Chapter 10

Government Employment and Compensation–Facts and Policies[*]

Sire: A vast majority of civil servants are ill paid…. The result is that skilled and talented men shun public service and look for more honorable and remunerative means of livelihood…. Intelligent, hardworking, competent, and motivated individuals should direct Your Empire's civil service. If treated as they well deserve, the employment of such persons may well reduce the number of civil servants to one fourth of its current size.

— *Ali Pasha 1871*[1]

The overall objective of government employment and pay policies is to achieve a government workforce of the right size and with the skills, motivation, ethos, and accountability needed for efficient, effective, and responsive administration. Yet, economists as well as international organizations have tended to pay more attention to the fiscal implications of government employment. Issues related to the skills, incentives, performance, and accountability of government employees in developing countries have been examined largely by political scientists and specialists in public administration. It is now clear that successes in reducing government employment and containing the wage bill in the developing world have been few, modest, and short-lived. (See, for example, World Bank 1996.) Nor have these cost reductions been accompanied by improvements in the accessibility and quality of social services. A major reason for this disappointing outcome has been the lack of attention to the longer-term issues. Overemphasis on cost containment as an end in itself

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[*] This chapter relies in part on Schiavo-campo (1996, 1998). Permission to reproduce parts of those articles is appreciated. Special acknowledgement also goes to Giulio de Tommaso and Amitabha Mukherjee, who collaborated on the original survey of government pay and employment (cf. Schiavo-campo, et. al. 1997).

gives civil service reform a bad name, magnifies resistance to change, and ultimately nullifies the savings achieved by controlling costs (Schiavo-Campo 1996).[2] Moreover, the empirical basis of the quantitative reforms themselves has been of varying reliability and uneven geographic coverage, and has often been outdated.[3]

This chapter first summarizes the relevance of a good civil service to sound economic management and development. The second major section gives the results of an extensive survey of government employment and levels of compensation around the world. The third and fourth major sections outline the policy issues relevant to government employment and to compensation, and the last section gives the customary summary of the key points and directions for improvement.

THE IMPORTANCE OF A GOOD CIVIL SERVICE

Civil service issues are not a new concern. In ancient times, the People's Republic of China (PRC) and Rome built their empires on efficient and competent civil servants. And the above-quoted advice given over a century ago to Ottoman Sultan Abdul Aziz by his Grand Vizier Ali Pasha is remarkably current and applicable to several countries today. (The Sultan disregarded most of Ali Pasha's policy prescriptions, and it is sobering to note that just about 30 years later the Empire was overturned by the Young Turks, largely because of the continuing degradation of Turkey's public administration apparatus.) A good civil service is very important in five areas—governance, production of public goods and services, economic and social policy, expenditure/revenue and project administration, fiscal sustainability, and institutional development.

Civil Service and Governance

There is strong evidence from all countries that a skilled, motivated, efficient civil service with a professional ethos is one of the key requirements of good governance. Effective accountability, transparency of relevant information, appropriate participation, predictability of public administration based on the rule of law—all require a sound core of public administrators. A good civil service is not, of course, sufficient in itself to produce good governance; other mechanisms must be in place. Experience shows, however, that a very bad civil service is sufficient to produce bad governance, even if the right accountability and other mechanisms are in place. (In turn, there are strong links between governance and development; see chapter 1.)

Civil Service and Public Goods and Services

The production of public goods is a function of economic and social infrastructure, capital, materials, labor (i.e., public employees), and the technology of their production—i.e., the rules of behavior and accountability that condition the quantity and quality of public services. It would be nonsensical for the analysis of *private* production to exclude consideration of labor inputs, skills, and pace of technological change. Similarly, it would make no sense for the analysis of public production to exclude consideration of the size and quality of the public workforce, and of improvements in the institutional rules that guide its behavior. Access to public services and their quantity and quality depend in large measure on the skills and motivation of the public employees who provide the services or oversee their delivery.

Civil Service and Economic Policy Improvements

Economic policy improvements can be subdivided into enabling reforms (e.g., lifting price controls) and affirmative reforms (e.g., improving public expenditure management). The former, often called stroke of the pen reforms, may be difficult politically but do not require much administrative capacity. By contrast, affirmative improvements, sometimes called second-stage reforms, depend crucially for their implementation on competent and motivated government personnel. Unfortunately, in country after country, good policy reform programs have been formulated in every detail but one: *who* will implement them? The problem is well known, but the obvious corollary of an efficient and professional civil service to implement new policy is rarely addressed. It is easier to assume that, somehow, good policies will implement themselves. (Moreover, implementation failures become evident only sometime after the fact, when those responsible have long since moved to other pursuits.)

Civil Service and Public Expenditure/Revenue Management

The execution of current and investment budgets and the administration of the tax system are in principle a subset of the policy implementation issue, but they require separate attention because of the importance of financial resources for the entirety of government and economic activity. (See chapters 7 and 8.) It is hard to disregard the dominant influence exercised by the public employees involved in budgeting or tax administration. Incompetent, dishonest, or unmotivated employees make

it very difficult to formulate a sound budget and next to impossible to execute it properly and to collect revenue efficiently. For this reason, project-specific remedies are often introduced on an ad hoc basis—such as paying bonuses to attract the best people in government to the project, or setting up separate administrative arrangements altogether. These partial remedies, however, are insufficient, risky for the integrity of personnel (who are tempted to cut corners in order to gain entry into the favored projects), and invariably counterproductive for the effectiveness of the overall public administration. Much of the negative impact of technical assistance in this area, discussed in chapter 21, is due to the destructive raiding of the best government employees by donors, to improve the performance of the projects they have financed but at the expense of the administrative system as a whole and of long-term development. Institutional enclaves never work for long, and often damage the overall public administration apparatus.

Civil Service and Fiscal Sustainability

The fiscal burden of the wage bill is considerable in countries with a large government, and efficient downsizing of government calls for intelligent ways to reduce the numbers or the salaries of public employees or both. The alternative to closing one's eyes to unsustainable expenditure levels is invariably far greater costs and reductions in employment later. However, it matters not only how much the wage bill is reduced but how it is reduced. Reductions in force or changes in compensation structure must be designed with an eye to the broader objective of a good and competent government workforce. A judicious combination of measures affecting both number of employees and their salaries can improve the effectiveness of the government apparatus at the same time as it reduces its cost. In any event, as noted earlier, shortsighted concentration on cost saving jeopardizes the effectiveness of government and rarely produces lasting savings to boot.

Civil Service and Institutional Development

As discussed in chapter 1, the interaction of institutions and organizations is key to "institutional development"—i.e., a move to a more efficient set of rules, and hence to lower transaction costs and higher levels of economic activity. It is evident that the effectiveness of organizations and their interaction with the regulatory framework depends fundamentally on the *people* in those organizations. Consequently, a good government workforce is both effect and cause of institutional development. More efficient rules, including those on incentives, can lead to improved

performance by government employees. But conversely, a skilled and motivated civil service is instrumental in institutional development and the implementation of regulatory improvements.

THE QUANTITATIVE DIMENSION OF GOVERNMENT EMPLOYMENT AND PAY

As noted, one reason for the limited success of civil service reform efforts in the past has been weak and unreliable evidence on the numbers and salaries of government employees. The facts by themselves are subject to different interpretations, and can sometimes provide a veneer of false precision to inappropriate policy advice. However, a good empirical basis permits comparisons with similar countries and can serve as a constructive entry point for a dialogue on durable improvements. In the area of government employment and pay, establishing a good empirical basis is not easy. Almost 20 years ago, Heller and Tait (1983, p. 35) noted: "It is surprising and depressing how little information is readily available on public sector employment and pay." The methodological difficulties they described at the time are still largely with us and explain the paucity of readily available data. They are summarized in the appendix to this chapter, which is recommended reading to understand the special caution needed to interpret the results described below.

These methodological difficulties preclude the inclusion of all countries. However, a large-scale survey conducted in 1997 collected and verified central and local government employment and wage data for 80-100 countries in the early 1990s, including all sizable countries in every region (except for Brazil and Mexico). The detailed country-by-country results are shown in the statistical appendix and summarized in the tables below.[4]

Although the size of the sample for each region is sufficiently large to make it representative of the region as a whole, one should take the regional averages shown below only as pointers for further analysis. For example, the very low compensation of civil servants in the former Soviet Union is, in part, a clue to the many in-kind subsidies and benefits given to public employees in that region. It is the country-by-country data in the statistical appendix that matter more, although even these can be quite misleading in the absence of knowledge of the country and its circumstances.

Also, it is important not to interpret the percentage of the population (or labor force) accounted for by government employees as the best indicator of the size of government. As argued in chapter 1, it is generally more

meaningful to use the percentage of gross domestic product (GDP) accounted for by government expenditure. Thus, while government employment accounts for less than one sixth of total employment worldwide, government expenditure accounts for over one third of total GDP. (The higher percentage is due to the fact that a larger proportion of government expenditure is allocated to goods, services, and equipment than to employee salaries.) However, the two indicators of government size correlate very closely, and the *ranking* of countries by relative government employment is virtually the same as their ranking by relative government expenditure.

Finally, the data on which the survey was based were, at the time of publication of this book, around 5-6 years old. It is possible that changes have occurred since then. However, it is most likely that the global trends and regional averages remain as described below.

The Basic Picture in the 1990s

Employment

Table 10.1 and figure 10.1 show civilian employment in central and local government administration and in teaching and health employment in the various regions—as percentages of the population. The key findings are as follows:

- Worldwide, total government civilian employment averages around 5 percent of the population. Government employment is relatively largest in the developed market economies of the Organisation for Economic Co-operation and Development (OECD); second largest in Eastern Europe, the former Soviet Union, and Central Asia (ECA); and relatively smallest in sub-Saharan Africa and Asia (2.0 percent and 2.6 percent of the population, respectively). Latin America and the Caribbean (LAC) and the Middle East and North Africa (MENA) are in between, with government employment in those regions accounting for about 3.0 percent and 3.9 percent of the population, respectively.

- Relative to total employment, interregional differences are much less marked because developing regions have significantly lower participation rates in the formal labor market and higher unemployment. Worldwide, civilian government employment accounts on the average for about 11 percent of total employment.

MENA and OECD countries have the highest percentage, at about 17 percent; ECA and LAC have 16.0 percent and 8.9 percent, respectively; and Africa and Asia are at the low end, with 6.7 percent and 6.3 percent, respectively.

• The picture changes somewhat if teachers and health personnel are excluded. Because of the large numbers of such personnel in ECA (from longstanding Soviet policy), the large overall public employment in that region is primarily in teaching and health, with a small central administration. However, there is a clear difference between Eastern Europe and the former Soviet Union, where public employment in social sectors is relatively much higher than in Eastern Europe. To some extent, these subregional differences existed before the fall of the Berlin Wall in 1989. But in part the difference is due to the greater efforts in Eastern Europe since 1990 to improve education and health service efficiency and, to that extent, reduce personnel requirements.

• During the 1980s, local government administration grew to almost the same level of employment as central government administration. Clearly, civil service improvement efforts are sadly incomplete if they do not include consideration of local government and of teaching and health personnel.

• The intercountry variability of government employment is the only category for which there is no difference between industrial and developing countries. This suggests that the *range* of choices regarding the role of government neither diminishes nor increases with economic growth.

Finally, it is essential to warn again that differences in government employment size, *by themselves*, show broad trends and flag possible concerns but cannot be allowed to form the basis for policy recommendations. In-depth country-specific analysis is needed to justify any recommendation concerning the size of government employment.

Table 10.1
Government Employment in the Early 1990s
(as percentage of the population)

	No. of Countries	General Government	Government Administration		Teaching and Health
			Central	Local	
Africa	20	2.0	0.9	0.3	0.8
Asia	11	2.6	0.9	0.7	1.0
Eastern Europe and former Soviet Union	17	6.9	1.0	0.8	5.1
Latin America and Caribbean	9	3.0	1.2	0.7	1.1
Middle East and North Africa	8	3.9	1.4	0.9	1.6
OECD	21	7.7	1.8	2.5	3.4
Overall	86	4.7	1.2	1.1	2.4

Source: Statistical Appendix. All averages are unweighted.

Figure 10.1
Government Employment, Early 1990s
(various recent years)
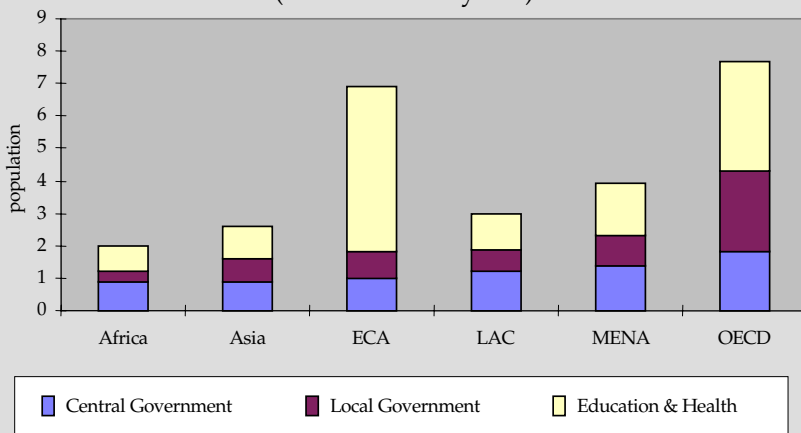
Wages

Table 10.2 and figure 10.2 show the fiscal weight of the central government wage bill and average wages both as a multiple of per capita GDP and in relation to private wage levels. (But note the difficulties of

international comparisons of relative public wages explained in the appendix. Note also that, while the data for the wage bill ratio and for average wages as multiples of GDP are averages for over 90 countries—and therefore highly representative—the ratios of public- to private-sector wages come from a handful of countries for which evidence can be found.) The reader is advised to treat all of these figures—and especially those in the last column—with a large dose of salt. Every measure of relative wage adequacy is imperfect to some degree, except in the few cases where a private pay comparability survey exists, and such cases cannot be taken as fully representative of other countries. However, all measures produce consistent results, summarized below:

- Globally, the central government wage bill absorbs a little more than 5 percent of GDP. With wage rates for local government roughly estimated at about three fourths of central government wages (and given the employment information shown in table 10.1), *general* civilian government salaries can be estimated to absorb about 8 percent of GDP as a worldwide average.
- The heaviest fiscal weight of the central government wage bill is in the Middle East and North Africa, at almost 10 percent of GDP, followed by Africa at 6.7 percent of GDP. Asia, the OECD countries, and Latin America are all under 5 percent of GDP.
- When measured as a multiple of per capita GDP, relative central government wages appear higher in Africa than in any other region, apparently contrary to widespread evidence of the deterioration of public wages in Africa. This, however, is largely due to the lower participation rate and the greater importance of informal production in African countries. Furthermore, the continental average is influenced by comparatively high salaries in francophone Africa, which are 7-11 times per capita GDP. In most of the rest of Africa, the widespread consensus of severe wage inadequacy is correct.
- Conversely, the relatively low wage multiplier for OECD countries is related to the higher participation rate, the much higher GDP, and the smaller skill differentials between public employees and the rest of the workforce. (The low figure for ECA is *in part* explained by the existence of various in-kind benefits, which are not captured in the available data, but the reality of inadequate government wages in the former Soviet Union is undeniable.)
- The highest government wages are found in the Middle East and North Africa, about one third higher than comparable private compensation.

Table 10.2
Central Government Wages in the Early 1990s

	No. of Countries	Central Government Wages and Salaries as % of GDP	Average Central Government Wage as Multiple of Per Capita GDP	Ratio of Public-to Private-Sector Wages
Africa	21	6.7	5.7	1.0
Asia	14	4.7	3.0	0.8
ECA	21	3.7	1.3	0.7
LAC	12	4.9	2.5	0.9
MENA	8	9.8	3.4	1.3
OECD	16	4.5	1.6	0.9
Overall	92	5.4	3.0	0.8

Source: Statistical Appendix for the first two columns; various reports and World Bank project documents for about 16 countries, for the ratio of public-to private-sector wages.

Figure 10.2
Central Government Wages in the Early 1990s

Central Government Wage Bill
(as percentage of GDP)

Average Central Government Wage
(as multiple of per capita GDP)
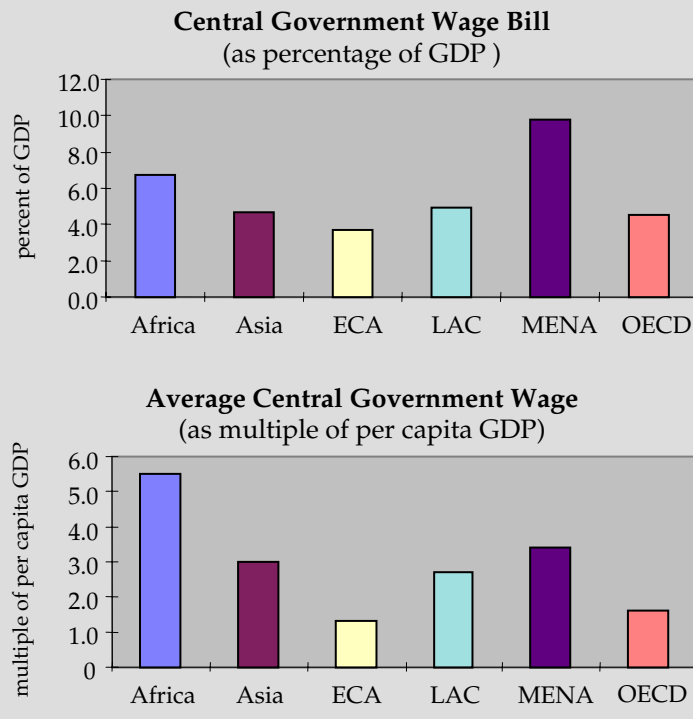
Changes Over the Past Decade

Table 10.3 and figure 10.3 compare the findings of an earlier survey of about 50 countries (Heller and Tait 1983) with the results of the more recent survey, for the same countries (hence, with different results than the larger sample). Between the early 1980s and the early 1990s:

• A large contraction in both central government employment (relative to population) and the relative wage bill is evident, with the relative size of central government shrinking by about 40 percent when measured by employment and by one third when measured by the wage bill.

• Central government employment decreased (in relative terms) across the board during the 1980s, by about one third for OECD, Africa, and Latin America and a whopping 60 percent for Asia. The reduction was only in part offset by growth in local government. In LAC, the reduction in central personnel is largely explained by a vast shift from central to local government. In Africa, the reduction in central employment was reinforced by a probable shrinkage in local government as well.

• Relative central government wages have fallen by around 15 percent. The decline has been slight in OECD countries, and government salaries have been about steady in Latin America and Asia (excluding India, which after 1986 increased substantially the salaries of its civil servants). Thus, it is the developments in Africa that are largely responsible for the global decline in the relative government wage. Moreover, the decline in African civil service wages relative to GDP occurred in a decade of severe economic contraction, while the rest of the world was experiencing some degree of economic growth and the East Asian economy was booming. Consequently, while the economic welfare of the average civil servant improved slightly worldwide, and significantly in Asia, it declined sharply in Africa.

• Because of the concomitant contraction in central government employment, the central wage bill as a proportion of GDP dropped in Africa on *both* counts. Adding to this the reduction in central government wage bill in both Asia and Latin America (in Latin America because of the move to decentralization), for developing countries as a whole the relative weight of the central government wage bill declined in the 1980s by almost 30 percent.

Table 10.3
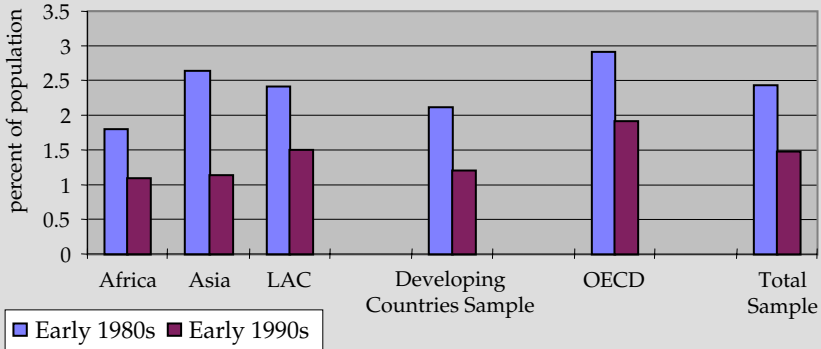Government Employment and Wages, Early 1980s and Early 1990s

	Central Government Employment as Percentage of population			Central Government Wage Bill as Percentage of GDP			Central Government Average Wages as Multiple of Per Capita GDP		
	N	Early 1980s	Early 1990s	N	Early 1980s	Early 1990s	N	Early 1980s	Early 1990s
Africa	13	1.8	1.1	9	10.0	7.9	13	6.1	4.8
Asia	5	2.6	1.1	6	7.5	4.9	5	2.9	3.8
Latin America	5	2.4	1.5	7	7.3	4.7	4	2.7	2.3
Developing country sample	23	2.2	1.2	22	8.5	6.1	22	4.7	4.1
OECD countries	15	2.9	1.9	14	5.5	4.4	11	1.7	1.6
Total sample	38	2.5	1.5	36	7.3	5.4	33	3.7	3.2

Source: For early 1980s, Heller and Tait (1983); for early 1990s, Statistical Appendix.
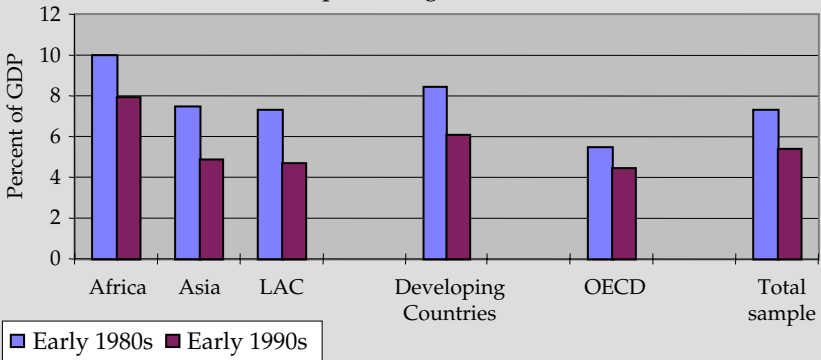
* Note that the data for the early 1990's are limited to the Heller and Tait sample. They therefore different from those for the larger sample in this study. N represents the number of countries in the sample.

Figure 10.3
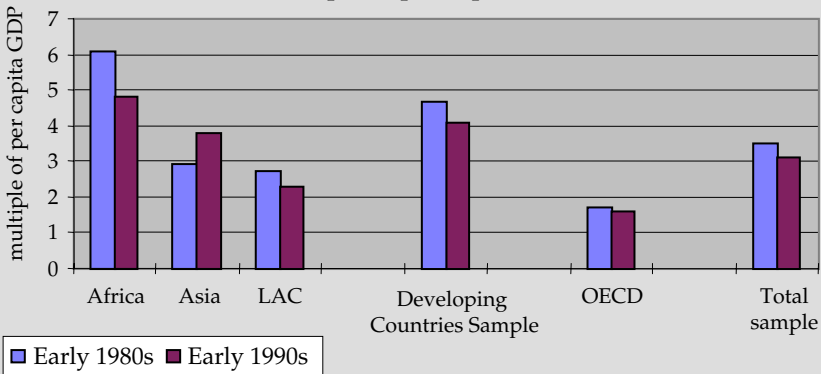## Government Employment and Wages, Early1980s vs. Early 1990s

Central Government Employment
(as percentage of the population)

Early 1980s Early 1990s

Central Government Wage Bill
(as percentage of GDP)

Early 1980s Early 1990s

Central Government Average Wages
(as multiple of per capita GDP)

Early 1980s Early 1990s

The Determinants of Government Employment

According to the so-called Wagner's law (see Bird 1971), the public sector tends to expand faster than the economy—in other words, growth is positively correlated with the share of public expenditure in GDP. The standard explanations for this tendency are the need for government to countervail the power of large industries, the costs of regulating an increasingly more complex economy, and the assumption that many public goods are socially superior goods. Organizational theory, moreover, argues for an inherent *tendency* of all large organizations to expand; because of the lower contestability of state activities, this is more likely to translate into the *actual* expansion of state organizations.

