enable mutual learning on the key human resource management issues for LIs and TAs, the aim of this report is to evaluate the human resource management implications that arise from:

- pursuing the objective of transforming undeclared work into declared work;
- pursuing cooperation across government and with social partners, and
- the adoption of preventative approaches and achieving a good balance between deterrence and prevention.

Economies and authorities are at various stages of development in making this transformation. Mutual learning and sharing knowledge about the human resource implications of pursuing these practices is therefore important. Although there is no “one size fits all” solution, the decisions that need to be taken are similar. These decisions that need to be taken are the focus of this report.

Given that the COVID-19 pandemic has prevented a face-to-face meeting of this Working Group, the decision was taken to circulate a draft report among members so that they could share their experiences on the skills and competencies required in the future in LIs and TAs. This provided members of the Western Balkan Network tackling undeclared work with an opportunity to comment on the challenges faced and offer good practices.

This draft report sets out the key issues involved in developing modern LIs and TAs in terms of capacity building, skills and competencies. The intention is to stimulate and structure thinking about the issues involved and the various options available, in terms of capacity building and developing skills and competencies, when modernising labour inspectorates and tax authorities. The key question addressed is:

**What is needed to develop modern labour inspectorates and tax authorities in terms of capacity building, skills and competences?**

The objectives are:

- to share and deepen understanding of the human resource management issues confronting labour inspectorates and tax authorities as a whole;
- to share and deepen understanding of the changing roles of staff within labour inspectorates and tax authorities and how to support capacity building, develop skills and competences; and
- to identify the steps required to undergo this process of modernisation, along with the issues arising at each stage and how they might be overcome.

The next chapter outlines the holistic approach and the consequences for the modernisation of LIs and TAs. The third chapter explores the implications for the structure of LIs and TAs, the fourth chapter what this means for the specific role of staff within these enforcement authorities, the fifth chapter the implications for human resource management and the sixth chapter draws together the lessons learned.

## 2. A Holistic Integrated Strategic Approach: rethinking enforcement authorities' objectives, roles and competencies

An earlier Western Balkan Network tackling undeclared work report (Williams, 2020) defined a holistic strategic integrated approach as:

“where economies use a whole government approach to tackle undeclared work, by joining-up on the policy and enforcement level of both strategy and multidisciplinary operations, the fields of labour, tax and social security law, and involve and cooperate with social partners and other stakeholders. This approach involves using the full range of *direct* and *indirect* policy measures available to enhance the power of, and trust in, authorities respectively. The objective is to stimulate compliance in a more effective way and to transform undeclared work into declared work in an effective manner.”

Therefore, breaking this definition down, there are three major components:

- The strategic objective of transforming undeclared work into declared work;
- Developing a whole government coordinated approach, and
- Implementing the full range of direct and indirect tools.

On the one hand, although inspections/audits are a core function in a deterrence approach that seeks to reduce undeclared work, when the objective of inspectorates is to transform undeclared work into declared work, **a wider range of policy measures are required which requires new skills, capacities and expertise**. Table 1 outlines a range of direct and indirect policy measures that authorities can use to transform undeclared work into declared work.

**Table 1. Policy measures for transforming undeclared work into declared work**

| Approach                    | Tools  | Examples of policy measures   |
|-----------------------------|--|---|
| Direct approach: deterrents | Improved detection   | Data matching and sharing<br>Joined up strategy<br>Joint operations   |
|                             | Increased penalties  | Increase sanctions  |
| Direct approach: incentives | Supply-side  | Simplification of compliance<br>Direct and indirect tax incentives<br>Support and advice on formalisation<br>Voluntary disclosure |
|                             | Demand-side  | Targeted direct and indirect taxes<br>Service vouchers<br>Receipts lottery<br>Incentivise electronic payments                     |
| Indirect approach           | Change employers', workers' and customers' attitudes (informal institutions) | Education<br>Normative appeals<br>Awareness raising of benefits of declared work and costs of undeclared work                     |
|                             | Change state (formal institutions)   | Procedural and redistributive fairness and justice<br>Wider economic and social developments                                      |

The emergent consensus is that the most effective approach for tackling undeclared work is for enforcement authorities to concurrently implement direct measures (e.g., workplace inspections) to enhance the power of authorities as well as indirect measures (e.g., awareness raising) to enhance trust (Williams, 2016). This is based on evidence that a high-trust/high-power approach is the most effective way of tackling undeclared work (Kirchler et al., 2008; Prinz et al., 2014; Williams and Horodnic, 2016; Horodnic and Williams, 2020). Using such a wide range of policy measures has significant implications for the skillsets, expertise and competencies required by LIs and TAs.

On the one hand, developing a whole government coordinated approach also requires new **skills, capacities and expertise in partnership building and partnership management** so as to join-up on the policy and enforcement level of both strategy and multidisciplinary operations, the fields of labour, tax and social security law, and involve and cooperate with social partners and other stakeholders. The range of new skills, capacities and expertise required can be seen in the steps below that are required to build and manage partnerships.

To improve cooperation, the **first step** required by any enforcement authority is:

- (i) to identify the governmental agencies and social partners (e.g., trade unions, employer federations);
- (ii) to identify for each stakeholder their role and relevance for the various services of the enforcement authority (e.g., referrals, exchange of information, detection, prevention, joint inspections), and
- (iii) the level (economy, regional, local) at which each of these relationships is sought.

Having identified the relevant governmental agencies and social partners and their roles, the **second step** is to build these partnerships. This requires:

- (i) staff to be allocated with the objective of partnership building at the various levels of the enforcement authority;
- (ii) the specific activities and contributions expected from these employees who have the objective of partnership building to be specified; and
- (iii) the challenges to partnership building at each level addressed and solutions sought.

The **third step** is to manage these partnerships by:

- (i) involving them in all relevant phases of the strategic management and service provision process;
- (ii) developing transparent agreements with clearly defined responsibilities;
- (iii) systematically monitoring and evaluating the outcomes of the partnership arrangements, and
- (iv) sharing the monitoring/evaluation results with the partners.

### **3. Implications for Labour Inspectorates and Tax Authorities**

A holistic strategic integrated approach has implications for the capacities, skills and expertise required by enforcement authorities. These relate to:

1. the wider range of skills, capacities and expertise required in inspectorates resulting from the adoption of a fuller range of direct and indirect policy approaches to transform undeclared work into declared work, and
2. the skills, capacities and expertise needed to join-up both strategy and operations in the fields of labour, tax and social security law, and involve and cooperate with social partners and other stakeholders.

### 3.1 Operationalising the full range of policy initiatives: new core functions

Adopting a wider range of direct and indirect policy measures has implications for enforcement authorities. It may mean the development of new functions if these do not already exist.

The first task of any enforcement authority is **to identify the new additional core functions** needed to operationalise the full range of policy initiatives.

#### **Box 1. New core functions required to operationalise the full range of policy measures**

These new core functions include:

- data mining and analysis, including IT;
- information, communications and awareness raising, including public relations (PR), marketing, online services;
- project management, evaluation, piloting and testing;
- strategy development (including key performance indicators) and change management;
- human resource (HR) management, including training provision.

Once an enforcement authority has identified the new core functions that it needs to develop, the second step is **to identify the skillsets, expertise and competencies** required to fulfill these core functions and for a modern inspectorate to operate effectively.

#### **Box 2. Skillsets, expertise and competencies required**

The skillsets, expertise and competencies required include:

- Leadership skills in (i) implementing preventative strategies and (ii) supporting organisational culture/attitude changes in inspectors and authorities;
- Statistical analysis and IT competencies for data mining and risk assessment;
- Communications skills related to awareness-raising with employers, informing the public and collaborating with social partners;
- Customer-friendly “soft” skillsets to provide advisory and support services;
- Marketing, IT and communications expertise, including in organising educational and awareness raising materials;
- Technical competencies relating to labour and social security laws in inspections;
- Evidence-based policy evaluation skills.