There is strong empirical support for this proposition (e.g., Lindauer 1981, Martin 1982, Diamond 1977, and Bird 1971). It is surely not accidental that government employment in OECD countries is twice as high, relative to population, as in the rest of the world (see table 10.1). However, the size of the public sector may be a function of several factors other than levels of development. The evidence suggests the following.[5]

The global picture

The closest association (positive) of government employment is with per capita income. When added to the results of earlier studies (e.g., Lindauer 1981, Heller and Tait 1983, Kraay and Van Rijckeghem 1995), this finding for a much larger sample removes all reasonable doubt about the validity of Wagner's law. However, this is not true in the OECD countries and the transition economies (see below). Also, because the law has very different possible meanings, the actual dynamics of the relationship between growth and government remain unclear.

The next closest association (negative) is between central government employment and relative wages, confirming the standard expectation that higher numbers of employees are associated with lower compensation.

It is interesting that, except in Africa, the fiscal deficit does not appear to be associated with the size of government employment. Generally, whatever influence government employment has on the deficit seems to be largely offset by the concomitant lower wages. Certainly, the availability of budget financing (stressed in Kraay and Van Rijckeghem 1995)

appears to be far more important for government employment than the level of the fiscal deficit per se.

Finally, although the statistical relationship between population and government employment is generally weak, it is very strong for central government in the OECD countries and in Latin America. This suggests the existence of economies of large-scale production in public services, but only for countries beyond a certain size and then only for the more developed central administrations. It is a sensible guess that information technology, with its expensive equipment and vast efficiency gains, is at the root of this phenomenon of lower relative labor requirements in the governments of rich countries.

The regional picture

The global findings are almost entirely due to the influence of Africa and Latin America. In the OECD group of countries, the only significant associations are between central government and population, and between local government employment and the fiscal deficit. The probable meaning of the first association has been noted above. The second association, between a higher central deficit and greater *local* employment, is not obvious. One possible explanation is that in OECD countries decentralization has meant the transfer of revenue to local entities more than in proportion to the expenditure responsibilities devolved. In developing countries, by contrast, a lower central deficit is associated with higher local government employment, suggesting a downloading of fiscal problems from the center to local governments. (See chapter 8 for a discussion of fiscal federalism.)

What is more intriguing is the absence of any association between relative wages and government employment in the OECD group. Among the possible explanations are a much higher elasticity of demand for government employees in advanced countries, or a greater weight of the psychological satisfaction derived from public service—since in countries with high per capita income and high participation rates a salary equal to a low multiple of per capita income permits a two-earner family to live reasonably well. If this is true, the implication would be very important: when public servants are respected and trusted, they are willing to accept lower pay. The opposite is also true: mistrusting and devaluing the contribution of government employees leads in time to the necessity of paying them higher salaries.

The lack of association between government employment and per capita income in the OECD group is also of considerable interest—and contrasts with earlier findings (e.g., Martin 1982). This means either that the Wagner tendency was counteracted by deliberate policies in the 1980s, or that Wagner's law itself becomes inoperative beyond a certain level of development—or both.

Among developing countries, the results are most striking in Africa, where there is conclusive evidence that the proportion of the population employed by central governments is higher where per capita income and the fiscal deficit are higher and wages lower. In Latin America, the correlation between central government and wages is almost as close as in Africa. Also, while there is no association between per capita income and employment in central administration, local government employment is strongly correlated with the country's income level. The richer Latin American countries appear in general to have progressed further on the road to decentralization.

A Concluding Word

Concerning government employment and pay, it is essential to underline once more that intercountry differences in government size or in relative wages, by themselves, cannot be allowed to form the basis for policy recommendations. Indeed, the plain data can be badly misleading if taken in isolation and at face value. Thus, for example, Sweden has the largest government employment and the lowest relative wage of all OECD countries, while Italy is close to the mean in both respects. Could one then conclude from these facts that the Swedish civil service is "bloated," "underpaid," and "demotivated" compared with the Italian "model"?

Concerning wages and employment, it would be risky to infer from cross-sectional data a likelihood that wages would rise (or fall) if employment were reduced (or increased) in any particular country. All one can say is the obvious, albeit powerful, statement that retrenchment offers the *possibility* of improving employee compensation, while employment expansion carries a strong *risk* of eroding wages. The unfortunate reality is that the temptation to oversimplify is often irresistible as soon as the facts are presented, regardless of cautions to the contrary. Still, one can only hope that oversimplifications are less damaging the more reliable the facts on which they are based.

EMPLOYMENT POLICY

Government personnel recruitment systems and practices are discussed, along with other aspects of personnel management, in chapter 11. The issues related to employment are discussed here because of their more direct policy roots and implications.

The "Right Size" of Government Employment

Overstaffing is a relative notion. That central government employment is comparatively high in a particular country is a useful "flag" for analysis but proves nothing in and of itself. The role of the government may be larger in that country: the appropriate debate in this case is on the large role of government, not on its corollary of a large workforce. Or, the degree of government centralization may differ: the appropriate debate in this case is on the geographic articulation of state responsibilities, and not on the size of the civil service per se. Among industrial countries, for example, while the French central civil service is among the largest and the British among the smallest, total government employment accounts for about the same percentage of population in both France and the United Kingdom (UK). Thus, even a very small civil service can be "overstaffed" if because of skill mix or weak accountability mechanisms the same level and quality of public services could be provided with fewer employees. Conversely, a relatively large workforce can nevertheless be understaffed if its size and skills are not commensurate with the responsibilities assigned to it by the population.

The civil service regulatory framework is also relevant: in particular, mobility within the civil service permits a smaller workforce without affecting service delivery (or may actually improve services or both). Again, the opposite is true: restrictions on mobility may lead to the necessity to enlarge the workforce or to reduced service delivery. And the impact of the use of information and communication technology on lower labor requirements needs no elaboration (see chapter 19).

Consequently, an assessment of the right size of government employment must be country-specific and must consider, among other things: the functions assigned to the state in that country, the degree of administrative centralization, the skill profile of the civil service, the availability of resources and of information technology, and the personnel regulations and constraints on staff mobility.

Retrenchment: Right and Wrong Ways

When the civil service is overstaffed, retrenchment, if done right, can provide the wherewithal to improve incentives for the remaining employees, or produce net fiscal savings, or both. In addition, retrenchment can actually raise morale (by revaluing public service) and stimulate the performance of the remaining employees. Nothing demoralizes a good performer more than to work next to a less qualified, underperforming, and uncommitted individual with the same rank and nominal responsibilities. Nevertheless, experience shows that retrenchment has typically been overused as a reform measure. Overemphasis on retrenchment (or mechanistic recommendations to reduce the workforce by some arbitrary number, without analytical and empirical justification) gives civil service reform a bad name and heightens resistance to change. Moreover, retrenchment is almost always financially costly in the short term, and the longer-term fiscal savings often do not materialize because new recruitment takes place or consultants are used in larger numbers.

Retrenchment is often politically and socially costly as well, particularly when general unemployment is high and alternative job opportunities are scarce. However, political costs are not inevitable. (As Frederick Malek puts it, sometimes "the best politics is good government.") There are circumstances when the support of the public at large for reductions in government employment offsets the loss of support from those directly involved—as in many Eastern European and former Soviet Union countries. This is certainly the case when civil servants have lost the trust of the public through inefficient service delivery or corruption. Also, political opposition can be defused if the change is well managed, for good reason and with appropriate explanations and equity of action.

However, when not done right, retrenchment can be very counterproductive:

- The immediate risk is skill reduction—if the program inadvertently encourages the best people to leave. Voluntary severance and early retirement can be especially problematic in this respect. The difficulty is that it is precisely these measures that are administratively easier and more humane, and appeal to the civil servants themselves.

- The near-term risk is the recurrence of overstaffing—if personnel management practices, information, and control systems are not

strengthened before or at the same time as retrenchment occurs. If wages have been raised in the meantime to improve incentives, such an outcome ratchets up the fiscal cost of government employment.

- The broader risks from a retrenchment program that is perceived as arbitrary and opaque are demoralization of employees, lower service quality, and possibly social conflict in societies driven by ethnic, clan, or religious differences.

The general conclusion is not that retrenchment measures should be avoided. In many countries, downsizing is virtually mandated by fiscal needs; in others, it is an important component of necessary structural reform. But retrenchment must be approached as part of an overall improvement in the efficiency and quality of government functions and not as an isolated cost-cutting exercise. The right size of the workforce must be derived from an appropriate vision of the role of the state and functional reviews of the efficient organizational structure of government. Rightsizing of government employment is not an end in itself but a means toward the end of better provision of public services. In any event, whatever the rationale, experience shows that retrenchment programs must be designed with great care, and their implementation must be as transparent as possible and consistent with clear and specific criteria determined in advance. It is difficult to overstate the importance of candid and open communications in this process. Cooperation by the media is therefore important.

Other lessons of actual international experience have been identified as follows (see Rama 1999, Haltiwanger and Singh 1996, and Robbins 1996):

- Earnings losses are not an adequate measure of the economic losses suffered by the retrenched employees, particularly for employees who withdraw from the labor force after being separated from government service.
- The rules of thumb typically used to set compensation packages involve some multiple of the public-sector wage. This may be a grossly misleading criterion, since it ignores individual characteristics related to the welfare loss, such as level of education or the number of dependents.
- Tailoring of severance pay programs is costly and time-consuming. However, the gains from better-tailored severance programs are far greater than the costs of determining which individual workers are actually redundant and the appropriate amount of severance compensation.

- Former civil servants appear to suffer much higher than average levels of unemployment. The risk of unemployment is especially high for younger women and older men.
- Income supports or retraining may be especially important for young women. The provision of start-up capital for self-employment may reduce the unemployment of older males and females. The retraining, however, must match the requirements of the external job market (which is not always the case).
- Younger men with low severance payments are more likely to be employed after separation, and those with high severance payments to use these mainly for self-employment and retirement.
- Targeting retrenchment on the basis of skills and age, and then using a variety of options to reduce employment (as well as a combination of compensation packages), is much less likely to generate unemployment. As in the case of tailored severance, such targeted and multidimensional programs are expensive, but the payoff in terms of productivity gains and lower adjustment costs is larger.
- Seniority-weighted severance packages are likely to lead to the loss of longer-tenure, better-educated, and more able workers.

The upshot of this experience is to take the time and resources needed to prepare carefully a retrenchment program, and to tailor the severance compensation to employee characteristics; to avoid seniority-targeted retrenchment and seniority-weighted severance compensation; and to ensure that measures are put in place to prevent the recurrence of overstaffing.

A possible endpoint is provided by the Japanese way of handling civil service size issues, called the "bonsai" approach by Anne-Marie Leroy (Box 10.1). Although vast differences naturally separate Japan from other countries, and from developing countries in particular, there is much in the "bonsai" approach that is worth considering by developing countries as an eventual outcome of retrenchment programs in the civil service.

> **Box 10.1**
> **Japan: The "Bonsai" Approach to a Small and Efficient Civil Service**
>
> The Japanese approach to the civil service can be likened to "bonsai," the careful grooming and nurturing of a perfectly proportioned and very small system.
>
> A wide array of factual information appears to link Japan's civil service with its economic development. In brief, Japanese civil servants consist of the best and brightest, working long and hard. The bureaucracy is very small and has been deliberately kept that way. Petty corruption is comparatively minimal. Retirement comes relatively early and smoothly, leaving top positions open to be filled by individuals in their late 40s and early 50s. Meanwhile, many retiring civil servants relocate to new positions, thereby bringing their skills to the service of the private sector (a phenomenon known as *amakudari*, or "descent from heaven"). Competition among agencies is also extensive; this builds an inventiveness and competition throughout the civil service that is often lacking in public-sector agencies in other countries.
>
> Moreover, the legal structure of public administration insulates from politics the civil service as well as the implementation of laws, and assists in maintaining a corps of professional civil servants. Civil service recruitment and advancement are insulated from political patronage, and the career goals of civil servants are harmonized with broader national goals. The Japanese civil service has played a crucial and proactive role in promoting Japan's catch-up economic and technological strategy. The good performance of the Japanese civil service was facilitated by cooperation, instead of jostling for supremacy, between the civil service and the private sector. (Stiglitz [1996] has identified the cooperation between the public and private sectors as a key factor in the East Asian "economic miracle.")

WAGE AND INCENTIVE POLICY

General Considerations

Much civil service reform has typically taken place under conditions of fiscal crisis. (There are very few instances where civil service reforms were introduced in the absence of fiscal pressure, and in order to improve public services and civil service performance.) Government responses to fiscal crisis have understandably tended to avoid the harsh requirement of retrenchment, and have instead eroded real government pay, compressed salary structures, and reduced expenditure on complementary inputs. The

short-term fiscal advantage from wage containment is obvious but must not be allowed to drive wage policy. Certainly, in cases where public wages are too high relative to private wages, cutting them improves resource allocation and equity as well. However, in developing countries today public wages are barely competitive or seriously inadequate. In these cases, further reductions in real wages set in motion a vicious circle of demotivation, underperformance, and hence justification for further wage reductions. (The reverse can be true as well: wage improvements, even if insufficient, can set in motion a positive dynamic.)

The bottom of this spiral is well known: a de-skilled labor force, too poorly paid to resist temptation, utterly cowed when faced with pressures from politicians and influential private interests, and unable to perform in minimally adequate ways. Furthermore, because everyone is aware of the problem of inadequate compensation and petty corruption is widely tolerated, society loses its legitimate claim to honest and efficient performance by its public servants. Beyond the direct deterioration in the provision of public goods and services, the result is a worsening economic climate for the private sector, corruption, and an increase in transaction costs. This is the exact opposite of the outcome from technological progress. The general conclusion is to resist the temptation to fix fiscal problems by distorting incentives.

The nexus between monetary compensation and performance is complex, but the consequences of wage erosion are visible everywhere—increased turnover rates and absenteeism, moonlighting and sunlighting, difficulty in recruitment and retention, rise in petty corruption, etc. An oft-quoted passage on the Ugandan situation in the 1980s runs as follows: "The civil servant had either to survive by lowering his standard of ethics, performance and dutifulness or remain upright and perish. He chose to survive."[6] Complicating the matter is the frequent lack of evidence on comparable pay in the private sector and the public enterprises. This leads civil servants to believe they are more underpaid than is in fact the case, while the public at large has the opposite misconception that government employees are overpaid.

The classic problem in civil service compensation is how to value the labor that produces the output of civil servants, given that such output is generally not marketable. The general solution is to make compensation comparable (not equal) to that for equivalent marketable skills, i.e., private-sector pay. This is no easy matter. As with everything else in the public

sector, determining civil service compensation is not a purely technical issue but is influenced by the political climate, legislative enactment, and executive rules and regulations, tempered and interpreted by judicial pronouncements and reviews. In addition, a number of public policies impact on civil service compensation—collective bargaining, minimum wage laws, equal pay and antidiscrimination statutes, public service benchmarking, etc.

The Objectives of Compensation Policy

Although in practice there are severe problems in formulating a compensation policy that meets all of its different objectives, the objectives themselves are intuitive and reasonable, within the overall principle of comparability.

- **Objective 1**: *Equal pay should be given for equal work performed under the same conditions.* Empirical evidence shows that this is not always so. First, strong unions have sometimes succeeded in winning for their members higher pay than similarly skilled persons. Second, divergence from the equal-pay-for-equal-work objective may be due to special conditions, such as relating individual earnings to the quantity or quality of production by the unit and differences in location of work. Third, cross-country data show that female employees tend to be paid less than their male counterparts. Finally, personal and political patronage in countries with governance weaknesses results in, among other problems, endemic violations of this basic objective.

- **Objective 2**: *Differences in pay should be based on differences in work performed, responsibilities assigned, and qualifications required.* Graded classification systems (discussed later) are better able to achieve this objective of internal comparability, particularly since they make pay differences *proportional* to work differences.

- **Objective 3**: *Government pay should be comparable to private pay.* Compensation plan design must take account of this external aspect of comparability, in addition to the internal aspect addressed by classification systems (see Box 10.2). Note that "comparable" does not mean equal. In cases where public service demands higher qualifications and prior education investment, government wages higher than their private equivalent might be justified (e.g., in Singapore). In the more typical cases, the greater job security and (sometimes) greater prestige of public service justifies a somewhat lower

compensation package. (As we have seen earlier, in practice the "discount" on government work is between 20 and 30 percent on the average—see Table 10.2.)

Box 10.2
Civil Service Compensation in the UK

One of the most sophisticated efforts at establishing rates of civil service pay by levels of remuneration outside government has been that conducted by Britain's Civil Service Pay Research Unit. Using the norm of fair comparison with private salaries, regular pay surveys establish key rates of pay in each main grade in the civil service. (Linked to these main grades are a large number of grades—consequentials—containing smaller numbers of employees, so that over the cycle of pay surveys the rates of all nonindustrial civil servants are automatically adjusted. These exercises have led to large civil service pay increases, at times even overtaking levels in the private sector. Staff associations have played a very important role in these pay research exercises. (Salaries of top civil servants in Britain who do not engage in collective bargaining are set by the Top Salaries Review Body.)

- **Objective 4**: *Government compensation structures should be periodically reviewed and systematically revised to assure their continued validity.* Country experience indicates that this is not always the case. In Jamaica, for instance, while the consumer price index rose by 470 percent from 1972 to 1982, the salaries of the three highest grades of civil servants rose by only 40-90 percent. In contrast, salaries of government-employed casual labor rose by 360 percent over the same period. In Guyana, between 1986 and 1991, real wages in the central government fell by almost 20 percent, with even greater deterioration in the managerial, professional, and technical grades. Real salaries in Uganda similarly declined by 20-33 percent *per year* between 1975 and 1983. Real per capita salaries generally declined in Africa during this period, the decline being particularly marked in Ghana, Nigeria, and Zambia. Naturally, the objective of periodic review of compensation can be met effectively only when the compensation structure and level are appropriate to begin with. In the infrequent cases when compensation is higher than warranted, gradual wage erosion through inflation may be the best way to bring compensation levels back into line. But internal comparability of incentives must be preserved during this process, and a well-informed standard is essential to determine when the erosion in real wages must stop.

Design of a Compensation Plan

There are two main approaches to determining civil service compensation in actual practice. One is *trial and error*—ascertaining what salaries will attract and retain employees with the appropriate skills. By its very nature, this is an ex-post method and therefore effective only at the margin. The second approach, more widely used, is *comparison with the private sector*. These approaches are not mutually exclusive; on the contrary, each can improve the other.

The starting point for designing a compensation plan is usually a *job classification* exercise, in which the positions are described and systematically arranged. As noted, a sound compensation system should provide equal pay for equal work, and equal pay for comparable jobs. This in turn involves acquiring and analyzing large amounts of information, such as the skill and responsibility attached to each job; the specific duties; the degree of supervision needed; and the difficulty, hazards, or other characteristics of the job. On the basis of such information, similar jobs are grouped into *classes* (e.g., roofer); classes involving similar work at different levels of difficulty and responsibility are grouped into *occupations* (e.g., carpenter); and occupations are grouped into major *occupational categories* (e.g., construction worker).

Many kinds of classification plans exist, but the most important distinction is between "graded" and "ungraded" plans. *Graded classification plans* are complex and costly to formulate well, and have the following characteristics:
- A formalized procedure for measuring the level of difficulty, effort, and responsibility of each class of positions. Techniques used to measure the degree of difficulty, effort, and responsibility of each class of jobs include factor ranking, point rating, factor comparison, and hybrid comparisons.
- Identification of grades (also called skill levels), each constituting a specified level of difficulty and responsibility. All classes in each grade are supposed to require essentially the same level of difficulty, effort, and responsibility, regardless of the occupation to which the class belongs.
- A single pay range for all positions in classes assigned to each grade, without duplication: no other grade in the same pay structure uses that pay range (although the maximum salary for one grade is normally higher than the minimum salary for the next higher grade).

Graded classification plans provide equal pay for equal work within each occupation and *among different occupations*. They also have the advantage of being administratively stable, and suitable for large establishments with hundreds of job classes, since pay levels need to be set for only a small number of grades. In contrast, ungraded classifications provide equal pay for equal work *only in the same occupation*. Their principal advantage is simplicity; they are therefore easily designed and installed. Under ungraded classifications, pay changes for individual classes can be made whenever the need arises, without having to change the entire pay schedule.

Both classifications present advantages as well as disadvantages. In general, the trade-off is between the flexibility of ungraded compensation plans versus the equity of graded classification—or, to put it differently, between short-term and long-term efficiency. Also, *graded classifications are superior only when they are correct*. If the exercise instead produces phony or self-serving job classifications (as is sometimes the case in practice, especially when supply-driven by donors or international consultants), the greater cost is not even justified by a better outcome. On balance, developing countries might consider operating on an ungraded system while a graded classification plan is gradually and realistically developed and piloted successfully.

Content of a Compensation Plan

Any compensation plan for public employees should cover, more or less in the following order:
- An identification of the kinds of positions and employees to which it is applicable;
- A statement of the basic pay policy—for example, the relationship to private compensation or the kinds of compensation encompassed (base salary, allowances, and benefits);
- The pay schedule, showing the classes of jobs and the pay range assigned to each;
- Schedules of premium pay rates and rules, covering, for example, overtime pay and holiday and weekend pay;
- Rules for determining pay on promotion, transfer, demotion, etc.;
- Rules of pay under special conditions, e.g., dual jobs in the same jurisdiction, military and jury duty, or weather emergencies;
- Rules regarding special pay rates, e.g., to alleviate recruitment difficulties for a specific class of positions;

- Rules regarding pay on different kinds of leave, e.g. maternity leave; and
- Rules for resolving anomalies and discrepancies and redressing employee grievances regarding pay decisions.

Treatment of Nonwage Benefits

Identifying and quantifying nonsalary benefits is a major problem in comparing private- and public-sector compensation and the erosive impact of inflation on real wages. Nonsalary benefits take such myriad forms as spouse and dependency allowances, pensions, health and liability insurance, free or subsidized housing and social services, free or subsidized meals, transportation allowances, leave with pay, and others too numerous and varied to mention. In the former Soviet Union, for example, employees are often given free housing by the entities for which they work. In rural France, municipalities are still responsible for housing public school teachers. (The salary of rural teachers is considerably lower than that of teachers in large cities.) In India, too, civil servants are given subsidized housing, and some posts, such as superintendent of jails, carry free housing. Free education and health care are widespread means of compensating public employees, both in Eastern Europe and Central Asia (where state-owned enterprises used to provide such services) and elsewhere in the world. Direct or indirect food subsidies, from subsidized food shops and employee restaurants to direct handouts, are also common. In Afghanistan, for example, civil servants are given vegetable oil and wheat flour at no charge, along with a free meal per day, instead of an increase in salary. In former colonies, such benefits are a colonial legacy, having been designed for the colonial administrators but kept after independence.

It should be recalled that fringe benefits are certainly not unknown in the private sector either—from company cars to club memberships, etc.

While some nonwage benefits can have a positive role in a well-designed compensation package, others are inefficient and can weaken work motivation and distort incentives. (A particularly inefficient allowance is the meeting allowance used in some countries, e.g., until recently, Tanzania. Not surprisingly, aside from its cost the allowance results in maximizing the number of administrative meetings and minimizing their substance, which is a perfect way to interfere with administrative efficiency.)

The case for scrutiny of nonwage benefits is stronger the more precipitous the decline in real wages. In-kind benefits tend to proliferate as

the real salary declines, because the short-term cost is usually very small although the fiscal impact balloons later. Greater diligence in probing fringe benefits is, however, no guarantee of success in uncovering them, since they are often specific to the country, region, organization, or service, and lodged in the nooks and crannies of the budget documents. Some, like free housing or transportation, may be off-budget altogether. Indeed, a proliferation of extrabudgetary funds, besides weakening the integrity of the public expenditure management process (Schiavo-Campo and Tommasi 1999), also distorts the civil service compensation system in practice. The fact that such giveaways are rarely subject to outside knowledge or review is convenient for both the granters and the beneficiaries.

Countries such as Botswana, Indonesia, and Liberia have adopted reforms by replacing some in-kind benefits with a compensatory adjustment in pay. Guinea eliminated rice rations, Cameroon reduced housing allowances, and Bolivia abolished special performance premiums in the effort to monetize and rationalize remuneration. However, the impact of these measures appears to be negligible so far. In any case, effective measures must be taken to prevent the reemergence of the very same in-kind benefits that have been monetized and added to basic pay. Frequently, a rationalized compensation system has reverted in time to the earlier complex and opaque system, with higher base wages to boot.

The Gender Gap

Salary inequalities between men and women are persistent. Although these mirror compensation inequities in the larger society, government employment has typically failed to provide the model and the leadership for putting into practice the elementary fairness and efficiency principle of "equal pay for equal work." It should be a continuing priority for government and external donors alike to plan for increasingly greater convergence in pay equity for men and women in government service—albeit in a manner that is mindful of the social structure and norms of the country. The gender gap is widest in developing countries, but the problem persists even in highly industrialized economies (see Box 10.3).

Box 10.3
The Gender Gap

Although most countries now explicitly prohibit discrimination on the basis of gender, there remains a difference between women's wages and men's wages—referred to as the "gender pay gap"—in many areas of civil service compensation. The gender gap is especially large in developing countries. But even in developed countries, the following points are worth noting:

• Women's jobs have traditionally been undervalued and thus compensated less than men's jobs, leading to situations such as the one in Denver, Colorado, where nurses were paid less than tree trimmers.

• In the US, figures for the period 1960–1990 from the Department of Commerce indicate that median earnings of women have fluctuated between 57 percent and 70 percent of the median earnings of men.

• In Australia, it was not until 1972 that the principle of equal pay for equal work was adopted. Indeed, a landmark judicial decision in a 1912 case justified lower wages for women because, unlike men, they did not generally support a family. The judge began the practice of fixing the female pay rate as a percentage of the basic male wage rate. That rate was officially fixed at 54 percent until 1949, when it was increased to 75 percent. By the end of the 1970s, the base pay for women had risen from 74 percent to 94 percent of that of men.

• New Zealand officially sanctioned different wage rates for men and women in 1903, and legislatively authorized them in 1934 and 1945. Only in 1972 was the Equal Pay Act passed. The hourly earnings of females rose from 71.3 percent of male earnings in 1973 to 78.5 percent in 1977.

• Britain, too, explicitly countenanced gender-based pay discrimination until 1975, when the Equal Pay Act of 1970 came into effect.

Salary Compression

The issue

In addition to erosion in pay, salary compression has been another chronic problem of civil service pay structures in many countries. Internationally, the *compression ratio* (the ratio of the midpoint of the highest salary grade to the midpoint of the lowest) varies widely, from highs of 30:1 or more to lows of 2:1—with a mode of around 6 or 7 to 1. (Note that an

increase in the ratio means decompression of the salary structure.) Wage reduction in practice has entailed larger proportionate cuts at higher levels (or salary caps or both). Although such an approach is understandable from a short-term equity point of view, its longer-term impact has been inimical to both efficiency and equity. In particular, salary compression eventually leads to the loss of the employees with outside options, i.e., the better employees. As a result, particularly in Africa, decompression of the wage structure is an important objective of civil service reform. The compression ratio for selected countries in the late 1970s and early 1990s is shown in Table 10.4.

Table 10.4 Wage Compression Ratios for Selected Countries		
Country	**Early 1990s**	**Late 1970s**
Central African Republic	9 : 1	9 : 1
Gambia	8 : 1	6 : 1
Ghana	6 : 1	10 : 1
Guinea	9 : 1	5 : 1
Guinea-Bissau	5 : 1	4 : 1
Lao PDR	3 : 1	7 : 1
Malawi	33 : 1	30 : 1
Mauritania	7 : 1	3 : 1
Mozambique	2 : 1	9 : 1
Niger	18 : 1	15 : 1
Nigeria	18 : 1	9 : 1
Senegal	8 : 1	6 : 1
Sudan	13 : 1	9 : 1
Turks and Caicos	7 : 1	4 : 1
Uganda	6 : 1	8 : 1
Zambia	14 : 1	7 : 1

Source: Lindauer and Numberg, eds. (1994).

The decompressions in salary structure seen in the cases of Ghana, Lao People's Democratic Republic (Lao PDR), Mozambique, and Uganda were due to specific decompression objectives forming part of pay reform programs. In the absence of civil service reform programs, the economic difficulties and more stringent fiscal constraints of the 1980s have tended to cause government wages in most developing countries to become more compressed, and incentives to suffer as a result.

Measuring "compression"

It is important when looking into the internal structure of salaries to pay attention to methodological issues. First, changes in the compression ratio of highest to lowest salary midpoints may not indicate changes in the structure as a whole. For example, placing a cap on the highest salary will reduce the index and will indeed weaken incentives at the highest level (as in the case of the United States (US), where it has adversely affected the logic and working of the senior executive service system—see Chapter 11), but has no effect on the remainder of the salary structure. Second, international comparisons based on compression ratios are difficult, because the ratio is necessarily higher where there is a greater number of salary grades, other things being equal, even though the internal relativities may be identical. Thus, a government could easily demonstrate an "improvement" in incentives by simply doubling the number of salary grades without changing the compensation structure at all. Ideally, the best measure of salary "compression" would be the coefficient of variation—the standard deviation of salary grade midpoints divided by the overall mean salary—divided in turn by the number of salary grades. Although this calculation is much too demanding to be practical for large-scale international comparisons, it should be a requirement of any serious effort at reforming the salary structure in a given country. In any case, the imperfections of the usual compression ratio should be kept in mind when interpreting the data. Of course, if the specific issue is one of monetary incentives for one particular grade or occupation, the appropriate measure is the ratio of the salary midpoint for *that* grade to the mean salary for the ministry or sector or civil service as a whole—depending on the purposes of the analysis.

Grade Inflation and Ad Hoc Remedies: The Worst Response to Inadequate Incentives

A public sector manager, confronted with deserving but poorly paid staff, is understandably tempted to promote them to levels for which they are not qualified, or to provide special ad hoc remedies as a way to prevent further deterioration in their real salary. However, in a very short period, grade inflation (or ad hoc remedies) produces all the disadvantages of inadequate incentives and *in addition* destroys the capacity of the government to manage its human resources. Examples abound in the developing world. Thus, in Trinidad and Tobago, disguised pay increases were given by filling upper and middle professional vacancies with underqualified staff in an acting capacity, causing severe imbalances in employment. Guyana, too, suffered from grade inflation

after filling vacancies with unqualified persons in an acting capacity. Furthermore, the payment of special salaries and allowances to staff in some ministries but not in others caused resentment and loss of morale among civil servants, and unapproved recruitment and temporary hiring at higher rates and through contracts produced distortions in structured pay systems. In Yemen, the practice of bringing in unqualified outsiders to fill high-level positions for which they were totally unsuited was widespread, especially after unification in 1990, and was a major factor in the degradation of the civil service since 1992 (see Box 10.4). These ad hoc partial responses to the problem of inadequate base compensation ruined the very system onto which more adequate incentives could be built in the future.

Because it is unreasonable and unrealistic to expect that managers will not behave as normal human beings and try to give favorable treatment to their employees, the adverse outcomes of grade inflation and ad hoc remedies can be averted only by penalizing managers who resort to these devices.

Box 10.4
Yemen: Facing Up to the Administrative Cost of Unification,
Civil War, and Patronage

After the unification of North and South Yemen in 1990, the number of civilians employed by the central government in Yemen grew from 65,000 in the North before 1990 to almost half a million, or about 3 percent of the population, compared with an average of 1.4 percent for the Middle East and North Africa region. The initial increase was due to the creation of parallel administrative structures with different traditions and extensive duplication of functions, consequent to the merger with the South. The government also absorbed many former employees of Southern public enterprises, and acted as employer of last resort for new school graduates. Finally, and most damaging of all, the civil service was increasingly used as a source of personal and political patronage. The personnel management system virtually collapsed. An unknown number of persons collect the salaries of deceased persons and in some cases more than one salary under different identities. About half of the government employees reportedly never show up at work or do so for only part of the day. Underqualified people have been hired by the tens of thousands, and ineligible ones have been indiscriminately promoted. Given the fiscal constraints, the bloated government payroll has led to much lower real wage levels and narrowed the difference between the highest and lowest salaries. This erosion of incentives and disregard for qualifications and performance has resulted in general deterioration of employee discipline, morale, and performance. Consequently, the delivery of social services to the population has also been badly affected.

Incentives for What?

Linking incentives with "performance"

In recent years, largely from an understanding of the disadvantages of compressing the wage structure, the question of targeting wage increases to scarce skills or essential functions has moved to the forefront of policy attention.[7] Similarly, training is now seen more as a focused way to fill selected skill gaps rather than an across-the-board program to lift the general educational level of the workforce (see Chapter 12). This is a valid approach. So is the attempt to create a closer link between employees' performance and their monetary rewards or penalties. In practice, however, such an attempt is fraught with difficulties.

The issues of performance in the public sector are discussed in detail in Chapter 18 . A word is in order here because of their direct connection to public wage policy. In some sense, of course, all pay should be for performance. It is therefore intuitively appealing to link monetary incentives to yearly employee achievements in terms of specific quantified measures. Unfortunately, the actual empirical evidence shows that performance pay schemes have been only marginally effective in improving performance (see, for example, Milkovich and Wigdor 1991), especially in the public sector, where outputs remain difficult to quantify or are of limited relevance to the purpose of the activity. Monetary bonuses and similar schemes can also introduce an additional element of political control over the civil service. In developed countries this may or may not be a serious problem; in developing countries it is a central concern. Moreover, in multi-ethnic, multi-religious, or clan-based societies, performance pay schemes can upset the delicate social balance. Even when such schemes are administered fairly and well (which is not likely in such societies) the perception of favoritism is next to impossible to prevent. For example, African-American members of the US Secret Service have alleged that the performance bonus scheme of the Service is implemented in discriminatory fashion. The intent here is not to dismiss performance pay options outright but to interject a strong note of caution.

While performance pay schemes are generally not appropriate in the public sector, meaningful performance *incentives* are a must. First and foremost, the overall salary structure and the recruitment and advancement system must reward good performance and penalize (and improve) underperformance. Nothing demoralizes good public servants and destroys

effectiveness more than favoritism and patronage in recruitment and promotion. In addition, human beings do not live by bread alone: nonmonetary incentives can be very important, especially among the professional ranks. In any case, informed, candid, equitable, and contestable assessment by supervising managers is the cornerstone of any incentive system. Extensive paperwork and detailed performance evaluation forms are far less important than fair and informal judgment.

Promotion policies

An important element in the motivation and morale of employees is the opportunity for promotion to higher levels. Career management involves, among others, assigning the right people to the right jobs and making full use of employee skills. But promotion, with its higher salary and—equally important—enhanced status and responsibility, remains key to motivation and rewards. Both the employees and personnel specialists see two to four promotions in a career as the norm. Promotions should be based on a number of factors including performance, potential, skills, knowledge, and seniority (as a proxy for experience and good judgment). In many countries, promotions are constrained by vacancies in the corresponding grade, and such constraints are normally stricter at higher grades to prevent "grade creep" as a response to inadequate salaries or as a result of weak management, as discussed earlier.

There are differing approaches to the use of seniority and merit as criteria for promotion. Most developed countries and many developing countries use a combination of the two. Some developed countries, e.g., Singapore, consistently promote people entirely according to merit, while most developing countries, e.g., India, give much greater weight to seniority. A seniority-based promotion system tends to produce inefficiency over time and weakens incentives for effort and self-improvement. However, the seniority principle was originally introduced around the end of the 19th century in many developed countries as a necessary *reform,* to professionalize the civil service and insulate it from both the vagaries of politics or the personal connections of individual employees. These risks may have largely disappeared in developed countries but remain a reality in most developing countries, especially in multi-ethnic plural societies or countries with weak governance. On balance, it seems important, therefore, to give a progressively greater role to merit considerations in civil service promotions than is typically the case, but to do so carefully and without discarding the seniority principle. Unlike performance or merit, the number of years of

service is the only criterion that is not subject to interpretation and manipulation by vested interests or personal agendas.

Most countries follow the practice of constituting a committee for promotion within the ministry or agency concerned. This committee prepares the list of persons to be promoted, as vacancies emerge. To be eligible for promotion a candidate often must have served a minimum number of years in the current grade, earned a prescribed performance rating for a number of years, and acquired the qualifications relevant to the higher post. Promotions to higher-level posts and to senior executive services (see Chapter 11) are decided on the basis of in-depth assessments and interviews, which may be undertaken by the public service commission or the central personnel office, in consultation with the ministry concerned. In some countries employees are placed under probation in the higher post for some time before being confirmed in the position. Japan used to assess the eligibility of senior officials for higher posts through a system of peer rating.

Salary increments

Promotion is only one form of reward. Other monetary incentives include salary increases within a grade and "performance" bonuses. Unlike promotion, in-grade salary increases in many countries have traditionally been automatic and have been withheld only as a form of punishment. In other systems, salary increments are expected and standard, but not automatic.

To the extent that monetary incentives are linked with performance, it makes little sense to give a *permanent* increment in the base salary for good performance in a specific year. Bonuses are, in principle, more appropriate, as they reward performance for the relevant period of time without changing the base salary for all future years. One-off bonuses for special achievements are awarded in countries such as the Netherlands and the US. Singapore in 1989 introduced performance bonuses of up to three months' salary for senior officers, affecting about 1 percent of civil servants. But the bonuses are also tied to the overall performance of the economy: they are not paid in times of poor economic performance. Singapore also gives quality-service awards to staff dealing with the citizens. In the Republic of Korea, incentive bonuses are awarded every three months on the basis of points earned by employees on several parameters. In some countries, cash rewards are given to enforcement staff, e.g., to customs

inspectors and investigators for the seizure of smuggled goods or illicit drugs, as a percentage of the value of the goods. This last is a highly risky practice, as it is most likely to be abused and is vulnerable to collusion.

The few bonus schemes that have had some success in the public sector have provided for performance bonuses for the entire organization, as well as additional bonuses for successful teams. Awards based on *team effort* are naturally applicable mainly in activities that depend on the collective efforts of many persons in a unit—e.g., immunization or literacy programs in rural areas, or the efficiency of municipal transport. Team-based schemes are less likely, too, to engender resentment and suspicions of favoritism. However, it is important to develop clearly the criteria for group effort, the procedures for obtaining feedback from the user groups, and—in order to avoid the free rider problem—the rules for distributing the cash reward among the members. Unfortunately, whether individual- or team-based, bonuses tend over time to become viewed as de facto entitlements (as in India) and an element of wage negotiation, and thus lose any positive influence they may have had on incentives.

Although most countries tend to award increments automatically within the maximum of the salary range, the size of such increments is in part based on an assessment of the employee's diligence and efficiency. When the pay structure is such that employees reach the maximum of their pay scale and stagnate there, any incentive value of salary increments obviously disappears and morale is adversely affected. (As noted, the temptation to "solve" the problem by promoting the person to the higher grade should be resisted.) Some countries have therefore moved to a more nuanced system of salary increases. For example, under Malaysia's new remuneration system (Box 10.5), official panels review job performance and decide on one of four possible types of salary movements or increments. The complexities of job remuneration in government employment are illustrated also by the practices in India (Box 10.6) and in South Africa (Box 10.7).

Box 10.5
Malaysia's New Remuneration System

A new performance appraisal system and a new remuneration system (NRS) were established in Malaysia in 1992 to ensure a high-quality personnel management system. Performance appraisal came to be used for the multiple purposes of salary progression, promotion, placement, and training. The following changes, among others, were introduced:

• Recognition of experience and expertise rather than academic qualifications for certain posts;
• Annual salary progression based on individual performance;
• Horizontal, vertical, and diagonal salary increments according to performance evaluation;
• Salary increases for each service sector, differentiated according to the need and importance of the service; and
• Additional allowances and benefits, such as paternity leave or club membership.

Civil servants could opt to join the NRS or not. Ninety-five percent chose the new system over the old.

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Source: Commonwealth Secretariat (1997).

Box 10.6
The Assured Career Progression Scheme in India

Popular personnel schemes in India are the assured career progression (ACP) scheme and flexible complementing scheme (Government of India 1997). The flexible complementing scheme assures the professional and scientific staff of merit-based promotion after they complete a prescribed period of service, regardless of whether or not a vacancy exists in the higher grade. In the ACP, every employee can move to a specified higher pay scale after completing a period of residency in the lower pay scale and fulfilling the usual norms of promotion. However, the employee will continue to perform the original duties until actual promotion to the higher grade.

Box 10.7
Performance-Based Compensation Systems in South Africa

The following performance-based compensation systems are used in the South African public service to grant special recognition to personnel who distinguish themselves from their peers through sustained above-average performance. These systems are expected to stimulate the initiative of personnel and to encourage them to be more efficient and effective.

- **Merit award system** for all public servants, involving a cash award equivalent to 18 percent or 19 percent of basic annual salary, depending on the evaluation of results.
- **Special recognition** through cash payments or commendations for suggestions, inventions, improvements, etc.
- **Department-specific award systems** whereby awards, bonuses, or allowances are given to persons of exceptional ability, those with special qualifications utilized for the employer's benefit, and those who have rendered sustained meritorious service over a long period.

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Source: Commonwealth Secretariat (1996).

Nonmonetary incentives

In many developing countries, cultural factors and the difficulties involved in quantifying performance make nonmonetary recognition and rewards useful tools for promoting performance—so long as they are used judiciously and gimmickry is avoided. Nonmonetary awards build on the natural desire of public servants for recognition of their efforts, and assume a particular role in countries where social sanction and image do matter, e.g., most Asian countries. These rewards have become more important in times of fiscal restraint and insufficient funds for monetary incentive schemes. Nonmonetary incentives may include, among others:

- Agency-based recognition and awards schemes,
- National honors,
- Career development options,
- Postretirement options, and
- Team-based recognition and awards.

Government personnel can be made eligible for different types of national awards, such as the annual Honors List in the UK, the *Légion d'Honneur* in France, and similar forms of official recognition in other

countries. Agency-based schemes can be annual awards for individual performance, in the form of certificates, plaques, or written commendations, sometimes for special categories (such as client service) or for technical achievement. Awards can be given to encourage and recognize significant productivity and quality improvements, and foster a spirit of excellence and innovation. Long service may be recognized through medals, certificates, or valedictory commendations. Scholarships can be instituted in honor of an outstanding official, or lectures arranged in his or her name. In addition to national awards, ministries and agencies should normally be allowed to operate recognition schemes specific to their organizational culture. Decentralized awards can also be developed for field staff in regional programs, and in departments such as internal revenue, customs, and public assistance. It is important to celebrate recognition in any form in open gatherings, and to publicize it in newsletters and the media.

Career development options are also becoming important in an environment of limited promotion prospects, especially in developed countries. Many governments reward good performance with high-profile career development opportunities (as distinct from specific training) in the form of foreign study fellowships, attendance at international conferences, selection for overseas postings, etc. The Japanese *amakudari* ("descent from heaven") practice of postretirement assignments in the private sector fosters individual competition for excellence in the bureaucracy. Similar incentives are available after retirement to senior civil servants in developing countries. Where governance systems are weak and accountability is loose, however, postretirement incentives are a very dangerous practice—especially in industries that are heavily dependent on government, such as defense production.

Job rotation: An opportunity and a problem

Job rotation and transfers are an important influence on incentives and efficiency, but carry risks when they are abused. On the one hand, fostering the mobility of government personnel within large ministries and between ministries offers a regular opportunity to develop different skills and experiences. From the government's standpoint, such mobility helps avoid the stagnation and decline resulting from rigid systems, and can alleviate as well the adjustment and personal costs of needed retrenchment. To the employee, mobility can be a welcome source of new challenges and improved prospects for higher positions. On the other hand, frequent job rotation and arbitrary transfers can lead to poor performance in constantly

changing jobs, reduced morale, and disrupted career development and family life (Box 10.8). The ability of political superiors to transfer personnel to other areas at short notice is a powerful form of pressure, and makes a mockery of the legal protections against arbitrary demotion or dismissal that were designed precisely to insulate civil servants from political pressure or personalistic interventions. Like all other public administration practices, job rotation and transfers, too, must be based on clear and transparent criteria, developed in consultation with the employees and other relevant stakeholders, and contain a mechanism for appeal or arbitrary decisions to an independent entity.

Box 10.8
Rotation of Civil Servants in Bangladesh and India

A major weakness of the Bangladesh civil service is the frequent rotation of civil servants. The practice erodes accountability, forfeits the benefit of accumulated experience, and weakens commitment to the immediate task. Glaring cases of frequent rotation in key ministries include the transfer of secretaries soon after major credit agreements with donor agencies are signed; the transfer of secretaries in key ministries after a spell of less than six months; the frequent shifting of chief engineers of major spending departments; and the short tenure of members of the Planning Commission. Secretaries with a reputation for managing crises are periodically shifted between departments, and secretaries who fall out of favor with the political leadership are transferred elsewhere. Rotations also occur for lack of seasoned civil servants to fill top positions.

A conference of chief ministers in India noted similar problems of political interference in the transfer of senior officials, and the effect of unstable tenure on the morale and efficiency of field and secretariat officials. In some provinces, massive transfers were ordered with every change of government. In times of short-lived governments, offices could be shuffled every six months or less. With political middlemen entering the fray, transfers are said to have become a productive industry.

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Source: World Bank (1996b).

SOME CIVIL SERVICE ISSUES OF LOCAL GOVERNMENTS

Decentralization, discussed in Chapters 5 and 8, calls, among other things, for a better workforce for local governments. Local governments typically face a number of personnel problems in addition to those discussed in earlier sections.[8]

Employment

Local governments face the following specific employment issues, among others:

- The need for specialized personnel, which is partly related to the size of the territory covered by the entity. Below a certain level, it is not cost-effective for similar units to each have technical specialists. This matter is particularly relevant to developing economies, where technically qualified personnel are usually in short supply.

- The extent of recruitment to be done by local entities, a central organization, or intermediate mechanisms.