The third step is **to decide the division of labour** in the inspectorate. At one end of the spectrum, an attempt could be made to provide all enforcement authority staff with *all* these skillsets, expertise and competencies. At the other end of the spectrum, all staff could be allocated to a specific function and only engage in that single function. LIs and TAs need to decide where on the spectrum of a division of labour they intend to position themselves to be most effective.

### **Box 3. Deciding the division of labour in an enforcement authority: decisions for inspectorates**

- Are all staff enforcement authority staff going to acquire all these skillsets, expertise and competencies? Or is a division of labour going to be adopted? If so, are all staff going to be allocated to a specific function?
- Is the way forward for the enforcement authority/whole government to have a specialist unit for **data mining and analysis**? Are the staff in this unit going to specialise only in this role? Or is it going to be proportion of the employment contract of some staff?
- Is the enforcement authority going to have specialist staff focusing entirely on **marketing and communications**? Or is it going to be proportion of the employment contract of some staff?
- Are specialist staff going to provide **support and advice** to businesses and workers? If so, is a “call centre” operation going to be developed with scripted language responses so that lower-grade employees can be employed?
- Are **policy evaluation** experts required with a sound grounding in social science research methodologies and policy evaluation skills?
- Should specialised divisions/units be created with exclusive competence for tackling undeclared work?

An example of where there has been a widescale restructuring of an enforcement authority is Norway’s labour inspectorate (see Case Study 1).

#### **Case Study 1. A new division of labour in Norway’s labour inspectorate**

Having reflected on the division of labour, Norway’s labour inspectorate underwent total reorganisation in January 2020.

The biggest change was to move from “regional organisation” with one HQ and seven regional offices towards a “function model”. This means that all inspectors have been allocated into two divisions:

- occupational safety and health (OSH), and
- work-related-crime (e.g. undeclared work).

In addition, there are four other divisions:

- knowledge;
- communications-advice;
- applications, and
- IT.

The fourth step, if a division of labour is adopted, is to **address issues regarding the interactions/interfaces between these functions.**

#### **Box 4. If adopting a division of labour, how are the interactions/interfaces between these functions going to be addressed? Questions to ask**

- Take the example of the interaction and interface between **the data mining function and the function of workplace inspections.**

- Are all enforcement authority staff going to be trained in using the available databases to extract data on “risky businesses” that can be selected for inspection/audit?
- Is some form of software going to be provided so that inspectors can select “risky business”?
- What training is required to enable inspectors to use databases to select “risky businesses” for inspection?
- How can the perception that the use of data mining reduces the autonomy of the inspector and de-professionalises their role (by reducing the value of their local subjective experience) be addressed?
- And how can inspectors/auditors feed into the data analysis process when they identify emerging trends in the field?
- And what about the interaction between **data mining and analysis, and marketing and communications**?
  - Are marketing and communications staff going to be trained in data analysis to identify groups of “risky businesses” that can be targeted by marketing and communications campaigns? Or are they going to rely on the data analysts for the identification of these groups?
- What other interactions are important to address?

### 3.2 Developing effective cooperation

The holistic approach also brings to the fore the need for senior officials to have the skills and competencies to develop effective cooperation with other governmental agencies and the full range of social partners and other stakeholders.

There is therefore a need to identify the skills, expertise and competencies required by senior officials in enforcement agencies to build relationships with other governmental and non-governmental stakeholders to develop effective cooperation.

Box 5 highlights some questions that an inspectorate has to answer on the skills, capacities and expertise needed for the effective management of partnerships and stakeholders.

#### Box 5. Developing effective cooperation

- What are the key challenges and obstacles to developing more effective cooperation with (i) other government authorities involved in tackling undeclared work and (ii) social partners and other stakeholders?
- In terms of skills, capacities and expertise, do senior officials need to develop greater knowledge and expertise on how to produce bilateral and multilateral agreements and Memorandums of Understanding (MoUs)?
- Are there other skills, capacities and expertise required when the management of partnerships and stakeholders becomes a core function? If so, what other hard and soft skills are required?
- Who needs to possess these skills, competencies and expertise? Is there a need for a separate unit to be established which has responsibility for the management of partnerships and stakeholders?