- Transparency in appointments and recruitment, and uniformity in the classification of posts and qualifications.

- Equality of treatment, and the absence of discrimination, for all persons in similar circumstances in public employment, particularly in areas where race, religion, language, or ethnicity is an issue.

- Special arrangements for personnel management and training, and to ensure accountability of employees and protect them from political and other forms of harassment.

Compensation

Within the wage policy principles discussed above, the compensation issues specific to local governments have to do with such questions as the following:

- Will each local entity have autonomy in designing its compensation package? If so, what action by the national government will be needed to rationalize the resulting differences between local entities?

- Is there to be relativity in compensation between the different tiers of government? If so, what are the best means for arriving at such relativity?
- How will the compensation package address the constraints on career progression deriving from the small size of the entity?
- Will the limited spatial reach of some entities preclude them from paying compensation comparable to that in the local private sector? If so, what offsetting measures can be devised?

Local Accountability

The issue of accountability in local government resolves itself into such concerns as the following:

- Defining, as closely as possible, the frontiers of political and bureaucratic accountability for each tier of decentralization. This is perhaps more important at the lower tiers, where institutions are likely to be undeveloped, policy making and executive roles often unclear, and checks and balances absent.
- Providing quick and inexpensive methods for redressing citizens' grievances against civil servants, as well as similar steps to protect civil servants from undue political and other forms of harassment. Again, this is especially necessary at lower levels of government, since that is where the citizens' interface with government is most direct, and local issues tend to generate controversy and passion.
- Ensuring adequate monitoring and evaluation.
- Improving relations between the local government and the community.
- Strengthening local audit, not necessarily through local institutions, but preferably with the assistance and intervention of the provincial or national government.

Local Capacity Building

Local-government initiatives aimed at improving the civil service are not only complex and of long duration, but also fraught with special uncertainty. This is so not only because of the difficulties inherent in attempting reforms in so many local bodies, but also because organizations tend to be weaker and more undeveloped the lower one goes down the ladder of decentralization. Four main issues can be singled out in this regard:

- Training of civil servants and political executives of local governments can improve performance and lead each side to a better understanding of the other's role. (Joint retreats to discuss gender, environmental, governance, and other issues have been organized to good effect in India.)

- Because the importance of regular, free, and fair elections to local bodies cannot be overstated, a politically neutral and professional civil service is indispensable for the objectivity of the electoral process.

- Legal institutions, too, have a prominent role to play. With specific reference to local government employment, it is worth considering separate tribunals with exclusive jurisdiction over service matters, to prevent a few disgruntled employees from holding the reform process up for ransom through legal obstructionism, as well as to give them legal protection against arbitrary action or political interference.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

The goal of government employment and wage policy is neither to minimize employment nor to compress wages but to achieve a workforce with the size, motivation, professional ethos, and accountability needed to provide quality public services; reduce transaction costs for the private sector; design and implement economic policy; execute budgets and investment projects; and preserve the key assets of society. A skilled, motivated, efficient civil service with a professional ethos is one of the key requirements for good government. While such a civil service is not sufficient to produce good governance, experience shows that a very bad civil service is sufficient to produce bad governance.

Worldwide, general government civilian employment averages around 5 percent of the population. Government employment is relatively largest in industrial countries, and relatively smallest in sub-Saharan Africa and East Asia. During the last two decades, not including teachers and health personnel, local government employment has grown to almost the same size as central government administration (not including education and health workers).

Generally, the size of government employment is positively correlated with per capita income—confirming the so-called Wagner's Law—and negatively correlated with average wages.

Concerning wages, the central government wage bill absorbs about 5 percent of GDP, and general government about 8 percent of GDP. The heaviest fiscal weight of government wages is in the Middle East and North Africa, which have the highest average public wages. Worldwide, public sector wages are about 70–80 percent of comparable wages in the private sector. This is broadly justified by the greater security of employment. However, vast differences in wage adequacy exist between regions, with Asian government employees at the higher end and civil servants in anglophone African countries at the lowest end of the spectrum.

In the last two decades major changes in employment and wages have occurred:

- Central government employment has contracted by about 40 percent. This reduction was partly offset by growth in local government, primarily in Latin America, but general government employment declined overall.
- A smaller but significant relative decline has occurred in government wages as well.
- Consequently, the weight of the government wage bill has declined on both counts in most countries.

Concerning employment policy, an assessment of the "right size" of government employment must be country-specific and consider the functions assigned to the state, the organizational structure of government, the degree of administrative centralization, the availability of resources and information technology, and the constraints on staff mobility. There is no hard and fast rule on the right size of government, and any staff retrenchment should normally be a part of a comprehensive civil service reform program. When the civil service is badly overstaffed, or the wage bill is unsustainable, retrenchment by itself may be inevitable. Even so, it is essential to design it correctly, to avoid de-skilling the government, demoralizing employees, and risking social conflict. Experience shows that it is cost-effective to take the time and resources needed to tailor severance compensation to employee characteristics, avoid seniority-targeted retrenchment and seniority-weighted compensation, and put in place strong measures to prevent the recurrence of overstaffing.

Concerning wage policy, the key objectives are:

- Equal pay for equal work,
- Differences in pay should be related to differences in responsibilities and qualifications,
- Comparability (not equality) of government pay and private pay, and
- Periodic revision of the government compensation structure.

Identifying nonwage benefits is a major problem, particularly because they tend to proliferate during times of fiscal stringency. Salary inequalities between men and women are also persisting, and are widest in developing countries. Salary compression has been another chronic problem of civil service compensation. Because wage reduction has entailed in practice larger cuts at higher levels, incentives have been eroded, and decompressing the wage structure is a normal component of civil service reform programs. In any event, the worse response to inadequate salaries is grade inflation and ad hoc remedies.

In recent years "performance pay" has been introduced in some countries. The evidence shows that performance pay schemes have been, at best, marginally effective and, at worst, have reintroduced political control over the civil service and heightened ethnic tensions in plural societies. Nevertheless, greater merit orientation in the compensation system is a must, including nonmonetary incentives such as public recognition, national honors, and career development options.

Directions of Improvement

Civil service improvement is often identified with the cost-containment measures of personnel retrenchment and real-wage reduction for fiscal reasons. (This explains much of the suspicion attached to civil service reform in developing countries.) However, while the cost-containment dimension is important in many countries, civil service improvement is a much broader challenge, and should be seen within the general context of public administration and governance practices. The goal of government employment and wage policy is neither to minimize employment nor to compress wages, but to achieve a workforce with the size, skill mix, motivation, professional ethos, and accountability needed to provide quality public services; reduce transaction costs for the private sector; design and implement economic policy; execute budgets and investment projects; preserve key assets of society; and facilitate institutional development throughout the economy.

Unlike firing people and cutting salaries, these structural reforms carry potential social and political gains, in addition to the economic ones. Of course, they are also far more complex and of long gestation, partly from the need to develop a professional ethos, which is as important as technical competence. In this complex task, as in all public administration, improvements must rest on a bedrock of greater accountability. Inefficiency and corruption in the civil service do usually call for measures in both employment and better incentives. However, without improvements in effective accountability, retrenchment and more adequate incentives will simply result in a smaller and well-paid, but still inefficient and corrupt civil service.

As discussed in Chapter 1, accountability (like wage adequacy and overstaffing) is a relative notion. Strengthening civil servants' internal accountability to their administrative superiors may be necessary. But strengthening internal administrative accountability is rarely sufficient to produce an improvement in government efficiency and quality of services to the public because internal controls are often ineffective—especially when the social ethos tolerates collusion between supervisors and subordinates. Stronger outward accountability, therefore, is essential for greater responsiveness to the needs of the public and thus to improved service quality—whether it is the individual civil servant who is directly accountable, or the service unit, or the ministerial department as a whole. Outward accountability can be increased in a variety of ways—user surveys, individual name tags, investigative journalism, media access (e.g., radio talk programs), whistleblower laws, public opinion polling, etc. (see Chapters 13 and 16.)

In trying to move away from an underperforming and underpaid civil service, without massive fiscal implications or immediate wholesale reform, the following transitional measures emerge from recent international practice. It is essential that such measures be a transition to *something*, and hence that they be formulated as part of a coherent and concrete vision of reform and implemented as a step in the sequence leading to that reform. If taken in isolation, such transitional measures would produce little but the institutional enclaves that so richly failed throughout the developing world. To mention a few:

- In the acquisition of new blood for the civil service, it is possible to create a two-tier system (as in Poland) whereby new staff are recruited at the new salary scale and are expected to meet higher standards of qualification. Over time, the new system will expand as the old one

contracts, eventually leading to a unified system with better-qualified, better-paid staff. Like dual exchange-rate systems, this approach will work only if it is transitory.

• Even at the present inadequate salaries, young and better-trained people can be induced to join government service for limited periods if given challenging responsibilities and solid training (as in Estonia). When they leave, others can be recruited. The training requirements within the government sector are semipermanent, but the capacity of the economy as a whole is enhanced; the general understanding of the work of government is improved; the average performance of government employees rises; and positive models are offered to permanent employees for their own betterment.

• Special transitional arrangements for contract employees (higher-skilled, paid above the existing scale) can be workable (as in Lebanon), provided that the allocation of such contractual posts to government bodies is decided at high levels; that each appointment is cleared individually and personally by high authority; and that these arrangements are part of a genuine transition to an overall salary reform.

• Individual negotiations between new staff and ministries (as in Guyana) should never be permitted, as they result in glaring distortions and inequities, and compromise prospects for sustainable improvement.

• Capacity constraints in developing and transitional countries suggest the desirability of unified, classification and pay systems (such as those in France, Japan, the Netherlands, etc.), rather than differentiated classifications for different entities of government.

• All possible encouragement should be given to mobility within government, and obstacles and artificial constraints removed. In particular, the fragmentation of the civil service into a variety of separate professional cadres hampers mobility and fosters rigidity and lack of communications within the civil service. Mobility, transfer provisions, etc., should be formulated transparently and after appropriate consultation with stakeholders.

• Upward feedback, that is, confidential surveys to obtain the views of subordinates, is essential for the evaluation of managers' performance.

Finally, while a coherent vision of the endpoint of civil service reform is essential, it is also necessary to provide guidelines for the transition from "here" to "there."

Immediate measures could include

- A freeze on recruitment;
- The sequestering of future vacancies arising out of retirement, termination, death, or resignation;
- A temporary halt in promotions except in individual cases expressly approved by high authority; and
- A halt on the absorption of contractual and temporary employees into permanent positions.

Short-term measures would involve

- A simple but complete census of all types of employees;
- The removal of ghost workers and other irregularities from the payroll;
- An improved personnel management information system;
- The completion of studies on job classification, personnel procedures, and salary structure; and

Medium-term measures would include

- The implementation of the recommendations reached in the previous phase;
- The streamlining of personnel regulations;
- A review of the functions, organization, and operational effectiveness of government, starting with the key ministries;
- A mechanism for re-certifying government employees in order to screen out those without adequate qualifications; and
- Implementation of a program for redeploying other employees.

As part of the *long-term measures*, each ministry could be required to submit a concrete restructuring plan consisting of a statement of objectives, strategies for achieving these objectives, a staffing program, a timetable, simple indices of administrative performance, training needs, and financial requirements. Once the plan is approved at the highest level, and irreversible initial steps have been taken, the ministry in question can freely recruit from other ministries; resume normal wage increases and promotions; have its reasonable financial needs met; and move up to the new salary scale

established in the meantime. Such a process would create incentives for all government entities to improve their organization and operations in order to be allowed to move up to the new flexible structure, and for individual employees to move to the more dynamic government entities. In time, all government entities would operate in accordance with the new system, and the coherent vision formulated to begin the process would be fulfilled. (This process, naturally, is an ideal, and carries heavy requirements in terms of consistency, persistence, and political determination and continuity.)

Annex VI

METHODOLOGICAL PROBLEMS IN THE ESTIMATION OF INTERNATIONAL DATA ON GOVERNMENT EMPLOYMENT AND COMPENSATION

However tedious, a summary of the main metholodogical difficulties is essential to a realistic understanding and use of the results discussed in the text.

In the first place, statistics of any reliability simply do not exist in many countries. When reasonable data are available, employment comparisons are complicated by the following:

- Some countries include teachers or health workers in the civil service while others don't.
- Some countries include contractual and seasonal (sometimes even daily) workers in government employment while others don't.
- Local government employment may or may not include employees paid out of the central government budget—and accordingly, large numbers of persons may be paid out of the central budget but are not listed among central personnel.
- Paramilitary personnel (gendarmes, etc.) may be included among civilian personnel because of their public order functions, or in the armed forces because of their military status.
- Employees of legislative bodies are sometimes included among government personnel, etc.

And, because the basic social services—education and health—raise policy and practical issues different from those of public administration, it is useful to try to separate out government employment in these sectors.

The overlapping nature of the main components of government employment and the resulting gray definitional areas are shown in the illustration below. The methodological difficulties arise in part because the various components intersect differently in different countries, and the very classification of certain personnel in one or another category has an inevitable arbitrary or country-specific element. In the survey, we have taken care to use clear and uniform definitional criteria, country by country, and to avoid any overlap between the four components. Consequently, the figures in Table 10.1 on central government, local government, education, and health are additive and without duplication.

The Main Components of Civilian Government Employment
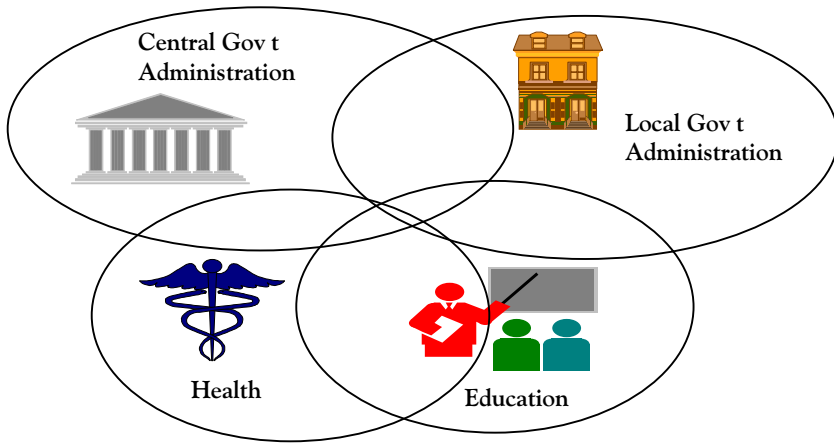
International comparisons are even more problematic for government wages than they are for employment. To begin with, the existence of different in-kind benefits in different countries makes it impossible to be sure that differences in monetary compensation adequately reflect differences in total compensation. Moreover, even when comparisons are limited to monetary compensation, serious problems remain. If wage rates are derived from independent surveys or from official information on pay scales, it is impossible to treat nonwage monetary allowances uniformly because certain sources include them in the wage package while others show only the base salary. Fortunately, budgetary figures on the overall wage bill paid through the central government budget are generally reliable because monetary allowances are usually captured in the budget and properly classified under the wages and salaries chapter. For this reason, measuring the relative weight of the government wage bill by defining it as a fraction of GDP or of total expenditure is both reasonable and generally reliable.

Compensation *rates* are a different matter: dividing the central government wage bill by the number of employees listed as working for the central government will always tend to inflate average compensation because, as noted, significant numbers of employees are paid out of the central budget but work for, and are shown as part of, local government entities. It is therefore necessary, country by country and by recourse to different sources of information, to adjust the figures on personnel paid from the central government in order to obtain a good approximation of average monetary compensation.

Assessing wage "adequacy," or even only ranking countries by relative levels of government wages, presents additional difficulties. Exchange-rate problems make reliable conversion into a single numeraire difficult. Relating public wages in local currency to other meaningful variables, also in local currency, obviates the exchange-rate problem but raises the obvious issue of the appropriate denominator. The only reliable measure of the adequacy of government wages is through a statistically representative survey of public and private salaries—for comparable skills, in a given country and at a given time. Because such surveys are not common (only a few among the World Bank's private-sector assessment studies contain such information), this is an impossible standard when large-scale international comparisons are at issue. Accordingly, we have used in this survey three measures of relative government wages: average central government wages relative to wages in manufacturing (the only statistic available, from the International Labor Organization (ILO), for a large number of countries on a uniform basis); average wages as a multiple of per capita GDP; and secondary sources that do exist concerning the ratio of government to private wages for a few countries in each region.

Another indicator of relative public wages exists as well: the ratio of public wages to average wages in manufacturing. This indicator permits much broader country coverage because manufacturing wage data are collected and published by the ILO for a large number of countries on a regular basis. However, it gives a statistically misleading comparison, as public wages are generally for white-collar skills, while wages in manufacturing are generally for lower-paid blue-collar jobs. The comparison (which was carried out and is included in Schiavo-Campo, de Tommaso, and Mukherjee 1997) is also misleading from a policy viewpoint—because it produces the false impression of a relatively well-off civil service.

NOTES

[1] Quoted in Andic Fuat and Suphan Andic. 1996. *The Last of the Ottoman Grandees: The Life and Political Testament of Ali Pasha.* Istanbul: Isis Press.

[2] Throughout this chapter, the term "civil service" is used interchangeably with "government employment" and "government workforce," although in many countries certain government employees technically belong to a special regime as "civil servants." While the distinction is important for personnel management and will be elaborated on in chapter 11, it is not essential for the discussion of the aggregate issues of government employment and pay in this chapter.

[3] See, for example, Adamolekun (1983) for Africa; Reuveny (1974) and Siedentopf, ed. (1983) for Asia; Hyung-Ki Kim (1994) for Japan; Yoong-Yang Kim (1985) for Korea; Junquera (1986) for European countries; and Ingraham and Rosenbloom, eds. (1992) for the US.

[4] See Schiavo-Campo, et. al. (1997a, b) and Schiavo-Campo (1998). Note that the tables in the statistical appendix list all countries, whether or not reliable and complete data could be found, whereas the regional averages shown in the text tables are based only on countries for which reliable data could be found or estimated for *all* of the following: employees in central government administration, employees in local government administration, teachers, and health personnel.

[5] Schiavo-Campo, et. al. (1997a, b).

[6] Report of the Public Commission of Uganda (1982), cited in Lindauer and Nunberg, eds. (1994), p. 27.

[7] This section has drawn partly on Commonwealth Secretariat (1996); Armstrong (1996); Milkovich, ed. (1997); Lovrich in Perry, ed. (1989); Klingner and Nalbandian (1998); Riley (1993); Corrigan et al. (1999); Pearce and Rich, in Perry, ed. (1989).

[8] We are especially indebted to Amitabha Mukherjee for the substance of this section.

Chapter 11

Managing Government Personnel

Every man is good at something; it is the task of the Chief to find it.
—*Malay proverb*

INTRODUCTION[1]

Government personnel management consists of four fundamental functions: planning, acquisition, development, and sanction (Klingner et al. 1998). Planning refers to the definition of personnel requirements, jobs, and pay and benefits. Acquisition is the recruitment and selection of personnel. Development is the task of orienting, training, motivating, and evaluating employees. Sanction is the establishment and maintenance of expectations and obligations.

Different social values have led to different personnel systems in different countries. A system where political responsiveness and personal rule are prevalent tends to be characterized by political appointments. Where social equity is important, affirmative action and minority protection are introduced. Where the focus is on efficiency, the personnel system stresses disciplinary action against nonperforming employees and rewards for strong performance. In general, the evolution of government personnel systems has shown a transition from political patronage and personalism to a system based on merit, political neutrality, continuity, integrity, and professionalism. However, many developing countries still show an uneasy coexistence of informal rules and personal considerations with formal merit-based personnel management.

The public's view of government employees has typically mirrored public views about government in general. High status attaches to

government employees in countries where the role of the government is viewed positively, and civil servants enjoy little public trust in countries where government is viewed as part of the problem. This has been true since the 1980s in North America, the United Kingdom (UK), and other countries in the Anglo-Saxon administration tradition, such as Australia and New Zealand. But the picture is not uniform. In France, for example, surveys by the Ecole Nationale d'Administration (ENA) have shown that over 80 percent of ENA graduates are still in the civil service, and that the citizen is keen to retain them by offering adequate salaries. In many developing countries, especially in Asia—People's Republic of China, Japan, Republic of Korea, Nepal, and Sri Lanka—there is high respect for civil servants (in the case of Nepal, because they are appointed by the monarch), and government personnel have high social status.

The civil service often refers to a subset of overall government employment—the group of employees who perform core or higher-skill tasks. However, there is no common definition for this core group, making comparisons difficult. It is safer, therefore, to use the term civil servants as synonymous with regular government employees, i.e., civil employees of government whose remuneration is paid wholly and directly out of monies voted by the legislature. The reader should remember, however, that in many countries—especially those in the Anglo-Saxon tradition—the civil service applies only to the core group.

Government personnel are also distinguished on the basis of the status of their employment: permanent, temporary, contractual, or casual. Casual workers and employees engaged on fixed-term contracts or paid from contingency funds are normally not included in the definition of the government civil service. However, the proportion of casual workers in government employment is significant in many developing countries, often as high as one sixth. Also, in some developed countries, the distinction between permanent and contractual employees is being eroded by moves to place more and more employees on renewable fixed-term contracts.

Most countries have legal provisions in their constitution that define the structure and rights of the civil service. In addition, some countries have passed laws on specific aspects of personnel management, such as position classification, merit protection, ethics, and the workplace. But whether embodied in law or not, choices about organizational structures for government personnel management, and the assignment of responsibilities for key personnel functions, are critically important.

In many countries, authority over personnel at the national level is typically shared among a number of entities: a policy agency, an oversight agency to ensure fair and meritorious practices, and a financial control and monitoring unit (usually in the Treasury) (Box 11.1). Central public service commissions owe their origin to colonial administrations in many countries. They have played a major role in establishing merit-based recruitment and in protecting civil servants against political interference or retaliation. However, the line ministries have assumed in recent years increasing responsibility for many personnel functions, even in developing countries. Centralized personnel management systems are more common than decentralized systems. Successful centralized systems display a high degree of control over most personnel functions, and professional standardization; unsuccessful centralized systems turn control into micromanagement and professional standards into immobility.

Box 11.1
Central Personnel Management in Asian Countries

In Asian countries core institutions typically consist of the prime minister's or president's office with an oversight role, the department of finance or equivalent body with responsibility for budgeting, and an executive body responsible for the civil service. In many cases, a nonexecutive body, such as a public service commission, is also present to ensure that personnel decisions are based on objective criteria and arm's-length procedures. In these cases, such a body retains control over recruitment and the management of higher-level personnel and may also be responsible for ensuring that disciplinary actions follow prescribed procedures, and acts as an appellate body for employee grievances.

In Singapore, the Ministry of Finance has two divisions that deal with personnel matters: the Budget Division handles manpower control; the Public Service Division develops policy, coordinates implementation, and is responsible for pay and grading, training, and productivity improvement; and the Public Service Commission approves high-level appointments and disciplinary action. In Malaysia, all core personnel management functions are concentrated in the Public Service Department. The Government determines the allocation of the three central responsibilities among management agencies—budget control, human resource management and planning, and ensuring compliance with civil service laws and regulations. Clear channels of communication and regular top-level meetings help in this regard. In Japan, the three functions are exercised separately by the Management Coordination Agency (reporting to the Prime Minister), the National Personnel Authority, and the Ministry of Finance.

Box 11.1 (cont'd.)

In the Philippines, there is a need for better coordination between the two key central personal agencies, namely, the Department of Budget and Management, and the Civil Service Commission. Both have legal responsibility for setting pay scales and salary grades. The overlapping legal mandates of the two agencies create problems for the line agencies in getting permission to create a new position and to recruit externally, and leads to delays in filling positions. There is also a conflict between the raising of qualifications by the commission and the grading of positions by the Department of Budget and Management.

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Source: Steedman and Howes (1996), and internal ADB memoranda and country reports.

DEFINING GOVERNMENT PERSONNEL REQUIREMENTS[2]

Human Resource Planning and Information Systems

Government personnel planning and information systems, as a subset of manpower planning for the country as a whole, provide the means for creating a government workforce of appropriate size and quality to deliver the government's policies and programs cost-effectively. The overall responsibility must rest with a central agency, such as a ministry of public service or the ministry of finance.

The objectives of personnel planning are:

- to monitor and control the growth of government employment according to fiscal targets;
- to ensure that existing staff are utilized and effectively deployed in response to government policy and development priorities; and
- to enable the government to achieve its strategies for staff acquisition, retention, development, and exit.

A human resource planning and information system for government provides the mechanism for reconciling three different elements: the forecast of demand for government personnel, the likely supply, and position (establishment) controls. Thus, a fully developed system typically contains the following elements: (i) workforce inventory, (ii) overall framework for position control, (iii) demand forecasting, and (iv) supply forecasting.

Adequate personnel records are a prerequisite for government personnel planning. The information required can be grouped into three categories:

- *Information about people* - the numbers and characteristics of employees (age, gender, qualifications, skills, and experience); their location (ministries, departments, subordinate and field offices); and data on their acquisition, promotion, exit, transfer, and dismissal.
- *Information about posts* - job types and levels; numbers, locations, types, and levels of established posts, posts filled, and vacancies; and grade, pay, and other employment conditions.
- *Related financial data* - current pay and allowances, personnel expenditure trends, termination benefits, pension forecasts, etc.

Problems and Opportunities for Developing Countries

Developing and transition countries generally lack systems for the systematic planning and forecasting of personnel needs. In a number of countries, the exercise entails a mixture of ceilings on staffing levels imposed by a central agency (normally, the Treasury) and forecasts of annual recruitment needs, within the ceiling on expenditure and staff for individual departments based on attrition and new activities. Such an exercise is hampered by the lack of systems for classifying government personnel or of reliable central records on permanent and temporary posts. Even when a government personnel census has been conducted, without an institutional capacity to use the available census data and keep them up to date, the quality of the information is rapidly eroded. Results quickly become outdated, as employees leave and new recruits join the civil service, openly or otherwise.

JOB EVALUATION AND CLASSIFICATION[3]

Concepts and Definitions

Jobs and grades

Positions are grouped and ranked in a *classification system*. Grades are essential for the efficient administration of personnel in all large organizations, including the government service. The structure of jobs in a civil service typically consists of a hierarchy of grades. In each grade are placed all jobs with features that are judged to be similar. Each grade has a salary scale (or a single salary) associated with it. The grade system provides

the reference point for enacting rules and regulations for government personnel.

Rank-in-person and rank-in-post

There are two basic approaches to the grading of government personnel and jobs: *rank-in-person* and *rank-in-post* (or -job). Under the rank-in-person approach, an individual is recruited not for a particular post but to join a group of employees, usually termed a *service* or *cadre* or *corps*. A service has its own structure of ranks or grades, with rules for recruitment and promotion to the higher ranks, and is distinguished by the type of work performed, e.g., engineering service, accounting service, etc. There is often also a generalist administrative service, whose duties include setting general policies and managing departments.

In the rank-in-person system, the employee rank identifies his status and is independent of specific duties or organizational location. For example, a military general remains a general, whether in the field or at headquarters. Similarly, a permanent secretary in government retains that rank even when he is moved to another ministry or job. The major drawback of the rank-in-person system is that it tends to become top-heavy and to give undue weight to seniority, and may suffer from inbreeding.

Under the rank-in-post approach, rank is assigned to positions, and recruitment is for a specific position. The job, not the person, is rated, and salary is determined by the position description and the requirements for it, rather than the qualifications of the person, as such. The rank-in-post system permits recruitment though lateral entry, and enables more efficient younger employees to leapfrog over more senior employees. This system, too, has certain drawbacks. First, the job classification may become outdated. Second, agencies are tempted to create too many higher-level positions or to shift professional specialists to administrative positions to improve their chances of retaining or recruiting highly qualified professionals. Third, the system does not individually reward people who expand the scope of their jobs to perform more duties than was envisaged. Fourth, the system hampers the mobility of personnel and keeps them from gaining new experience.

Job Classification

Job analysis involves determining the duties and responsibilities of the job, its relationship to the organizational hierarchy, its supervisory content, and the qualifications and skills it requires. Without accurate job analysis, good recruitment is difficult.

Job evaluation is the next step after job analysis. The personnel specialist looks at all the jobs in the government or a particular agency, and assesses their relative contributions to the organization and the relative difficulty of the jobs themselves. The jobs are then grouped into categories, and ranks are assigned to the resulting categories. The techniques of job evaluation include market-based evaluation, whole-job ranking, point rating and factor comparison, and position classification. Some of these techniques are more useful than others, and all can be used to rationalize management decisions already taken informally. For example, point rating and factor comparison identify specific job factors, which are assigned point values. The jobs are then grouped on the basis of point totals, and the various job categories are accordingly ordered by rank. The element of potential subjectivity can be considerable.

Job classification is the oldest and most common system. The system requires that the duties of every position be described by the incumbent, his or her supervisor, and finally by a classification specialist in a central personnel office. All positions are grouped into classes or categories, according to occupation (clerk-typist, civil engineer) and level of qualifications and responsibility. This allows the determination of grades (also called skill levels), each constituting a specified level of difficulty and responsibility, and a single pay range for all positions in all classes assigned to a particular grade.

Job classifications can be graded or ungraded. Graded classifications provide equal pay for equal work within each occupation and among different occupations (Schiavo-Campo et al. 1997). By contrast, ungraded classifications provide equal pay for equal work only in the same occupation. No clear recommendation can be made regarding the choice between graded and ungraded classifications, as both have advantages and disadvantages. In general, graded classifications are more complex, and ungraded classifications simpler. Thus, the trade-off is between flexibility and equity, or between short-term and long-term efficiency.

Experiences with Job Classification

The systems in practice

All job classification is time-consuming and expensive. If the exercise produces phony or self-serving job classifications (as is often the case in practice when data are unreliable or the information provided is not carefully verified), its greater cost is not even justified by a better outcome. Fesler and Kettl point out that organizational distortions and wrong assignment of staff members accounted for about one third of the increase in the overall average grade in the United States (US) Federal Government between 1950 and 1983.

Developed countries display a varying picture with respect to the end-results of job classification. The French system is unique in following a highly structured internal organization based on the civil service corps concept, with each corps corresponding to an occupational specialization. The number of corps (over 1,700) is larger in France than in almost all other countries. Each corps falls into one of three major hierarchical classes—A, B, or C. In the systems structured in the British tradition, except Canada and Australia, government personnel is generally grouped into four classes: administrative, executive, clerical, and messenger.

Country experiences show that the contrast between rank-in-person and rank-in-job systems is not as stark as it may appear, and that the systems are not mutually exclusive. Elements of rank-in-person systems are found in predominantly rank-in-job systems, and vice versa. The most significant example is the creation of a senior executive service (discussed later) in countries that practice the rank-in-post system in order to bring some of the advantages of the rank-in-person system into the senior echelons of the civil service. Many countries are modifying their traditional classification systems to reflect more accurately the actual differences between jobs and employees. Flexibility is increased by broad banding, i.e., the widening of salary ranges to allow rewards for performance without grade changes or transfers.

Prospects for developing countries

Developing countries in the British tradition of administration constituted generalist services similar to the elite services in France and Japan, alongside functional services for different specializations like health, engineering, accounts, and audit. The rank-in-person system blended well

with the traditional stratification of these societies, and has continued substantially in the same form in many countries (e.g., India). By contrast, Bangladesh and Pakistan replaced the four classes with a common grade structure and occupational groups.

The appropriate number of grades for a civil service is a matter of judgment and depends on the conditions in a particular country. (For example, both India and the Philippines have about 30 salary grades.) Too few or too many grades create problems. With too many grades, the distinction between work levels becomes too fine, jobs become more difficult to classify, and disputes arise in the grading of specific posts and the establishment of horizontal links between posts (Indian Fifth Pay Commission 1997). Too few grades, on the other hand, dilute the strong motivation provided by promotion and a higher title.

For developing countries, more critical than the number of grades is the poor quality and quantity of information on jobs, leading to incorrect grading. The opaque grading systems are complicated by excessive wage brackets, which are often unrelated to either job descriptions or performance (World Bank 1999d). Moreover, the staff responsible for grading jobs are often not adequately trained in job evaluation and lack technical skills, and the systems are too easily influenced by political considerations and vulnerable to manipulation. These problems, and the actual experience of many developing countries, call for caution in adopting the position classification systems of developed countries.

PERSONNEL RECRUITMENT AND SELECTION

Recruitment Principles and Organization[4]

The recruitment process entails: identifying the post to be filled; completing the job description; attracting suitable candidates for the post; and assessing and selecting the most suitable candidates.

Recruitment in the public service should be based on the principles of merit and nondiscrimination. Building a motivated and capable civil service requires merit-based recruitment (although for high-level appointments merit may well include an element of personal commitment to the political leadership and its agenda). There has been a steady move in the 20th century away from political patronage and the spoils system, and toward recruitment based on merit and open competition. In the early part

of the 20th century, government recruitment in most countries, including the developed countries, was based on political and personal connections, rather than merit. However, in many developing countries and especially ethnically plural societies, recruitment is still ascriptive and based not on merit but on the ethnicity of the applicant. Also, the continued practice of political appointments remains widespread.

Countries in transition face peculiar problems in retaining the civil service of the old regime and deciding whether to retrench or to reorient its members to serve the new functions of the state. While some staff may be too old or set in their ways, it is a serious mistake, and ethically wrong, to write off the old guard automatically without giving the individuals an opportunity to adapt and access to training.

Merit-based recruitment signals the absence of political favoritism and extraneous influences, and is designed to make the civil service attractive to talented individuals. The objective is to reach all qualified candidates within the appropriate labor market. This was the goal of most countries in setting up politically neutral public service commissions and introducing constitutional provisions and civil service laws to embody the merit criterion.

Discrimination in recruitment is unfair and obviously contrary to the principle of merit and efficiency, and legislation has been passed in most countries to address employment inequities suffered by minorities and women. Uprooting discrimination in practice is still very difficult, however. For example, typically only one out of six civil service positions in Bangladesh is filled by a woman, despite the existence of equal-opportunity legislation (World Bank 1996). Also, in many countries (e.g., India or South Africa), social peace, or correcting the effects of past discrimination, or promoting diversity and a more inclusive society justify provisions for affirmative action in recruitment (sometimes extending to actual job quotas). Again, however, affirmative action laws by themselves cannot change deep-rooted attitudes. A social consensus needs to be developed, including on the modalities and end-point of the affirmative action provisions.

Recruitment Systems[5]

Closed and open systems

Merit-based recruitment systems are of two broad, but not mutually, exclusive types: *closed or mandarin systems,* and *open recruitment systems.* Mandarin systems used to refer to upper tiers of service in East Asian countries, but they now encompass broader corps-career systems. These closed systems, in countries like France, India, Japan, and Republic of Korea, as well as other developing countries, are characterized by closed entry, group training, rigid hierarchy, and very limited interclass mobility.

In contrast to the mandarin systems, some countries like the Australia, New Zealand, UK, and US favor an open model of civil service recruitment, corresponding to the rank-in-job system, and stress flexible recruitment based on delegated authority to departments or agencies. The system permits horizontal entry without age restrictions and allows considerable interclass mobility. There are profession-specific examinations, and managers have greater discretion to hire persons on a noncompetitive basis.

Public service commissions

Public service commissions (PSCs) can play a major role in ensuring competitive and merit-based recruitment and career advancement policies and practices. In many countries, such commissions enjoy constitutional status. Ideally, their members are men and women of integrity and merit, appointed by an apolitical process. Legal provisions for security of tenure and unchangeable conditions of service safeguard the status and independence of the members of the commission. Realities may differ, however.

The mandate of a PSC includes administering competitive examinations and selecting the successful candidates according to transparent and objective criteria. The central PSC in some countries also enforces the merit principle in promotions, senior appointments, and lateral entry; assists the government in recruiting and managing a senior executive service; regulates disciplinary procedure; hears appeals from employees; and is consulted before major penalties for misconduct are assessed. Depending on the size of the country and its personnel management system, there could be other commissions, working under the guidance of the principal PSC, for specific categories of civil service, such as police and teachers, or at the regional level.

Despite an impressive structure on paper, developing countries face problems in timely and effective recruitment. While some public service commissions have a creditable record, delays in completing examinations, announcing the successful candidates, and authorizing recruitment are all too common. Ministries, often frustrated by delays or inefficiencies on the part of the central commission, are forced to take short cuts to fill posts. In some countries, moreover, there have been instances of malpractice in examinations, political interference in selection, and the induction of unqualified political appointees into the PSC. These real difficulties have led many to push for the elimination of central bodies charged with monitoring government recruitment procedures and personnel practices. Such bodies are, however, necessary to insulate government personnel from political manipulation and to protect against discrimination and corrupt patronage. The solution lies in improving their functioning, not in eliminating them.

Delegation and decentralization

Delegation involves reallocating personnel responsibilities *within* the central government, from the central public service commission to other commissions, and from the central personnel office to the line ministries and agencies. Delegation to line ministries should, of course, be part of a more general devolution of functions. Many developed countries have retained the centralized system for the higher-level civil service but use a delegated system for other personnel. The varieties of delegation practiced in different countries are shown in Box 11.2.

Below the national level, in some countries the provinces have set up their own public service commissions to recruit personnel for provincial administration. Some countries have set up service commissions to recruit personnel for local governments as well. The elected local governments and different types of local authorities are often authorized to recruit directly all or most of their employees, in accordance with national or provincial guidelines (especially regarding merit and affirmative action). A number of local authorities engage in collective recruitment for certain common posts, to save transaction costs and attract better candidates, or rely on specialized recruitment agencies for help in selecting candidates for senior posts such as city manager and heads of departments.

Box 11.2
Delegation of Recruitment

In India, major departments like Railways have been allowed to set up their own recruitment boards for lower-class personnel. Similarly, a separate staff commission has been established to recruit staff for clerical and stenographic pools. Department heads have limited powers to appoint staff to class IV and contract posts. Service commissions also operate at the provincial level to recruit staff for provincial and local government agencies. In Malaysia, four commissions with functions similar to those of the Public Service Commission recruit people for police, education, railways, and judicial and legal services.

In Singapore, it was felt that greater empowerment of ministries in the recruitment of civil service personnel would lead to greater ownership of personnel management. Initially, two separate services commissions were set up for education and for police and defense. The recruitment, promotion, and transfer of most civil servants were devolved in 1995 from the three public service commissions to a system of personnel boards. The boards, composed of permanent secretaries and senior officers, enable line managers to recruit and promote deserving officers on the basis of merit, fair and consistent exercise of authority, rigorous selection, and opportunity for appeal. The Public Service Commission continues to be in charge of recruitment for the administrative service, promotion of all senior officers, disciplinary cases, and appeals.

In the United Kingdom, the line ministries are allowed to recruit persons for most positions, except for the fast-stream administrative trainee program. In New Zealand, department heads are responsible for hiring all staff, on fixed contracts, and agencies are allowed to devise their own procedures in conformity with broad national guidelines.

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Source: Commonwealth Secretariat (1995).

Recruitment and Appointment Procedures

Recruitment

General civil service regulations normally lay down the recruitment criteria and procedures. The line ministries are usually also allowed to prescribe recruitment criteria for posts other than the central and elite services, in consultation with the central personnel agency and the service commission, and in conformity with national guidelines. A recruitment checklist can be useful (Box 11.3).

Box 11.3
Bangladesh: Recruitment Checklist

- Is it necessary to fill the vacancy at all, or at this level?
- If so, what is the nature of the job, now and in the future?
- What qualifications, qualities, skills, experience, and achievement record will a future job holder require?
- What are the requirements of the team into which the individual needs to fit?
- Are there enough candidates within the department, or is it necessary to extend the search to the wider civil service or to full open competition in order to get a strong field?
- Are there wider reasons in the departmental interest, or the corporate interest of the civil service as a whole, to provide the opportunity for new blood to be brought into the department or into the civil service through this vacancy?

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Source: World Bank (1996b).

To assure fair and open competition, the public service commission or the line agencies are required to publicize the vacancies, allow for a reasonable period of application, and provide prospective applicants with the needed information such as job qualifications and educational and other eligibility criteria.

In countries that use examinations, practices vary widely. Examinations are usually coupled with other selection mechanisms, such as interviews and sometimes psychometric tests. For recruitment to middle or higher ranks, examinations are unusual and candidates are selected on the basis of experience, qualifications, and interviews.

Open competition based on clear criteria and transparent procedure is the best way to assure merit-based recruitment and good outcomes. Often, however, the preferred candidate has already been informally selected, and the competitive procedure is only a formalistic smokescreen. Where this practice is widespread and hard to stop altogether, it is preferable to give greater space for direct candidate selection, with clear rules and for specified situations, while at the same time enforcing strictly the competitive selection process in the majority of cases.

Appointment

The selected applicants are submitted to the line agency concerned. The terms and conditions of their appointment are usually indicated in a formal letter. Typically, the appointment is made permanent, or the individual is confirmed in the post, after conditions are met, such as the satisfactory completion of a probationary period of service or the passing of a departmental exam or police verification.

The vast majority of public service employees are appointed on permanent and full-time terms, referred to as indefinite-duration contracts. Also important, however, are fixed-term and part-time contracts, which enable ministries to use their budget effectively, respond more readily to changes in needs and in the supply of labor, and meet demands from employees for flexible arrangements suited to their family and other needs. Usually, limits are set on the percentage of posts that can be filled up on contract, but these may not apply to part-time working arrangements.

In many developed countries, there has been a move in the last decade away from the traditional tenured permanent employment and toward fixed-term contracts, especially for senior and professional staff. In New Zealand, this is now a uniform practice for all senior staff. The objectives are to provide greater flexibility to the Government and to establish a stronger link between employees' performance and employment (Chapter 18 for a full discussion of performance issues). Rolling contracts are also fixed-term but are rolled annually for two or three years, thus offering longer-term security for the employee. But whether the contract is permanent or fixed-term, the person in question is a government employee, with the responsibilities attached to this status. When a service or activities are contracted out to an outside entity, however, the persons undertaking such services do not become public service employees.

The extent of *part-time work* in government service has grown in many developed countries. Part-time employment, i.e., any employment that entails less than the stipulated working hours for the grade, may be permanent or temporary, and may apply to the person or to the post. A variant of part-time employment is job sharing, i.e., sharing the responsibilities of a full-time job between two or more people. Some observers foresee a considerable expansion in job sharing in the years to come, especially with the expansion of information technology (Chapter 19).

Casual appointment combines elements of fixed-term and part-time work. This is a temporary appointment to meet short-term needs, such as an unexpected increase in workload, and to help in redeploying staff after the closure of an agency or office.

Where the power of appointment is delegated to ministries and agencies, the very flexibility of the recruitment and contracting process can lead to abuses and patronage-based appointments in developing countries. Central government freezes on the filling of permanent posts are often circumvented by casual or contractual appointments, and the employees concerned are later accommodated on a permanent basis under political pressure. Generally, recruitment freezes do have a role in civil service reform, but are rarely, if ever, effective over a long period of time (Chapter 10).

Prospects for Developing Countries

As discussed in Chapter 10, many developing countries have reduced their government work force, normally in the interest of fiscal stabilization. At the same time, they are required to slowly build up new cadres, and to make their recruitment systems more rigorous and merit-based. While decentralized recruitment models in developed countries are attractive, decentralized recruitment requires a strong tradition of public service and a robust personnel system to start with. Also, there is no hard evidence of the benefits of agency-based recruitment, and the risks in terms of inequity and corruption are significant. Thus, developing countries will be well advised to develop well-functioning and accountable centralized recruitment systems before they even think of giving their line ministries total discretion in recruitment.

GROOMING AND MANAGEMENT OF SENIOR CADRES[6]

Rationale for a Senior Executive Service

A senior executive service (SES) is a category of senior staff who provide policy advice, have higher managerial and professional responsibilities, and may be deployed wherever they are needed to promote the efficiency of the government. They have special conditions of employment, typically, higher salaries and correspondingly less job security.

SESs have been introduced in many developed countries, as a response to a series of problems:

- Increasingly inadequate compensation for highly skilled senior staff, in comparison with the private sector; and difficulty in attracting highly

qualified professionals from the private sector to government employment;
- Perceived lack of responsiveness of regular senior staff to the priorities of the political leadership; and
- Absence of a public-spirited, interagency, service-wide elite cadre.

In many developing countries in the British tradition, the senior cadres (such as the Singapore Civil Service, the India Administrative Service, or the Ceylon Civil Service) had a historic role as inheritor of the mantle of civil service set up during colonial times. The pluralistic character of society in many of these countries justified the continuation of the tradition of an elite, professionalized, service-wide corps, even after independence. The challenge was to convert this unique instrument, so effective as an agent of colonialism, into an agent of development and public service, sensitive to the needs of the population and the demands of democracy. (Thus, for example, Indian Prime Minister Jawaharlal Nehru was highly critical of the colonial civil service, but nevertheless followed a similar model for the post-independence Indian Administrative Service.)

SES Structure

There are many types of SES in both developed and developing countries. As noted earlier, the SES in the mandarin countries is a closed-entry system, hierarchical, small, and highly selective in recruitment.

Recruitment in the mandarin systems, as in Japan, is competitive and merit-based, usually through a centralized agency such as a public service commission. Applicants are usually young, screened by means of both general and specialized examinations, followed by intensive interviews of short-listed candidates and other forms of individual and group assessment. The successful applicants enter directly a particular class of service, usually on a fast track with the opportunity for advancement to senior positions within a few years. Such SES system is a rank-in-person system, where one is hired not for a specific job but as a fungible individual suited to a variety of senior jobs. In many Commonwealth countries, the candidates are recruited into a national generalist elite service or a number of central functional services, such as accounts, revenue, and communications, and are liable to be rotated from one job to another within the service or between ministries.

Successful candidates usually enter a prestigious national training institution, e.g., the ENA in France, for professional internship and academic training (Box 11.4). Throughout the recruitment and training, and subsequently, the candidates undergo intense socialization to internalize core public service values. Thereafter, the civil servants follow different streams in different countries. In some countries (e.g., India), they are recruited directly into individual ministries, where they tend to remain throughout their careers, but undergo job rotation within the ministry. In other countries, they are systematically rotated between ministries. Similar systems are in place in Asia—in Japan, India, and elsewhere.

Box 11.4
Civil Service Academies

A civil service academy provides induction training and long-term pre-entry training for new recruits into major administrative cadres of government, and in-service training mostly for middle and senior personnel. The civil service colleges in India, Singapore, and the United Kingdom typify this model. The academy's programs cover general and functional administration. Often, there are separate academies for different senior cadres, where the technical and specialist orientation is greater. Dedicated academies are also set up in many countries for occupational groups like health, education, railways, engineers, and communications. The academies are sometimes located within the Cabinet Office, e.g., the British civil service college, which was recently incorporated in the Cabinet Office as the Centre for Management and Policy Studies.