## 4. Implications for Inspectors: future roles and competencies

With the increased focus on a fuller range of policy initiatives to tackle undeclared work, the role and skills needed by inspectors is changing. Given the emergence of the new core functions discussed above, what are the implications for inspectors? The way to answer this is to consider what new skills and competencies are required by inspectors given the new core functions of enforcement authorities. Box 6 provides a summary.

### **Box 6. New professional qualifications, knowledge, skills, attributes and competencies required by inspectors given the new core functions of inspectorates**

- soft skills, including customer-friendly skillsets and communication skills, to provide advisory and support services to “customers”;
- skills for education and awareness raising, including marketing and communications expertise;
- ability to use new IT tools and analytical skills for interpreting and applying risk assessment, and data mining and risk analysis expertise, and
- evidence-based policy evaluation skills.

Each is here considered in turn

### 4.1 Soft skills

It is essential for inspectors to have good communications skills. This enables them to provide information and advice to employers and workers, build relationships with other stakeholders and effectively cooperate with specialised services (e.g., data-mining units). Persuasion is also an important skill, such as when conducting advisory inspections and awareness raising campaigns.

This will require new skillsets to be included in the job descriptions and competence profiles of inspectors, such as “communication skills”, “the ability to create trust and co-operation”, and the need to “have persuasion skills”. Box 7 highlights how this has been achieved in Belgium.

### **Case Study 2. Increased recognition of the importance of soft skills, Belgium**

In Belgium, a special unit called “Covron” was established to deal with foreign workers in Belgium. Covron inspectors need soft skills: high levels of assertiveness to conduct visits on often complex work sites, dealing regularly with ignorant or non-cooperative employers and poorly informed migrant workers. Inspectors also need psychological skills: tolerance, empathy, integrity, realism, self-control, creativity in developing solutions, and patience. Covron inspectors are specially recruited and have specific training.

Inspectors also need to relate and work with people, to work well under pressure and without supervision, to take initiative, and to communicate effectively (cf. ILO Conventions C81 and C139).

Considering the new skills-needs, some of the soft skills may be difficult to acquire by training, so it is important to assess these during the hiring process (for example, psychological attitude). This is not systematically done in all enforcement authorities, though some already have formal tests of skills on entry (Belgium, Finland, France, Portugal), and others use personal interviews (Cyprus, Ireland, Lithuania, Luxembourg).

### Case Study 3. Assessing soft skills, France

France recently decided to involve psychologists in the recruitment process to ensure that they can assess soft skills more accurately. This uses modern techniques to assess such soft skills during the recruitment process, including online assessments.

## 4.2 Skills for education and awareness raising

There is a need to develop skills to perform education and awareness raising functions including information and advice, marketing and communication, awareness raising, giving advice to employers, as well as organising educational and awareness raising materials.

More specifically, staff in a public relations (PR) unit need to be able to use social media effectively and to organise campaigns. They need skills for cooperation with external partners (communication and information provision) and the media (radio, TV). They also need to be able to make clear statements on legal issues and interpretation.

**Table 2. Roles within a communications unit and the new skills required**

| Role   | Skills required  |
|--|--|
| <b>Managers of a communication unit need to:</b> | <ul style="list-style-type: none"><li>• Design, develop and implement a communications strategy.</li><li>• Coordinate the design and implementation of a variety of tools such as campaigns, information bulletins, legal notes, seminars or external courses, press briefings.</li><li>• Design monitoring and evaluation of communications activities.</li><li>• Potentially develop briefs to engage third party experts and manage any sub-contracted services.</li></ul>  |
| <b>Communications officers need to:</b>          | <ul style="list-style-type: none"><li>• Use appropriate language and information channels tailored to the target audience</li><li>• Follow developments for selecting relevant information to feed into social media and online channels and update social media accounts, website update, prepare media briefings, organise events, etc.</li><li>• Build and maintain user-friendly, easily accessible channels for informing companies and workers and providing advice</li><li>• Collect and analyse data to fill information gaps</li><li>• Closely cooperate with legal departments to ensure that the information they provide is accurate and up-to-date and then interpret and convey complex information simple, easily understandable language, without losing accuracy</li><li>• Closely cooperate with inspectors, keeping them informed about the overall strategy so that inspectors can adapt the information/advice they give during inspections</li><li>• Motivate inspectors to give them feedback on the use of information channels and what needs to be improved</li><li>• Language/translation skills may also be needed for informing foreign</li></ul> |