The typical program at the Ecole Nationale d' Administration (ENA) in France is of the pre-entry type, combining course instruction with internships. The school admits about 100 French students every year, on the basis of competitive examinations, and 40 foreign students. They receive a year of administrative training, in subjects like public management, international issues, economics, budgeting and finance, and administration. The training starts with two six-month internships, one with a prefect in a French province, and the other with a French ambassador or with a company abroad. Graduates are ranked according to their performance and assigned accordingly to a number of elite services, with the highest ranking going to the most prestigious bodies, such as the General Inspectorate of Finance, the Council of State, and the Court of Accounts. ENA's offerings are complemented by those of similar schools for the senior cadres in health, revenue, and the judiciary. France and several other countries have special academies for personnel of provincial and local governments.

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Source: Commonwealth Secretariat (1995a); ENA (1998).

In contrast to the centralized systems, some countries favor an open model of recruitment into the SES, stressing flexible, decentralized, and market-oriented practices. In the US, the SES includes both career public servants and externally recruited persons. The system permits horizontal entry into the service without age restrictions, and allows considerable mobility between jobs (though interagency mobility is rare). Each government agency sets qualification standards for its SES positions and may choose both career and noncareer employees. Improved remuneration packages, linked to performance criteria, are the trade-off for foregoing the security of a civil service status. The key weakness of the system is the salary cap imposed by the legislature, as in the US, which nullifies some of the logic of the system.

Some countries provide scholarship bonds to woo top graduates to the SES for an agreed period of service; others, like Burkina Faso, bond officials who were trained at state expense for a period of 10 years, and offer generous allowances as a motivating factor. In India and other countries, training schools coach candidates from socially disadvantaged groups to help them pass the competitive examinations.

In contrast, in many developing countries, particularly in Africa, there is a need to indigenize their civil service so that it reflects the country's ethnic or geographic diversity. In South Africa, for example, whites made up 61 percent of all public employees in 1991 and held most senior positions in government, while most of the black employees were in lower-level jobs. Changing the ethnic composition of the civil service is probably the most difficult challenge of personnel management in postcolonial plural societies in Africa and elsewhere. A delicate balance must be achieved between short-term efficiency, which calls for continued reliance on skilled expatriates, and long-term efficiency, which requires building strong local capacity. In addition, there is the imperative to preserve social peace and equity while assuring good public service. This balancing act is not helped by easy assumptions of transferability of personnel management practices followed in homogenous states, or by resigned acceptance of ethnic and patronage fragmentation. The challenge is to gradually expand the space for universal criteria of merit and nondiscrimination while accommodating local, ethnic, and social realities.

Equal-opportunity and nondiscrimination goals must be incorporated into the SES system through country-specific measures, whether laws, as in the US, or enforcement by independent commissions, as in the UK.

Concerns have been voiced over the low representation of women in the SES in many countries because of barriers to entry, stereotyped executive roles, and problems in the workplace.

Traditionally, senior government employees remained in one particular ministry to build sectoral knowledge and inspire loyalty to the objectives of the ministry. The downside of this practice was sectionalism among the ministries and the lack of a common public service ethos throughout the government. The advantages of interagency mobility have been realized in recent years in most countries. In some countries, promotion to senior levels requires prior service in several ministries.

Many countries with an SES system are making efforts to broaden the experience and vision of SES employees through increased interdepartmental mobility, rotation between agencies, and access to specialized training. Canada has tried to develop a new interdepartmental corporate identity for senior managers and to increase their mobility throughout the Government. All senior managers were consolidated into a six-tier management hierarchy, and executive development programs (e.g., *La Relève* in Canada) were introduced to strengthen policy analysis and cross-sector impact. (Training is discussed in the next chapter.)

The opportunity to be selected for challenging assignments sustain competition among senior civil servants. Senior Japanese bureaucrats, for instance, have wide opportunity for lucrative postretirement assignments in the corporate sector, the so-called *amakudari* (descent from heaven).

Prospects for Developing Countries

An SES system has advantages, but also risks, such as the greater dependence on politicians' personal agendas, vulnerability to political and sectarian alignments, and lack of sensitivity to the citizens' needs. In Asian SES systems, problems have arisen from politicization, weak incentive and penalty systems, and the lack of recognition and rewards for initiative and integrity. Hostility among the various senior services and the uneven opportunities for job enrichment and career mobility hamper the strengthening of a common service ethos. Faulty posting policies often result in the lopsided distribution of scarce expertise in government, leading to strong enclaves of skills in high-profile ministries such as finance and industry, and relatively weak representation in ministries like education and health. In some countries where civil servants are apparently insulated from political

pressure (e.g., India), a variety of practices (especially transfers at short notice to other locations and the lure of plum postings) keep civil servants vulnerable to politicians' whims and vested interests.

PERFORMANCE MANAGEMENT[7]

Performance management in any organization is an integral part of effective people management. Effective performance management must not be confused with a mechanical evaluation exercise or with purely monetary rewards. On the contrary, a well-designed system must rest on a realistic assessment of the complex motivations of human beings, as well as the need to generate and preserve cohesion within the organization while avoiding unproductive conflicts. The special characteristics of public service should also be recognized.

According to Riley (1993, p. 213), the main sources of personal motivation are as follows: general social motivators and the work ethic of the society; the goals or mission of the organization; the content of the job; working conditions; and money. Informal rewards and penalties, such as peer recognition or colleagues' esteem, also have an important role. Ethical values and the drive for achievement often motivate individuals more than material incentives. This is at least as true of government employees as it is of private-sector workers. The issues related to measurement of performance in the public sector are discussed in Chapter 18. Here we discuss the methods, advantages, and limitations of the performance appraisal of government personnel.

Performance Appraisal

A general view

The question is not whether employee performance should be systematically evaluated—of course it must be—but how to do so fairly, reliably, and without generating unnecessary conflict. Yet, if country or organizational circumstances raise serious doubts as to the capacity to rate well, the question of whether or not to have a *formal* performance appraisal system comes back to the fore. A bad performance appraisal system is much worse than none at all. That said, this section discusses the requirements for a good appraisal system. We will tackle later the empirical issue of whether these requirements are likely to be met in practice in poor developing countries—particularly multi-ethnic countries.

Performance appraisal is a system by which individual employees are guided toward making an effective contribution to the work of the organization while meeting their own goals. Because of the impact on salary and career prospects, performance appraisal has important consequences for the motivation of employees, and thus for efficient and improved performance. Performance appraisal can also serve as a strategic tool for raising overall standards in government service and for increasing accountability to citizens. In principle, performance appraisal and feedback should be a continuous process, but periodic formal appraisal is dictated by the practical need to review performance over a defined period of time and on a uniform basis for all individuals in a work unit. The starting premise must be that *any* appraisal of individual performance is inherently subjective and entails an element of qualitative judgment. The goal of a sound appraisal system should therefore not be the elimination of subjective judgment, but to minimize arbitrariness and undue discretion without either becoming trapped into a mechanistic exercise or, worse, providing a smokescreen for arbitrary personnel decisions unrelated to job performance.

Ideally, performance appraisal should be job-specific and job-related, and cover only observable behavior; participatory, and appraiser and appraisee should agree on performance standards and outcomes and consult each other at periodic intervals; tied to long-range employee objectives such as promotion and career planning; and make good use of the employee's desire for self-improvement. The appraisal reports should be clear and supported with corroborating evidence, avoid personal characterization, and, of course, be nondiscriminatory and unbiased. Above all, a good performance appraisal system should promote a climate of open discussion in which performance, achievements, and difficulties can be discussed openly and supportively. Generally, in performance appraisal, simpler is better.

Performance appraisal techniques

Even though an employee's behavior is influenced by feedback from a variety of sources, performance appraisal has traditionally been associated with communication from a supervisor to an employee. This tradition is consistent with the view of organizations as hierarchies of command and control. Formal appraisal, undertaken annually, is nested in routine administrative procedures and documented in forms and reports. The demand for procedural and substantive fairness requires formal appraisal systems as well as specific criteria and procedures for rewards or penalties. Because equity considerations are more weighty in government than in the

private sector, appraisal procedures are typically more complex and time-consuming in public organizations.

The question then is: what factors should be evaluated, and how? Two appraisal methods, person-related and performance-related, are used; some appraisal systems use a mixture of both types. Person-related rating systems compare the employee against other employees, while performance-related systems assess employees' norms against previously established behaviors and standards. Person-related systems are easy to design and interpret, but have low validity and low reliability, and are of dubious value in improving performance or assuring equity. Organizational and environmental characteristics, more than personal traits, influence the nature of a given position and the kinds of skills needed for good performance. Furthermore, an ineffective or underachieving employee in a group of even less effective individuals will be rated higher than a good employee in an outstanding work unit. Realistically, however, any performance appraisal will contain an element of comparison with other staff in the same work unit.

For these reasons, most specialists advocate the use of performance-related systems, which communicate managerial objectives clearly and are relevant to job performance. The participation of the employees themselves in the formulation of the evaluation criteria makes the criteria more valid. Performance-related appraisals enable raters and employees alike to determine if the objective standards have been met. Personnel decisions can be better explained to employees, and changes in salary, promotions, or dismissals can be better justified and accepted. Finally, such an approach permits the identification of areas where performance can be improved, as a basis for counseling, job assignment, and training. Again, however, note that phony objectivity is much worse than honest subjectivity—which permits holding the manager accountable.

Employee evaluation methods are of seven kinds: graphic rating scales, ranking, forced choice, essay, objective, critical incident or work sampling, and behaviorally anchored rating scales (Klingner and Nalbandian 1998). *Graphic rating scales* are the most easily developed, administered, and scored. These are lists of desirable and undesirable traits (quality of work, work output, work habits, safety, personal relations, supervisory ability, etc.), with a box or scale beside each one for the rater's ratings (outstanding, above average, below average, etc.). *Ranking* is similar, but the rater ranks the employee on each of the listed traits. In *forced-choice* techniques, statements of positive traits for a given position, based on an analysis of the position, are couched in multiple-

choice questions, and the rater chooses the statement that corresponds most closely with the employee's performance. This method helps to reduce supervisory bias and simplifies comparisons.

The *essay*, with the supervisor making narrative comments about the employee, is among the oldest forms of appraisal and the one that best permits the supervisor to capture the complexity of a person's performance. However, this method is time-consuming and depends largely on the supervisor's writing ability. Besides, comparisons of performance between employees doing different work are unfair and cannot be used as sole basis for decisions affecting their careers. Likewise, different supervisors may have different ideas of what a good job is. To one, it may mean excellent work; to another, it may mean work that is merely acceptable. Therefore, the essay is often used in conjunction with the rating method. The *objective method* measures work performance against previously established standards, using workload indicators. The *critical incident* technique records representative examples of good or bad performance, in relation to agreed work objectives. The *behaviorally anchored rating scale* employs objective performance criteria in a standard appraisal format; it is time-consuming to develop and administer, deceptively precise, and ultimately unsatisfactory.

Table 11.1 (adapted from Klingner and Nalbandian 1998) summarizes the relationships between the purpose, criteria, and methods of appraisal. Clearly, no single method applies to all occupations or situations, and all methods have some degree of validity in most cases. Therefore, evaluative narrative and objective rating methods may often have to be combined.

Various people may rate the performance of employees. Immediate supervisors normally assess the performance of their subordinates, presumably because they are best placed to do so and possess more relevant information than other sources. However, complementary measures of evaluation can and should be used. Self-rating has been employed with some success to promote an honest discussion between superior and subordinate about the latter's performance; a smart employee, however, may use his self-rating as a negotiating tool. Though less frequently used, peer ratings or group ratings provide additional valuable information, including observations on the employee's teamwork and collegiality. The most comprehensive (and obviously the most time-consuming) method is the 360-degree appraisal, by which superiors, subordinates, peers, and clients are all asked for their views of the individual's performance. (This system has recently been introduced in the People's Republic of China.)

Table 11.1
Performance Appraisal Methods - Purposes and Criteria

Purpose	Criteria	Method
Communicate objectives	Performance-related	Critical incident, objective measures
Allocate rewards	Person- or performance-related	Graphic rating, ranking, forced-choice
Improve performance	Performance-related	Critical incident, objective measures
Research on personnel	Performance-related	Essay, critical incident, objective measures

Psychometric analysis has attempted over the years to fine-tune the performance appraisal process. Although valuable for some occupations where personal temperament is critical to good performance (e.g., police, submarine crews), in general these methods give a false sense of accuracy, and demoralize employees by implicitly treating them as experimental subjects. In any event, psychometric tools are too expensive and sophisticated for most government organizations (especially in developing countries), and are not worth the effort and resources invested.

Different governments use different approaches. The annual confidential report persists in several Asian countries (e.g., India). An employee may be rated differently on different factors, but learns only about the adverse remarks. The report provides the basic input for a variety of personnel decisions. Yet its secretive nature and the mechanical grading dilute its usefulness. Such reports tend to be poorly regarded by both employees and supervisors, and are being gradually replaced by more open and substantive appraisal methods.

In the UK, a truly participatory, objectives-based, system has been in use for several years. The results of annual job appraisal interviews with all civil servants are contained in an annual staff report, which supervisors use to identify the career development prospects of their subordinates and the training they need to perform better. In Singapore, the appraisal covers

both the past performance and the leadership potential of the employee—the so-called helicopter capacity—to identify executive talent in the civil service.

Managing Poor Performers

The handling of unsatisfactory performance is the most difficult aspect of performance management, especially in government organizations, partly because it may be related to factors outside the employee's control. Among the external factors contributing to unsatisfactory performance are:

- poor job design;
- poor work environment;
- inadequate budgetary planning and unrealistic deadlines;
- ineffective recruitment and mismatching of people and jobs;
- unclearly defined responsibilities and expectations;
- insufficient skills or experience for the expected role;
- lack of required equipment and supporting staff;
- disruptive personality clashes;
- gender and racial bias;
- personal or family problems; and
- communication difficulties.

Naturally, unsatisfactory performance is more often due to lack of effort by the employee. In any case, whatever its causes, unsatisfactory performance becomes ingrained and self-reinforcing in an organization that is reluctant to impose demonstrative sanctions against incompetent or erring employees, or that inhibits robust action by supervisors through informal rules and extra-legal constraints. A reluctance to apply the rules not only permits poor performance to continue but also demoralizes good performers and, in time, erodes the entire organization. Among other things, therefore, supervisors should themselves be assessed for the consistency, fairness, and candor of their evaluation of subordinates.

There are four aspects to managing unsatisfactory performance: early intervention and informal counseling; formal counseling with the help of a performance improvement plan; follow-up; and sanctions (Lovrich in Perry 1989). As noted, one should be aware of informal rules and environment-related factors affecting individual performance, especially in developing countries. The supervisor must first try to separate the factors within the employees' control from those external to them.

Early intervention addresses the problem directly, as part of daily supervision. Formal counseling is called for when unsatisfactory performance persists despite informal counseling sessions, or is identified at the feedback point in the annual performance appraisal cycle. The supervisor will agree with the employee on a performance improvement plan, and follow up on its implementation at the end of an agreed period. The performance improvement plan may include training or the acquisition of required skills, as well as the removal of constraints external to the employee. If the employee still does not improve, appropriate sanctions, from minor penalties up to dismissal (subject to specified appeal procedures), should be imposed. The Philippines follows an interesting practice of recognizing outstanding performers and sanctioning very poor performers by publishing a Hall of Fame that lists the former and a Hall of Shame that lists the latter.

Risks and Opportunities for Developing Countries

Cultural factors and social values in a country often influence the nature of the performance appraisal, the manner of imposing sanctions and granting rewards, and the relative emphasis on group versus individual assessment. Rule-based compliance and group cohesion are stressed in many Asian countries, whereas Western countries tend to emphasize values of individual achievement and risk taking. In many developing countries, including those in Asian societies, propitiating the superior with gifts and giving in to personal considerations in career advancement are not seen as violating public ethics. The practical question, then, is how to adapt good management principles to the reality of informal systems and cultural values. In particular, the comparative merits of individual versus group appraisal need to be carefully assessed.

The biggest problem everywhere, independent of cultural differences, is the lack of transparency in performance appraisal, and the tendency to use formal systems to ratify and rationalize an entirely subjective and discretionary judgment. Appraisal thus becomes a mechanical exercise, rather than a tool for performance management and motivation, and ceases to be taken seriously. The critical factors in any form of assessment are the reactions of the appraised persons to the assessment, and the links between performance and rewards or sanctions. Most governments (e.g., the Philippines) require the termination of an employee with two successive unsatisfactory reports, but supervisory reluctance to give candid ratings and weak supervisory accountability in this respect often derail this rule. This reluctance and lack of accountability have been a major reason for the

deterioration of government services, and the ensuing public dissatisfaction, in many developing countries.

The central personnel office should address these issues, and coordinate initiatives for improvements and behavioral changes, in consultation with employee associations and supervisors. Performance appraisal should be simple, effective, and well-enforced. In ministries and agencies that provide direct services to the public, citizens' feedback can be an invaluable adjunct of performance appraisal for civil servants.

ENSURING EMPLOYEE RIGHTS AND OBLIGATIONS[8]

Nature and Limitations of Government Employee Rights

Government employees, whether as employees or as citizens, have five basic rights:

- some protection for the job itself and the right not to be downgraded, disciplined, or dismissed without due process;
- nondiscrimination on the basis of race, religion, or gender;
- freedom of speech and religion, subject to reasonable restrictions;
- respect for individual privacy, also under reasonable restrictions; and
- right of association, including the right to form unions.

These rights, especially those relating to job protection and due process, are usually embodied in the civil service regulations of most countries. (Some transition economies are in the process of enacting laws to guarantee some or all of these rights.) The specific nature of government employee rights are spelled out in the terms of the contract and are often legally enforceable. Generally, the courts in many countries insist on the observance of procedural laws even in the case of temporary or casual employees. (One reason for this insistence is to get rid of the temptation to revert to temporary or casual employment as a way of sidestepping the legal protection of government employee rights.) Employees are also supposed to be protected from the use of political patronage in hiring, firing, and promotion decisions, and violations can be challenged. (Of course, this provision does not apply to political appointments outside the career government service.) Although formal legal procedural rights are no guarantee against arbitrary actions and dismissals, in countries with an effective judicial system they go a long way in making such actions unlikely.

The right to free speech varies across countries, but it is generally weaker for government employees than for other citizens, owing to the public nature of the job. However, government employees also have the right to be protected (at government cost in some countries) against slander and unsubstantiated allegations made by individuals and the media. Similarly, reasonable restrictions on the right to privacy could cover the employee's consumption of alcohol and drugs, and generally other lifestyle features that might embarrass the government or bring disrepute to the civil service.

Most countries restrict the right of political activity of government employees. While government employees retain full rights under the electoral laws, they are generally not permitted to campaign actively for political parties, stand for elected office, or publish articles of a political nature or critical of government policies. These restrictions are required by the principle of political neutrality for career civil servants, and are also intended to ensure that government employees are free from political pressure. By contrast, in some countries (e.g., the People's Republic of China), civil servants are required to subscribe to the political ideology of the government. Conversely, in France, civil servants may hold union office or local political office, and have broader rights to national political office than in most other Organisation of Economic Co-operation and Development countries.

Freedom of association is of two kinds: the right to unionize, and the right to join different associations, including political parties. Generally, governments favor employee membership in professional associations to enhance their knowledge and experience, and even support such associations. Governments also permit membership in cultural clubs and associations. But such membership should not create a conflict of interest or lead to public perception of partiality and bias. Employees' right to unionize and engage in collective bargaining for their pay and service conditions has been recognized in most countries. In many developing countries, there are informal restrictions. Also, countries take different legal positions on the right to strike and take job actions that paralyze government activity, but most countries limit the right to strike by employees in essential public services, e.g., police and firefighting. The potentially useful role of employee unions in good governance has been described in some case studies of Latin America (Tendler 1997).

Machinery for Enforcement of Employee Rights

Grievance redress procedures

Most countries have internal grievance redress procedures and a machinery for attending to employees' complaints about violations of their rights and to their representations about salary, service conditions, and the work environment. Most developed countries and many developing countries enforce these provisions vigorously. In other countries, they have no effect in practice. (Once again, it is important to remember that the rule of law requires not only well-designed laws but strong and uniform enforcement.) The grievance redress system is normally institutionalized through a unit or division in the central personnel agency, linked to grievance officers designated by each ministry or agency. Standing ministerial committees coordinated by the grievance officers and attended by employee representatives can also exist.

The central personnel agency can also conduct employee surveys, secure feedback on available redress systems, and analyze recurring causes of complaints, in order to initiate action at the central and ministerial level to address the generic cause of the complaints. It should also keep track of court decisions in order to update its own regulations. In some countries, the ombudsman (Chapter 17) can mediate in complaints of maladministration by the staff, and prevent the matter from going to legal arbitration.

Problems of women and minority groups

Many countries have devised special procedures and a machinery to deal with complaints of discrimination and sexual harassment in the workplace. *Sexual harassment* is defined as unwelcome sexual advances and other verbal or physical conduct of a sexual nature to which an individual is required to submit as a condition of employment (Saltzstein 1989). As in all other personnel procedures, it is not enough to draft a policy on sexual harassment; effective and credible enforcement, accessibility of employees, and swift implementation must also be ensured.

Equal employment opportunity and nondiscrimination policies and practices are part of personnel systems in all developed countries and many developing countries. Despite this, however, discrimination still persists in all countries in varying degrees. Gender discrimination is comparatively

stronger in ethnically homogenous societies, and, conversely, racial discrimination prevails in multi-ethnic societies. All such discrimination manifests itself in job segregation, differences in status between support jobs and professional jobs, disparity in earnings, and disproportionate representation of one group in supervisory and senior executive jobs. Employment discrimination is part of the larger problem of social attitudes, and calls for greater political and social awareness. Although equality is a long-range goal, legal provisions could meanwhile be strengthened to remove the barriers to career opportunities and open the door to gradual improvements on the ground.

The judiciary in many countries has intervened in a number of cases to enforce the merit principle and to oblige the executive to enforce the rights of employees. They have laid down nondiscrimination practices, proceeded against employers for sexual harassment, and prescribed procedures to avoid bias against ethnic groups or women and minorities in recruitment and advancement. Where internal mechanisms and procedures fail to resolve individual complaints about pay, promotion, or placement, and other perceived violations of service entitlements, employees in many countries may seek redress from the courts. Countries like India have set up quasi-judicial authorities, called administrative tribunals, to provide a dedicated judicial forum to dispense speedy and inexpensive justice to employees in service disputes.

Risks and Opportunities for Developing Countries

In societies with a heritage of discrimination, affirmative actions (including quotas in recruitment and promotion) are considered necessary to remedy the effects of past discrimination and equalize opportunities for everyone. The balance between the necessary redress of past discrimination and the risk of new unfair practices vis-à-vis individual employees is a difficult one, and must be achieved in different ways in different societies. In several former colonies (e.g., Malaysia, Sri Lanka, Uganda), the majority of the people were discriminated against, in favor of a smaller ethnic group serving as intermediary between them and the colonial power. In these cases, affirmative action in favor of the ethnic majority was justified after independence. In all cases, however, the problem and the specific measures must be conceived in a *positive* way. The objective must be to uplift the conditions and capacity of the previously disadvantaged group, not to put down or exclude individuals of any other group, and never should the sins of the fathers be visited upon their sons. Regrettably, this has not always been the case.

Government employees in developing countries face varying handicaps in enforcing their rights. The situation is complicated by widespread political interference in matters affecting recruitment, promotions, transfers, rewards, and career development. The perception of dissimilar treatment for similarly situated employees, on account of political connections or the support of a superior officer, undermines the basic principle of equity and demoralizes the civil service as a whole. Complaint redress systems are inadequate and often inaccessible. While access to the judiciary is theoretically possible, it is often costly and time-consuming and sometimes rigged against the plaintiff. On the other hand, employee associations do not always exert enough effort to make government employees behave as they must do, with professionalism, honesty, and propriety in and outside the workplace, and toward other employees.

LABOR RELATIONS AND UNIONIZATION[9]

Nature of Public-Sector Labor Relations

By their very nature, labor-management relations are conflict-prone, and therefore need to be governed by regulations to manage and resolve conflicts. Within the overall framework of labor laws common to public and private employment, sector-specific laws regulate labor relations in individual public entities such as railways and postal services, while local laws regulate labor relations at the subnational level. Disputes arise over wages and the terms and conditions of employment, but can also arise over representational issues such as unionization of public employees and the role of collective bargaining in government employment. In most developed countries and many developing countries, government employees have the right to unionize and engage in collective bargaining.

As previously noted, one specific feature of labor relations in government is the restriction placed on the right to strike, because of the unacceptable consequences that a stoppage of vital services, like fire protection, communication, and law enforcement, would have on the government and the people.

Government also differs from the private sector in the way it is organized for decision making on employment. A senior official designated to negotiate with government employee unions lacks the authority to commit the political executive to accept specific changes in pay and service conditions. Also, such changes may affect the overall fiscal situation and

prospects in ways that are incompatible with fundamental policy objectives of stabilization, economic growth, or equity. Thus, labor relations in the public sector have an inevitable political dimension absent from private-sector labor relations.

Nature of Unionization

The nature of unionization varies in centralized and decentralized personnel systems. Unions in centralized systems rarely attempt to change the system of initial recruitment and appointment by merit. Also, they support the government personnel agencies in opposing political patronage of any kind, as it undermines job security, which unions value highly. However, committed as they are to protecting the interest of their members, unions typically resist executive attempts to discipline or dismiss employees for performing poorly on the job. In decentralized systems, the relations between the employer and the employees in the decentralized ministries and agencies are more similar to those in the private sector, and are regulated by the same contractual legislation that applies to employment in the private sector. (This is also true of the senior executive service in many countries.)

Unions in centralized systems may include various types of professional associations, such as those comprising teachers, engineers, public health workers, construction workers, railway employees, etc. These professional unions may either federate at the central or provincial level, or form a loose coalition of occupational groups to deal with common problems. It is often left to individual ministries to grant recognition to employee unions in the ministry, on the basis of centrally prescribed criteria, while the central personnel office decides recognition to national unions. In some countries, such as France, unions are represented on government civil service boards.

Collective Bargaining

In collective bargaining, the recognized union negotiates on behalf of all employees, who are then bound by the agreements reached. (Often, however, the agreements negotiated are submitted to a referendum by the entire union membership before becoming final. Similarly, the positions accepted by government representatives normally require approval by their political superiors.)

Employee consultation in British Commonwealth countries began with the so-called Whitley councils, set up in the individual ministries and at the

national level to discuss common issues, as well as to provide a way of communicating government personnel policies to employee representatives. The transition to negotiated determination of the employment relationship has required government officials in Commonwealth countries to devise formal policies to regulate collective bargaining, and informal procedures to organize the conduct of departmental managers in the bargaining process. In some countries, wage bargaining is prohibited, and pay and allowances are determined by an expert body such as a pay commission. In some countries (such as Singapore), decisions on wages for both the government and the private sector are made together in independent national wage councils, with representation from the government, private employers, employees, and technical experts.

Labor issues pertaining to specific ministries are preferably negotiated, and agreements on nonwage issues reached, at the ministry level (consistent with national norms and benchmarks, and criteria for permissible variations). The central government personnel agency may then define the issues to be discussed at the national level. The Ministry of Finance will normally need to approve all wage settlements.

Collective bargaining should generally be broad in scope. Otherwise, contradictions with other human resource management policies may arise (Delaney and Horton, in Perry 1989). Also, a wider scope of bargaining may allow negotiators from both sides to trade higher wages for changes in conditions of work, or agreements on workforce size for improved productivity and more effective service delivery to the people.

The responsibility for collective bargaining should rest on the political executive, even though the actual negotiations may be conducted by professional negotiators. Good management calls for avoiding fragmentation in the bargaining process, especially in view of the complex and unresponsive nature of governmental structures in many developing countries. It may be useful therefore to start with a pre-bargaining stage, where negotiators, budget and personnel officials, line managers, and senior ministers agree on management goals or on threshold responses to employee union demands. Resolving beforehand any conflicts among the government stakeholders themselves and reaching political agreement on the negotiating approach will strengthen the hand of the executive, while also assuring the unions that agreements negotiated will be respected by all government stakeholders and supported by the political leaders. The collective bargaining process ends with the written agreement, whose terms should be made known to

all the employees and line managers and which, like any other contract, must be drafted in clear language to prevent future disputes over its implementation.

Strikes and Arbitration

If collective bargaining does not lead to an agreement, there are three alternatives: conciliation, arbitration, and strike, usually in that order. There is a legal ban on strikes by government employees in a number of countries in Asia and Africa, and a number of states in the US. In Canada, the law authorizes the Government to prohibit strikes during the period of general elections. Even in France, where the right to strike is included in the civil service code, several laws prohibit strikes in the police, armed forces, judiciary, and prisons, and set a minimum period of notice for strikes in safety areas such as air traffic control. Most countries have passed special laws to protect essential services. However, with or without a legal right to strike, government employees in many countries have resorted to sick outs, work to rule, or other disruptive procedures to press their claims after failing to do so through collective bargaining or when collective bargaining is not available.[10]

Mechanisms should be institutionalized at the central and ministerial levels to communicate policies and procedures, consult employees, and receive and consider suggestions. Such mechanisms should be accompanied by transparent and effective systems to redress grievances and respond promptly to employees' complaints of injustice or regulatory violations by their managers. Aside from the right to unionize, governments should encourage the formation of professional groups and their networking with similar associations in civil society, in order to improve the knowledge and capability of civil servants.

CONDUCT AND DISCIPLINE[11]

As Lord Nolan stated in the context of the UK civil service, changes that have occurred over the years in the roles and working environment of politicians and other public servants have led to confusion over what is and what is not acceptable behavior. Codes of conduct for civil servants have therefore come into increasing use in recent years. These are discussed in detail in Chapter 17. It is important, however, to anticipate here the essential point that codes of conduct are useless if they are not founded on strong civil service ethics and clear public service values. Such a foundation takes

time to form, and also needs a deliberate and proactive program. The example of Singapore (Box 11.5) is worth highlighting here.

Box 11.5
Civil Service Values in Singapore

The Singapore civil service is governed on the basis of the following principles:

- work for reward;
- test for results, not political correctness; and
- leadership is key.

The characteristics of the public service are:

- fairness and impartiality in serving the public, but not neutrality in executing government policy;
- instinctive grasp of national concerns and interests, and a good understanding of national imperatives;
- commitment to the value of meritocracy and freedom from corruption and nepotism;
- notion that effectiveness is best judged by results achieved with pragmatism and a sense of urgency; and
- continuous drive for efficiency in execution in a way that is responsive and economic.

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Source: Commonwealth Secretariat (1998a).

Disciplinary Regulations

Rules of conduct and discipline are framed in the wider context of employment and common law and have to pay regard to it, not least because civil servants have the same legal remedies as other citizens in matters such as unfair dismissal. Disciplinary rules carry no greater penalty than dismissal. Therefore, those who have already left government service are beyond reach, although they could forfeit their pensions if they violate postretirement provisions. Where the misconduct is criminal, however, as in fraud or corruption, the employee is liable to prosecution like any other citizen, even after retirement. Naturally, different disciplinary regulations apply to civilian and military employees.

Most governments have legislated disciplinary measures, but these are not always clear and easily enforceable. Punishments could be minor (e.g., a warning or small fine) or progressively heavier, depending on the gravity of the violation. For poor performance or misconduct that stretches over an extended period of service, the disciplinary action proceeds in stages—from oral and written reprimand at the outset to more serious action, such as the denial of salary raises, suspension, or demotion.

The disciplinary regulations usually deal with many or all of the following areas, which should be covered in appropriate detail in a manual drafted by legal experts to ensure clarity and due process, including full opportunity for the employee to present his case:

- types of misconduct, and breaches of regulations and codes;
- types of punishments, major and minor;
- proceedings for minor and major punishments;
- report prepared by the supervisor, detailing the circumstances and substance of the misconduct, the steps taken, if any, the documentary evidence and witnesses, and the type of punishment proposed;
- action taken by the competent authority on the report, including authorization to frame charges;
- inquiry and investigation proceedings (for major punishments), including the appointment of an investigating officer;
- action taken by the competent authority to accept, reject, or modify the recommendations of the inquiry officer, and the issuance of a notice informing the employee of the punishment;
- consultation with the service commission, where required; and
- final decision on the punishment.

Disciplinary Proceedings

A qualified panel of current or retired civil servants should be appointed to plead the case for the government. All efforts should be made to complete the inquiry within a reasonable period (usually not more than six months). The competent authority, in turn, should process the inquiry report and decide the case quickly on the basis of the facts and the law. All consultations should be time-bound. There should be a single-stage appeal to a competent authority (normally the central or state personnel agency, or a public service commission), which should itself decide within a stipulated time. The rules should allow no scope for outside interference at any stage of the disciplinary proceedings.

In many developing countries, disciplinary proceedings are dilatory and badly conducted, and do not achieve the purpose of deterring employees from misconduct. The inquiry often takes a number of years to complete, and the final decision takes more time still. While the innocent employee thus suffers the trauma of inquiry, uncertainty, and the injustice of being denied promotion and other rewards, the guilty person is able to prolong the ultimate decision and carry on undisturbed as before.

In most countries, it is widely felt that laws protecting job security in government employment and the dilatory procedures for dismissal make it nearly impossible to remove incompetents or malfeasants. The answer to this real problem is not to dilute government job security but to improve implementation of the procedures and install measures for better management and greater accountability. Managers should be held responsible for inattention to bad performance or weak disciplinary action, and penalized when "solving" the problem by transferring the nonperformers to another post.

There should be greater recourse to summary proceedings for imposing minor punishments quickly in order to create a deterrent effect. The central personnel agency should make a conscious effort to build a cadre of experienced and knowledgeable inquiry officers from serving and retired staff. As noted, time limits should be laid down for each stage of the inquiry, and the performance of the staff in charge of disciplinary cases should be monitored closely. The central personnel office should step in to put a stop to instances of outside influence in the conduct of the case or deliberate victimization. Throughout, it is important to note again that, as experience has shown, the swiftness and certainty of the consequences are more effective in deterring misconduct than the severity of the penalty, particularly where its probability is low and its timing far off into the future.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

The management of government personnel is influenced by the circumstances and social values of a country. (An emphasis on social equity, for example, would lead to special measures to protect minorities.) Moreover, countries vary widely in their personnel management practices. But all government personnel systems, regardless of the country, must fulfill four functions: personnel planning, recruitment, development, and sanction/discipline.

Personnel planning is needed to: to monitor the growth of government employment; ensure the effective use of staff; and implement the staff recruitment and development strategies of the government. Planning starts with the identification of the personnel requirements of the government.

Jobs can be classified according to the rank-in-person criterion, by which the employee's rank is independent of his specific duties, or the rank-in-post criterion, which assigns a specific rank to each position. Each system has its advantages and disadvantages. Rank-in-person systems tend to become inbred and top-heavy, while rank-in-post systems hamper mobility and reward for individual performance. However, all job classification exercises are time-consuming and costly. If data are weak or the process is subject to manipulation, personnel requirements may be better defined through simple demand and supply forecasting. In any event, it is critical to establish a simple but reliable personnel database and keep it up to date.

Recruitment in the public service should be based on the principles of merit and nondiscrimination, modified as appropriate by social goals such as redressing past discrimination or assuring regional equity or including minorities and women. Recruitment procedures can be somewhat different in different countries. However, the best way to assure merit and nondiscrimination in recruitment is through open competition based on clear criteria and transparent procedures. Advancement, too, requires nondiscrimination and the recognition of merit through performance appraisal. Merit and performance assessments, however, can be manipulated (Chapter 18). Accordingly, in countries with governance weaknesses, seniority must retain a major role in advancement decisions to insulate government employees from political interference and avoid a perception of favoritism and discrimination. The issue is not whether to evaluate employees' performance, but how to do so fairly, reliably, and without compromising the effectiveness of the work group. When country and agency circumstances do permit a fair and reliable evaluation, formal performance appraisal should cover only observable behavior, entail a dialogue between manager and staff, and rest on frequent informal feedback rather than an isolated annual exercise. Generally, the more complex performance appraisal techniques do not produce benefits commensurate to their cost and the disruption they create. In performance appraisal, simpler is better—provided that the system always include confidential feedback from the individual's co-workers and subordinates.

Merit-based personnel systems can include an elite cadre, usually called the senior executive service (SES), whose members have higher managerial or professional responsibilities, enjoy better pay but less job security, and can be deployed wherever they are needed. Elite cadres are common in Asian countries, especially those in the British administrative tradition, but are also present in the French civil service and have been introduced more recently in other developed countries such as the US. In an SES of the closed or mandarin type (as in France, India, and Japan), the members are recruited at a relatively young age through a centralized agency; are groomed, trained, and socialized as a group; and become eligible for eventual leadership positions in a variety of government agencies. In an SES of the open type (as in Canada and the US), recruitment is flexible, decentralized, and market-oriented. Each government agency sets its qualification standards, and applicants from both within and outside the career civil service can enter horizontally into the SES at any age. In both open and closed elite systems, the greater mobility of the senior staff permits developing broad policymaking skills and spreads the available expertise.

The personnel system should be neither fully centralized nor fully decentralized. Good personnel management must not only conform to the overall strategies of the government but also meet the needs of individual ministries and agencies. Generally, the individual agency defines its own personnel needs; has the major role in individual recruitment decisions; and is responsible for managing the employees, once they are recruited. The central personnel unit sets personnel procedures for recruitment, promotion, and discipline and monitors their application; assists the government agencies in recruitment, normally by administering central examinations; provides a means for redress of grievances; and maintains the government personnel database.

Accordingly, in many countries public service commissions (or similar bodies) play the central role in protecting merit and nondiscrimination in all aspects of government personnel management, while respecting other legitimate concerns, and responding to the personnel needs of the individual government agencies. Too often, unfortunately, such bodies have become a source of red tape, unnecessary rigidities, and bureaucratic delays, which lead government agencies to take short cuts in recruitment and reduce the transparency of the entire system. In those cases, the solution is not to move to a wholly decentralized personnel system but to improve the functioning of the public service commission.

The rights of government personnel are constrained by obligations stemming from the nature of public service, such as neutrality, impartiality, and equal treatment of all citizens and sectors. Subject to reasonable restrictions related to those obligations, employee rights are mainly:

- job protection and due process (normally spelled out in the contract, but subject to overall civil service regulations);
- equal opportunity and nondiscrimination (modified, as noted, by other social goals such as gender or minority protection);
- freedom of speech (albeit usually with restrictions on political activity arising from the principle of political neutrality of civil servants);
- privacy; and
- right of association (including the right to unionize, except in essential services such as police or firefighting).

Most countries protect these rights through special procedures for grievance redress, but enforcement is often weak. An inefficient administrative apparatus for grievance redress coupled with weaknesses in the judicial system may deprive civil servants of an effective recourse against arbitrary treatment. In other countries, in contrast, civil service unions are such a strong political force that taking disciplinary action can be very complicated even when fully warranted, and necessary reforms in government employment and compensation can become difficult to implement.

Directions of Improvement

In many developing countries and transition economies, government personnel management systems are in a state of disrepair—politicized, riddled with patronage, lacking relevant information, and neither rewarding good performance nor disciplining underperformance or misbehavior. Often, weak personnel management is associated with inefficient policies for government employment and compensation. In these cases, it is difficult to change personnel management substantially, but some improvements are nevertheless possible. In countries where personnel management practices are unsound but personnel policies are broadly adequate, major improvements are both possible and of great benefit to the effectiveness of the public administration. In both types of countries, the role of the principles of merit, nondiscrimination, and openness in government personnel recruitment and promotion should be strengthened at every opportunity.

Concerning personnel planning, staff levels in many developing countries are based both on ceilings imposed by the ministry of finance and on the annual estimates of recruitment needs that are prepared by the various ministries for budgetary negotiations. Better planning of staff requirements, based on well-defined functions and priorities, and the maintenance of a simple personnel database would permit a gradual move away from this mechanical practice.

The lack of reliable data also affects the grading of different government jobs, and allows the system to be manipulated. In many countries, the opaque nature of job grading is often complicated by an excessive number of wage brackets. Efforts at improvement should concentrate on remedying these basic problems, by reducing the number of brackets and conducting a basic survey of who works where and on what— rather than going through complex job classification exercises and adopting the graded classification systems of developed countries.

On the question of central versus decentralized personnel management, most developing countries face the difficult challenge of reducing the overall size of the government workforce while still providing for priority recruitment needs and making their recruitment process more equitable and merit-based at the same time. This complex challenge requires building a strong and accountable centralized recruitment system, rather than imitating the decentralized recruitment practices of a few developed countries, which presuppose a robust personnel system and have inequity and corruption risks that are particularly high in developing countries.

An SES system could risk fostering greater dependence on politicians' personal agendas and develop an elite mentality, which runs counter to the principle of government responsiveness to the citizen. In addition, Asian SES systems have often been hampered in their functioning by hostility among the various senior services and by politically motivated transfers at short notice. In other countries, e.g., the US, the logic of an SES system has been negated by legislated salary caps. Nevertheless, when circumstances permit, developing countries could explore the possibility of establishing a small SES—merit-based, apolitical, and accountable, with compensation commensurate to responsibilities and comparable to salaries in the private sector. Countries where such a system already exists should review its functioning and take steps to reduce the internal or external constraints on its effectiveness, such as arbitrary transfers at short notice.

A robust and agile public service commission of unquestioned integrity and independence is a must for improving government personnel management in developing countries. Countries that do not have such a commission or equivalent body should consider establishing one. Countries that do have such a commission could usefully review its capacity and functioning, to make sure that it has not only the requisite independence and resources but also the flexibility to command respect for national personnel goals and procedures without becoming a bottleneck in recruitment, promotion, and discipline.

Concerning performance and discipline, cultural factors and social values influence performance appraisal as well as the setting of sanctions and the granting of rewards. While Western cultures emphasize individual achievement and risk taking, many Asian systems stress rule-based compliance and group cohesion, in some Latin American countries regional ties are important, and African countries put a premium on ethnic loyalty. Propitiating superiors with gifts and introducing personal factors into advancement decisions are often not seen as violating public ethics in many non-Western countries. Therefore, in improving personnel evaluation the practical challenge is how to adapt good management principles to the reality of informal practices and cultural influences. In particular, the comparative merits of group versus individual appraisal need careful consideration, as the individual's performance may be stimulated more by sanctions or rewards affecting his group than by the probability of short-term personal gain or loss. However, the evaluation system should identify nonperformers individually and handle them as such, rather than relying entirely on the group to discipline its own members. Finally, it is useful to explore practical ways to expose the front-line staff to clients and public expectations.

NOTES

[1] This section was drawn from Commonwealth Secretariat (1996), Chew (1992), Klingner and Nalbandian (1998), Starling (1998), Riley (1993), Nunberg (1995), and OECD country profiles.

[2] This section was drawn mainly from Commonwealth Secretariat (1996), Armstrong (1996), Grindle and Marshall (1977), Riley (1993), and Patten (1971).

[3] This section has drawn on Riley (1993), Chew (1992), Nunberg (1995), Fesler and Kettl (1991), Schiavo-Campo et al. (1997a, b), Starling (1998), and Klingner and Nalbandian (1998).

[4] This section has drawn partly on Commonwealth Secretariat (1995a), country profiles of Commonwealth countries, internal ADB memoranda and country reports, Klingner and Nalbandian (1998), and Nunberg (1995).

[5] This and subsequent subsections have drawn on Nunberg (1995), Commonwealth Secretariat (1996), country profiles of Commonwealth and the OECD, Klingner and Nalbandian (1998), Starling (1998), Local Government Center (1996), and Saltzstein in Perry, ed. (1989).

[6] This section draws largely on Commonwealth Secretariat (1995a, 1996), OECD (1997a), Nunberg (1995), Fesler and Kettl (1991), and Klinger and Nalbandian (1998).

[7] This section has drawn on Commonwealth Secretariat (1996), Armstrong (1996), Milkovich (1997), Lovrich in Perry, ed. (1989), Klingner and Nalbandian (1998), Riley (1993), Corrigan et al. (1999), Pearce in Perry, ed. (1989), and Rich in Perry, ed. (1989).

[8] This section has drawn mainly on Fesler and Kettl (1991), Riley (1993), Klingner and Nalbandian (1998), Cooper and Newland, eds. (1997), and Saltzstein in Perry, ed. (1989).

[9] This section draws on Riley (1993), Commonwealth country profiles, Delaney and Horton, in Perry, ed. (1989), Coleman (1990), and Riccucci, in Cooper and Newland, eds. (1997).

[10] "Work to rule" is the deliberate slowdown of activity through strict and literal adherence to every single provision in the regulations. While such slowdowns are theoretically possible only when the rules are cumbersome or inefficient, even the best-designed regulations can be abused when they are followed to the very letter in a systematic attempt to disrupt the activity.

[11] This section has drawn on Commonwealth Secretariat (1996), internal ADB memoranda and country reports, and Klingner and Nalbandian (1998).

Chapter 12

Investing in
Government Personnel

Acquire new things while reflecting over the old.
—*Confucius*

INTRODUCTION

Role and Limits of Training[1]

Governments rely on the knowledge, skills, and abilities of its employees to produce goods and services efficiently, effectively, and responsively. As governments modify their responsibilities in an increasingly integrated world, and face increasing competition from other service providers, they must renew their human resources. Training is increasingly important to subnational and local government entities that must cope with new responsibilities and rising expectations following the decentralization of recent years (Chapter 5). Training can also have a key role in improving employee performance, retaining government employees, and increasing employees' commitment to their agency. Training of government personnel is therefore undergoing major changes in orientation, as illustrated in Box 12.1.

At the same time, training is still frequently used as a device to avoid unpleasant but necessary personnel decisions, and as a refuge for nonperformers. Even when well run, government training programs are often unrelated to employees' actual or prospective tasks, giving them new skills that quickly atrophy from lack of use. Moreover, in the absence of efficient procedures or adequate incentives, training only generates frustration among employees. Indeed, training programs have been one of the single largest sources of wasted assistance to developing countries.

Box 12.1
The Changing Face of the Civil Service Training System

Many countries are overhauling their training systems for government personnel. Among the changes is the new commercial orientation of training institutes. At the same time, managers are being held accountable for their decisions on training resource allocations, and training costs and effectiveness are being more explicitly considered than in previous years.