|                            |   |
|----------------------------|---|
|                            | companies, working cross-borders and giving guidance and advice to foreign workers.   |
| <b>Inspectors need to:</b> | <ul style="list-style-type: none"> <li>• Keep up to date on information related to inspectors’ preventative role about incentives and procedures for formalising undeclared work.</li> <li>• Work closely with call centre operators and the central communication unit for an efficient division of roles.</li> <li>• Collect and feedback qualitative information from employers about non-compliance and about the impact of awareness-raising campaigns and which approaches and tools work best in specific situations.</li> </ul> |

To free up inspectors’ time from providing information, establishing “call centres” may be an efficient way to do this in a larger organisation and can be cost effective if a high share of incoming calls can be answered by other appropriately qualified staff. Some additional competences can be necessary if a communication unit includes a call centre. These skills are highlighted in Table 6.

**Table 3. Additional skills necessary if a communication unit includes a call centre**

| <b>Role</b>                           | <b>Skills required</b>  |
|---------------------------------------|---|
| <b>Call centre operators need to:</b> | <ul style="list-style-type: none"> <li>• Understand and comply with personal data protection requirements.</li> <li>• Elaborate knowledge management skills to ensure that all call centre operators have access to fully accurate and up-to-date information and the information is structured in a way to enable swift access.</li> <li>• Communicate effectively with the public.</li> <li>• Handle stress and conflict situations.</li> <li>• Research and check the accuracy of information provided.</li> <li>• Cooperate with inspectors to ensure an efficient division of roles between inspectors and call centre operators.</li> </ul> |

### 4.3 IT, data mining and risk analysis skills

Skills needed for data miners include digital and analytical skills, the ability to interpret outcomes (i.e. tell a “story” to inspectors and PR units) and knowledge of statistical software. It is also important that data miners have a project approach that enables them to build a system that suits the general strategy of the inspectorate.

Inspectors need to have good general IT skills. However, these do not need to be specialised unless they also engage with data mining or risk assessment.

**Table 4. IT, data mining and risk analysis roles and skills**

| <b>Role</b>  | <b>Skills required</b>  |
|--|---|
| <b>High level executive managers need to have:</b> | <ul style="list-style-type: none"> <li>• Attitudes open to adopting change management techniques</li> </ul> |

|  |  |
|--|--|
| <b>Middle managers (e.g. manager of the analytical unit)/local managers need to:</b> | <ul style="list-style-type: none"> <li>• Understand and engage with the strategy of the labour inspectorate (and possibly have the ability to provide support in its shaping) Champion, support and advise on use of new tools by inspectors</li> <li>• Have the ability to deploy change management techniques</li> </ul>         |
| <b>Analysts need:</b>  | <ul style="list-style-type: none"> <li>• Advanced IT skills</li> <li>• Advanced quantitative analytical skills</li> <li>• Advanced qualitative analytical skills</li> </ul>  |
| <b>IT staff/data miners need:</b>  | <ul style="list-style-type: none"> <li>• Digital and data analysis skills</li> <li>• Ability to interpret outcomes (tell a “story” to inspectors and PR units)</li> <li>• Ability to use statistical software</li> <li>• Ability to build a system that fits into the general strategy of the labour inspectorate</li> </ul>       |
| <b>Inspectors need:</b>  | <ul style="list-style-type: none"> <li>• General IT skills, ability to use the IT system effectively</li> <li>• Understanding of the logic and purpose of risk assessment and data mining</li> <li>• Ability to interpret risk assessment outcomes</li> <li>• Ability to connect data mining information and prevention</li> </ul> |

## 5. Implications for Human Resource Management

For inspectorates to effectively provide the new functions, organisation structure, processes and job roles may need to change. This requires the development of the HR strategy.

Before developing an HR strategy, enforcement authorities should define the culture of the organisation, which is expressed in the mission, the vision and the values of the organisation. When assessing the mission, vision, objectives of enforcement authorities, these could take into consideration the needs of society, the labour market, the need for compliance, worker’s protection, level playing field for undertakings, more income for the treasury and social security etc. and showcasing the way that enforcement authorities could contribute to these positive effects.

For example, France is considering changing the image of the enforcement authority (the General Directorate of Labour), by introducing a positive slogan and communicating the positive impact of the authority for society. A positive vision and mission for the organisation is intended to make it more attractive for current staff and for future applicants.

Once established, enforcement authorities must have a human resources (HR) management strategy which reflects the above new skillsets, competencies and expertise required. This HR strategy consists of the following central elements:

- Definition and description of qualification and competence profiles for all functions at all organisational levels; these profiles are made accessible to all employees;

- On-going analyses of the organisation's human resource capacity and forecasts of future requirements;
- Flexible recruitment methods which enable the filling of all vacancies on all organisational levels in strict accordance with these profiles; regional/local offices take part in the recruitment decision in case of their own staff;
- An initial training plan for new employees upon entry which takes into account that specific qualifications are typically accompanied with varying competences, and includes the use of mentoring and coaching programs as informal training procedures; and
- A further training and career development plan which is strictly competency-based and incorporates a life-cycle approach which takes into account work-life balance, ageing of the workforce and an active management of diversity. Its implementation in the organisation is monitored systematically which includes a request for feedback from employees (e.g., employee satisfaction surveys).

Box 7 provides a checklist.

**Box 7. Human Resource Management: a checklist**

- Does the authority have a definition and description of qualification and competence profiles for all staff at all organisational levels?
- Are these profiles accessible to all employees?
- Does the authority perform on-going analyses of the organisation's human resource capacity and forecasts of future requirements? If so, how and by whom?
- Does the authority have enough autonomy and flexible recruitment methods which facilitate the filling of all vacancies on all organisational levels in strict accordance with the qualification and competence profiles? If so, please describe the methods?
- Are regional/local offices actively involved in the recruitment decisions for their own staff?
- Is the implementation of HR management within the organisation monitored? By whom? If so, does this include the request of feedback from employees (e.g. employee satisfaction surveys)?
- Does the authority have an introductory training plan for new employees upon entry which takes into account staff qualifications and competences?
- If so, does this include the use of mentoring and coaching programs?
- Does the authority have a further training and career development plan which is strictly competency-based?
- What is the size of the training budget, and on what major training needs has most of the expenditure occurred?
- Is there adequate diversity among staff (including, but not exclusively, in terms of age and gender)? If there is a training and career development plan, does it incorporate a life-cycle approach which considers work-life balance, ageing of the workforce and an active management of diversity?
- How does an inspectorate ensure it is future-proofing to bring in younger,

talented, diverse people with a wide range of skills?

- What can an inspectorate do to become an attractive employer and retain staff?

Given the highly specific skills of inspectors (and the high cost of in-house training) as well as the value of on-the-job experience of inspectors, it is especially important to motivate and retain inspectorate staff. Incentive pay is used in some economies (e.g. France) but needs to be carefully designed, should depend on team and unit performance, and should be coupled with quality checks by senior managers.

Job satisfaction surveys can be useful, as well as anonymous online surveys (e.g., Belgium). Other enforcement authorities organise training based on individual reviews/assessment once a year (e.g., Finland) or every two years (e.g., Ireland, Portugal).

Regarding tools to attract and retain new employees, flexibility is considered an appealing feature in many enforcement authorities. Promoting modern, flexible working arrangements such as teleworking and a wide range of training and progression options, can increase attractiveness. Flexibility and telework is widely used in the Nordic economies as well as in Belgium and Spain.

Work-life balance should be an integral part of the HR strategy. HR policies that foster work-life balance, such as flexible hours, may contribute to the retention of inspectors as well as to inspectors' satisfaction and productivity. In turn, job satisfaction might also have a positive impact on them being open to changes in roles and competences.

Last but not least, organisational attractiveness can be boosted by reviewing the organisation's mission statement, as already discussed above.

One option is to conduct staff satisfaction surveys and then to follow-up on these surveys and show staff how the senior management in the inspectorate have listened and responded (see Box 8).

#### **Box 8. Staff satisfaction surveys**

A key strategic action is to monitor and evaluate staff satisfaction within the LI or TA to enable measures to be introduced to improve staff satisfaction with their working conditions.

A **first step** is to introduce a regular staff satisfaction survey evaluating different aspects of their work environment (e.g., perceptions of their physical environment; access to the tools to do their job efficiently and effectively; latitude for decision-making; capacity to feed up innovations/ideas to improve their ability to do their job; perceived opportunities for career progression; satisfaction with training; ability to undertake training to meet new skills and competences required; perception that their manager is willing to listen to problems they may witness, and to take action to resolve problems).

A **second step** is to analyse the staff satisfaction survey and to clearly display that actions are being taken in response to the issues identified in the form of an action plan.

A **third step** is for the results to be produced for each regional and local office (with comparison data on all regional and local offices) and to request from the heads of the local and regional offices that meetings have been held to discuss the reasons for the results and an action plan formulated to improve conditions.

A **fourth step** is to allocate resources to local and regional offices to enable the issues identified in the action plan to be improved as part of the overall human resources strategic plan.

It is not the case that a “**one size fits all**” solution will be appropriate for all LIs and TAs. It is also the case that individual LIs and TAs are at different stages in modernising their enforcement authorities to incorporate the new skillsets, competencies and expertise required. However, this report has highlighted the common human resource issues that LIs and TAs need to address in order to modernise their inspectorates.

## References

- Kirchler, E., Hoelzl, E. and Wahl, I. (2008). Enforced versus voluntary tax compliance: the ‘slippery slope’ framework, *Journal of Economic Psychology* 29: 210–225.
- Prinz, A., Muehlbacher, S. and Kirchler, E. (2014). The slippery slope framework on tax compliance: An attempt to formalisation, *Journal of Economic Psychology*, 40: 20-34.
- Scharle, A. and vanden Broeck, P. (2020). *Toolkit on competence profiles of labour inspectorates and inspectors in tackling undeclared work*. European Platform Tackling Undeclared work, Brussels. Available at: <https://ec.europa.eu/social/BlobServlet?docId=22554&langId=en>
- Scharle, A., Vanden Broeck, P. and Williams, C.C. (2019). *Future role and competence profiles of labour inspectorates: a learning resource*. European Platform Tackling Undeclared work, Brussels. Available at: <https://ec.europa.eu/social/BlobServlet?docId=21819&langId=en>
- Williams, C.C. (2016). *Developing a Holistic Approach for Tackling Undeclared Work: learning resource paper*, European Commission, Brussels. Available at: <https://ec.europa.eu/social/BlobServlet?docId=17242&langId=en>
- Williams, C.C. (2019). *Future role and competence profile of labour inspectorates: executive summary*. Brussels: European Platform Tackling Undeclared Work. Available at: <https://ec.europa.eu/social/BlobServlet?docId=21509&langId=en>
- Williams, C.C. (2020). *Developing a Holistic Integrated Strategic Approach Towards Undeclared Work: a toolkit*, Regional Cooperation Council, Sarajevo.
- Williams, C.C., Vanden Broeck, P., Scharle, A. (2019) *Background paper to Thematic Review Workshop on Future Role and Competence Profile of Labour Inspectorates*, European Platform Tackling Undeclared Work, Brussels. Available at: [https://www.researchgate.net/publication/334364369\\_Future\\_role\\_and\\_competence\\_profile\\_of\\_Labour\\_Inspectorates\\_background\\_paper\\_for\\_the\\_European\\_Platform\\_tackling\\_undeclared\\_work\\_thematic\\_review\\_workshop](https://www.researchgate.net/publication/334364369_Future_role_and_competence_profile_of_Labour_Inspectorates_background_paper_for_the_European_Platform_tackling_undeclared_work_thematic_review_workshop)