United Kingdom — Major changes were initiated in the 1980s and early 1990s in the UK Civil Service College, which now more closely resembles a business school. It has, for instance, adopted the language and methods of business and offers courses organized in seven market business groups. Performance is measured against targets, and rewarded accordingly. The aim is to change the old image of the college as a remedial institution for failing civil servants. Today, the best and the brightest sign up for courses, which typically cost £1,000 a week, charged to their departmental budget. It is not surprising, therefore, that the Civil Service College makes a profit, £133,000 on a turnover of £14.7 million in 1992.

India — Training for the Indian Administrative Service (IAS) is also undergoing a sea change. The training programs in the National Academy of Administration are being redesigned to attune IAS officers to the new market requirements. Refresher courses for civil servants are now being held in premier academic institutions like the four Indian Institutes of Management. In addition to classroom instruction, the civil servants are taken on field visits to the stock exchanges, industries, and chambers of commerce. Probably the most significant effect of these changes has been in the attitude of civil servants, which has become more positive and open.

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Source: World Bank (1996).

Because training is only one of the four key components of institutional capacity building (the others being improvements in regulations and incentives, in technology, and in organizational structures), rarely can training alone make an institution more capable. Normally, training is effective only when there are accompanying changes in rules and incentives, in the organization, or in technology (especially in information and communication technology)—or a combination of all these elements of capacity building. Thus, some scholars (Franks 1999) distinguish between capability and capacity. Capability is determined by the skills and abilities of the individual. Capacity, to be effective, is determined also by the institutional and resource context.

Thus, training will never fix a dysfunctional system. If employees are illequipped to discharge their tasks, they may have to be reassigned to tasks that are better suited to their skills. If they perform poorly because they are unaware of the performance standards, these standards should be clarified and enforced. If weak performance is linked to the failure to reward good work and dispense sanctions for bad work, the solution is a good performance appraisal and incentives system (Chapter 11). None of these situations call for training per se, except as a bureaucratic alibi for avoiding the real issues. Training is warranted if employees have inadequate skills for the jobs where they are best placed, and if the new skills will actually be used right after the training, or if specific skills are needed for career advancement or for the educational upgrading of a workgroup.

Therefore, the effectiveness of training depends on the training policies and institutions, the education system, the existing stock of educated manpower, the personnel policies and systems, and the administrative culture (Paul 1984). The first three factors relate to the amount and quality of training. The last two factors create more demand for training, as employers look forward to improved performance and employees to career advancement. For the individual employee, training may help to improve capability, but cannot do much to improve motivation, which depends on many other factors. Training is thus only one of the determinants of performance, and if attention is not paid to the contextual factors, training may not necessarily be effective.

With the above qualifications, well-designed training can achieve some or all of the following objectives:

- improve efficiency (reduce unit cost);
- help make labor more mobile, and government personnel more flexible and adaptable;
- motivate staff;
- lead to better and more responsive public service;
- equip government agencies with the skills and expertise they need to achieve their strategic objectives; and
- achieve specific personnel management objectives, such as employment equity, as well as build capacity in specific sectors.

Types of Training

Activity-related training

Activity-related training comprises skill formation, task-specific training, and executive development. Much of the training for government personnel is focused on skill formation.

Career-related training

Training may also be classified in terms of the different stages in a person's career. Most traditional training consists of four categories: preentry training, in-service training, project-related training, and personal effectiveness (Box 12.2). As the term implies, preentry or induction training is offered for employees before entry into public service. In some cases, this training may follow immediately after recruitment, but before placement in the first job. Countries like France attach considerable importance to this training, which includes internships. In-service training after induction into service includes specialized short-term programs within or outside the country. Project-related training focuses on the skills needed by project or program personnel. Personal effectiveness training establishes a better basis for career advancement or simply better work relations.

Formal and informal training

Formal training comprises structured courses, classes, and formal development programs. Informal training takes place in everyday work. Training policies should recognize that most learning takes place informally and on the job, rather than through formal education. Much can be achieved by creating a favorable climate for informal teaching and learning. While this costs little money, it has a potentially large payoff in improved performance and employee satisfaction. Informal learning strategies include job rotation and mobility, special assignments, opportunities to reflect on relevant work experiences, and generally any means of exposing individuals to the views, knowledge, and perspective of their professional colleagues. The expanded use of the Internet and e-mail offers unprecedented opportunities in this direction (Chapter 19), although "face time" remains an invaluable source of professional interaction and renewal.

Box 12.2
Training Framework for a Newly Appointed Supervisor
in Singapore

Level of Training	Type of Training
Induction	General Civil Service Orientation

Basic	On-the-Job
	  • Unstructured (e.g., being coached by the supervisor)
	  • Structured (e.g., learning the basic job requirements)
	
	Off-the-Job (formal classroom training), e.g., managing people, communicating, getting commitment from employees, etc.
	
	Training in Functional Areas (e.g., a new supervisor whose duties include budgeting will need basic training in budget management)

Advanced	Off-the-Job, e.g, leadership courses, conflict management, etc. Training in Functional Areas
Extended	Job enlargement training, e.g., aspects of colleagues' jobs that the officer has not handled, new projects Higher-Level Jobs, e.g., learning, senior officer's job, development of others Off-the-Job Training, e.g., coaching and developing staff.
Continuing	Off-the-Job, e.g., updating supervisory skills, formal diploma in relevant areas, etc.

Source: Asian Productivity Organization (1998).

TRAINING POLICIES AND ADMINISTRATION

Importance of a National Training Policy

As stressed earlier, training delivered with no attention to the preconditions for its effectiveness will inevitably lead to inefficient use of resources and duplicated efforts. A sound training policy is therefore essential. An integrated national training policy should set the guidelines for planning, directing, and monitoring training; specify the complementary measures for training effectiveness; estimate and limit the financial resources available; and formulate training objectives for different sectors and for subnational governments.

The government should circulate a draft of the training policy among the ministries and their employees, the legislature, and different sectors of public opinion to elicit reactions and comments. The final version, approved by the highest political authority, endorsed by the legislature, and widely disseminated, should provide public managers at different levels with a concrete framework for planning and implementing their own training programs.

Training policy should be, but often is not, linked with the relevant aspects of the personnel policies of government, such as career development, promotion, and performance incentives. Without this link, neither a ministry nor its employees will be eager to participate. However, the existence of a link to career advancement is itself useless or counterproductive if the training in question is irrelevant, incompetent, or insubstantial. Before attempting to enforce a link between training and promotion, it is essential therefore to make sure that the training is appropriate and valued *by those for whom it is meant*.

This consideration implies that training should as much as possible be demand-driven. Too often in government the training specialists formulate programs without reference to the needs and wishes of the prospective beneficiaries and their managers. Sometimes, training programs are developed to provide continuous employment for those who design and implement the training. It is important, especially in developing countries, that training itself be subjected to clear performance criteria. The first of these must be the relevance of the training to the needs of employees and their managers, as defined and evaluated by them as clients, and not by the training providers or by experts hired by them.

Elements of Training Policies in Different Countries

A number of countries oblige civil servants to undergo pre entry training as a condition for substantive appointment, and in-service training as a condition for promotion to supervisory posts. The US has passed laws for the training of federal and state government employees. French law obliges the government to put in place an in-service training policy, and recognizes the right of government employees to in-service training. This same right is also contained in collective bargaining agreements with government employee unions in countries such as Italy and Spain. Countries in the British tradition, instead, generally regulate pre entry and in-service training through executive instructions.

Several Asian countries, such as the People's Republic of China (PRC) and Singapore, prescribe a minimum number of weeks of formal training for government personnel. There are prescribed training cycles for employees in functional cadres that require increasing levels of specialization, such as tax administration, labor law, or engineering. Employees may also have to undergo training before assuming higher responsibilities.

However, mandatory rules for training often do not take into account the capability of training institutions, budget limitations, or the ability of departments to spare employees for long spells of training. Often, the mandatory training before promotion is in fact taken long after promotion, defeating the purpose of the requirement. The problem of inadequate training facilities is sometimes addressed by ad hoc training programs for individual development, but this could lead to inequitable outcomes among employees.

To assure the relevance and good quality of the training, departments should develop a training road map for every employee, showing clearly the type of training he needs at different points in his or her career. This plan should be discussed and agreed upon between the supervisor and the employee, and reviewed at the end of every year. In practice, this does not often happen. At a minimum, however, training requests and requirements should be among the topics discussed during the periodic personnel evaluation.

TRAINING NEEDS, PROVISION, AND EVALUATION[2]

Assessing Training Needs

The starting point of all training is the question: *When is training appropriate?* As repeatedly noted, training does not solve all performance problems, and should not be resorted to simply because it is easier to undertake, is nonconfrontational, and involves no difficult management choices. Training needs must be identified at three interrelated levels: national, organizational, and individual. A broad assessment of skill availability, new skill requirements, and therefore skill gaps and training needs should be undertaken at regular intervals, so that a menu of training options may be developed, and the training institutions have the information essential for their curriculum and staffing plans.

Types of assessment

Consistent with the national training policy, training needs should be assessed by each ministry or agency, and the central unit should integrate these training assessments within the overall training policy framework, and relate them to the supply of competent training from institutions and individuals within and outside government. Training needs can also be assessed by the institutions to which the government entrusts the delivery of training programs, but mindful of the temptation to define needs as a function of the institution's preferences and capabilities rather than the government's requirements.

Training needs assessment includes general treatment needs, needs based on observed discrepancies in performance, and training to fill anticipated skill gaps. The government may require general training for all the employees in common areas such as relations with the public or the use of computers. But even for general treatment, the specific needs of the employees must be assessed in relation to their work context. The second type of assessment, based on observed performance discrepancies, generally shapes most training programs. The third type of assessment is becoming increasingly common. It is related not to present performance discrepancies but to future skill needs anticipated from technological advances or changes in strategic goals, e.g., computerization, or the new skills required by decentralization. Evidently, the more rapid the pace of technical change and the deeper the reorientation of the role of government, the more important future-oriented training needs assessment becomes. At the same time, the risk of wasting resources is inevitably greater.

Methodology

The appropriateness of the methods varies, depending on the sector and the unit of administration, as well as the content of the training and the target group. However, in any assessment, the analyst must have a clear picture of what a job entails, the major duties and responsibilities of the person holding the job, and the competencies that person must have to do the job well. The shortfalls will be identified with reference to the desired knowledge, skills, and attitudes (KSA). In tangible terms, shortfalls may also be indicated by unmet standards of performance, frequent accidents, low ratings by clients, persistent delays, etc. The usefulness of the training needs assessment is critically related to consultations with employees, supervisors, and external clients within and outside government.

The budgetary and other limitations of agencies in developing countries dictate that training needs assessment should never aim at extensive data collection, or require substantial human or financial resources from the ministry or agency concerned. This is one of the many areas of public administration where the "best is the enemy of the good." The assessment should focus on a few, important, and easily observable areas.

In view of the new demands on decentralized units, and greater expectations of citizens, training needs assessment should also include less measurable attributes: customer care, quality, sensitivity to the needs of disadvantaged groups, fairness, the use of simple and quick procedures, service costing, and relations with different levels of government, business, and civil society.

The final product

As noted, a good training needs assessment must rely largely on the views of all major stakeholders in the exercise, including the public managers and the potential trainees. Also, the statement of needs must be relevant and quantifiable, rather than assemble vague or subjective opinions. The training report should be agreed upon with the ministry or agency concerned and would normally include

- assessment of employees' skills and the work environment;
- assessment of skills required for the functions of the organization;
- identified skill gaps;
- identified types of training and target participants among the different groups of employees;

- domestic and foreign institutions that can provide the training, and the problems related to such provision; and
- estimated training costs, constraints on the release of staff for training, and other practical issues.

Provision of Training

Design

Once the skill gaps, the training needs, and costs are identified, a training plan should be prepared. The plan should define the following in the light of the available budget

- learning objectives,
- prospective participants,
- program content,
- staffing and support,
- appropriate training methods, and
- evaluation.

The government agencies concerned should always be involved in deciding the content of the training courses, selecting participants, and making available relevant course material from work experience. Consultation with the ministries and agency managers is particularly critical when training is expected to induce behavioral changes.

In-house or outside delivery?

The question of who will do the training and how will depend on the target group of participants, the content of the training, and the relative capacities of in-house and outside training organizations in the public or private sector. Different countries follow different mixes of delivery, although in recent years there has been an increasing tendency to contract training to outside entities, and to move away from permanent government training institutions (especially in transitional economies).

Generally, in-house units have the advantage of knowing the policies, programs, and culture of the government agency concerned. Also, the government organization concerned will have greater control of the training program. The outside provider, on the other hand, is more flexible and able to cater to a variety of training needs. In-house and outside training

alternatives are not mutually exclusive, however, and some national training organizations (e.g., those in Malaysia) are able to capture the advantages of both.

On-the-job or off-the-job?

On-the-job training is done informally at all levels in the organization, but more often for new employees, and for training in new jobs, policies, and procedures. Apprenticeships and internships, such as those followed in craft organizations and for senior executive services, are examples of this type of training. Remedial training for underperformers can also be done on the job. As noted earlier, informal on-the-job training can be provided by the supervisor or a skilled coworker. Since feedback is immediate and the new skills are put to active use, this form of training can be highly motivating and successful (e.g., when teaching a new computer program). It is most effective, of course, if the person doing the training is skilled in working with people.

On-the-job training is often overlooked because it is done differently in different agencies and is informal. In addition, on-the-job training is rarely seen as a responsibility of supervisors, who get no credit for performing this function. However, as in the case of expatriate technical assistance, training of subordinates or of counterparts should be considered an integral part of job responsibility and rewarded as such (or penalized when it is not provided). Similarly, the importance of informal coaching and counseling should not be underestimated, although counseling and coaching need particular skills and attitudes, for which the supervisors themselves may need training. Finally, job rotation can give employees a broader perspective on the working of the ministry where they are employed or of several ministries, and new skills through exposure to different tasks as well as revitalize their interest.

Traditional training, consisting of classroom lectures, discussions, and case studies, is usually delivered by external institutions. It is indispensable when seeking to acquire a coherent set of new skills, or to reach higher educational levels. No generalization about the effectiveness of traditional training is possible. In developing countries, practical problems are frequent, however. There is rarely an effort to identify the skill and level of preparation of participants, or to consult with the client agencies beforehand. Unlike college and university students, who can be assumed to meet certain common standards, government employees are generally an heterogeneous

audience. It is therefore more difficult to define program content, and to pitch lectures at the right level. Also, when training is provided by international experts, there is often a problem of language, as many local trainees are not well equipped to follow instruction in English or other international language. However, fashionable new training methods—e.g., interactive video, role playing, etc.—cannot substitute for sound, subject-competent training, and should not be used as an avoidance mechanism. Competence in the subject matter is always far more important in a trainer than teaching techniques.

Training Evaluation

As noted, training that is badly designed or not accompanied by needed institutional changes is a waste of resources. The cost-effectiveness of the training investment must therefore be assessed. Training evaluation, like all other evaluations, compares the *results* with the *objectives*. Pre- and posttraining job performance can also be compared in the rare cases when performance can be reliably quantified. Formal training can be evaluated at five levels: reaction, learning, behavior, results, and cost-effectiveness (Sims 1993). The first two relate to the trainee, while the other three relate more to the organization's goals and incentive framework.

Besides evaluation of immediate results of training compared with objectives, governments should also develop outcome indicators to evaluate the overall effectiveness of training, using information from trainees, peer groups, supervisors, the personnel unit, the client agencies, and where relevant the citizens. Performance measurement is a complex and tricky area, however, and must be approached with care and common sense as discussed in detail in Chapter 18.

Implications for Developing Countries

Most developing countries have weak or nonexistent institutional structures for training. Training needs assessment is typically lacking, such that training programs do not meet the needs of either the employees or the government agencies and are a waste of resources. Furthermore, the usefulness of training is diluted by lack of reinforcement from supervisors after the trainee returns. In large part, these problems arise because most training activities are supply-driven, and there is little involvement or interest among line ministries and their employees in the design of training programs. Often pushed and executed by external donors, training programs

have weak local ownership and are therefore hobbled by a lack of incentive to devote efforts and local resources to the programs. At the same time, the scarcity of local resources and the limited capacity of local training institutions constrain the developing countries from themselves addressing the training needs of government employees. Accordingly, training evaluation is typically mechanical and not linked to the outcomes or to actual utility of the training program.

An encouraging trend, however, is the cost-effective training for technical cadres, frontline employees, and occupational groups like teachers and health workers, done by several developing countries (especially in Asia) through training in the workplace.

Decentralization requires training to address the skill needs of political and administrative cadres in local government. This must be largely a national effort because of the uneven resource base among local governments. The national government should also encourage and support in practical ways joint and cooperative training activities by local governments that cannot provide this training singlehandedly.

Linking Government Training to Civil Society

In building capacity in civil society for closer partnership and active participation in governance, governments should consider extending traditional training to cover the needs of voluntary agencies, elected representatives, and citizen groups. This could be a part of sector training programs in health, family planning, primary education, women's development, etc.

Especially designed orientation programs for elected local government representatives have been undertaken in many countries in Asia, Africa, and Latin America. Such programs are critical for countries moving toward political decentralization. Training is needed at both regional and local levels, and the main skills to be provided cover, among others, basic legal issues, financial management, project management and monitoring, and communication skills. The dissemination of good practices from elsewhere in the country or abroad is an important ingredient of local capacity building, and donor agencies have a useful role to play in this effort.

TRAINING INSTITUTIONS[3]

Organizational Framework

Much of the training for government employees cuts across ministries and agencies, and is an important element of government personnel management. Most countries have therefore entrusted training policy development and monitoring to the central ministry in charge of public administration or personnel, or to a public service commission charged with career development that can thus relate training results to career advancement and promotion. These entities work closely with the central agency responsible for initiating administrative reforms, as in Malaysia and the UK.

In many countries, training is inadequately funded or the available budget is often badly utilized. Funds earmarked for training or donor programs will not help without well-conceived administrative arrangements. When training funds are centralized, they are often allocated to the training division in the central personnel agency. This agency pays the designated training institutions, meets the cost of ministry and agency training programs, and provides grants and loans to employees for educational leave and self-development programs. When training funds are decentralized, each ministry or agency manages the funds, pays the training institutions, and meets the self-education needs of employees. Central funding could be supplemented by donor-provided fellowships for training and study tours abroad, equipment, and foreign consultants.

There is no a priori preference for centralized and decentralized administration. Both arrangements require monitoring and control to ensure that training objectives are met, prevent overlaps and interdepartmental inequities, and optimize the training efforts and expenditure. In centralized administration, where the central unit meets all the costs of training and the training is free for the government agency concerned, the agency obviously tends to ask for more training than what is needed, or for training unrelated to the jobs. However, the central unit cannot and should not attempt to take over the selection of employees for training. Many countries follow therefore a mixed funding arrangement. The central unit is provided with funds for the centralized training of senior cadres, and for training to address important skill gaps. It also allocates training funds to the ministries and agencies on the basis of their own training plans, and mobilizes support from public training institutions (as well as technical assistance from donors).

In such an arrangement, the ministries and agencies have flexibility and discretion in the use of the training funds, consistent with the plans submitted, and may of course also finance specialized training themselves. (The creation of training and research institutes for specific ministries, however—which was the norm in the former Soviet Union and eastern Europe—is inefficient and should not be encouraged.) Naturally, whenever the training needs are common to the ministries and agencies, and the desired skills are transferable between ministries, centralized training economizes on scarce trainers and funds.

In countries where training is centralized, the central training unit usually assesses the training needs of the government as a whole and of individual sectors and ministries based on consultation with the ministries, training institutions, and stakeholders outside government. (As noted earlier, it is useful to consult the employee unions as well.) Subject to the approval of the political authority, the training unit is responsible for all aspects of the design and funding of government training, including the cost estimates, adequate funding, the identification of training providers in the public and private sectors, interaction with the client ministries and agencies, and the training plan. Advisory councils, composed of representatives of public and private training institutions and user groups, are set up in many countries to assist the central training unit.

The US provides an example of how the training function is integrated into the central personnel agency. The Office of Personnel and Management has a training and development division grouped around clusters of states to assist federal agencies in designing training courses and devising training solutions.

On the basis of the training needs assessment, the central training unit draws up long-term and annual training plans for the government, including indicative financial provisions, the role of training institutions, the assignment of responsibilities, and monitoring and evaluation provisions. The final mix of training programs at the national and sector levels should be arrived at through iterative interactions with the treasury and the client organizations. The training plan should also interface with the career development and personnel management functions.

In countries with decentralized training, overall training objectives and policies remain the responsibility of a central agency, but the actual management of training, including the administration of sector policies, is

entrusted to the line ministry and agency concerned. This devolution often accompanies the establishment of executive agencies (Chapter 6) and the devolution of authority to chief executives for personnel management. In all cases, such devolution must be based on the willingness and capacity of line ministries and agencies to discharge the function, and requires as well strong central capacity for effective monitoring of outcomes. In the case of Malaysia, the central training unit requires the ministries and agencies to submit annual training proposals, which the unit evaluates before allocating funds for a well-designed training program.

Assuring both good line-ministry capacity and strong central monitoring, decentralized training allows diverse training needs to be met through cost-effective combinations of formal and informal training. An effective incentive in some countries is to allow budgetary savings by individual ministries to be used for their own training and to encourage competition for excellence in training (e.g., the Investing in People program in the UK).

As noted, in any organizational arrangement the central unit retains a number of functions. In addition to its responsibility for national training policy and training plans, the unit is generally responsible for training senior executives and elite generalist cadres. In South Asian countries the central agency also coordinates the training of subordinate administrative cadres, in addition to ensuring the integration of training with administrative reform and with personnel management policies such as performance evaluation and career development. For economies of scale and convenience, the central training unit normally also serves as a clearinghouse of information on all matters related to training institutions and experts, training practices, needs assessment, and evaluation. (In a number of countries this information is increasingly made available in electronic form.)

The vast changes in government training in transitional economies deserve a separate word. Before 1990, in the Soviet Union and eastern Europe each ministry typically had its own research and training institute, consistent with the logic of central planning. Changes in training arrangements in the former Soviet Union and eastern Europe in the 1990s have been more in the nature of experiments than of systematic efforts. The ministry-based training institutions atrophied from lack of resources and clientele, and are almost all gone but a variety of problems prevented their replacement with a comprehensive new policy and organization.

The enormous legal, organizational, and procedural changes accompanying the post-Soviet transformation gave rise to a need for suitably qualified public servants. Although government employees were highly qualified technically, they needed different skills (and attitudes) suited to the new role of the state. The search for coherence in public sector training led, in most cases, to the creation of a governance focal point, in the form of a coordinating ministry (mostly internal affairs) or a state office specifically created for this purpose. However, a critical step still to be taken by many transitional economies is the institutionalization of public sector training in the form of a school for administrative studies. Such schools would not only offer relevant programs in a market-oriented context but also make for better coordination of assistance from foreign donors, as well as help the governmental focal point to assess training needs far more thoroughly than most transitional economies now do.

Types of Training Institutions

Training institutions for government personnel can include

- government-owned and government-managed institutions (primarily providing nondegree programs);
- autonomous institutions training both government and private sector personnel;
- university-affiliated institutes, which offer educational programs leading to a degree or diploma; and
- business schools, originally set up to provide training in private management but which have diversified into also training personnel in the public sector.

Some of these institutions operate in several areas. Organizations owned or substantially funded and controlled by government have been set up in most countries for preentry and in-service training of government personnel. Governments that function along the British model have civil service training academies (Box 12.3). For governments that follow the French tradition, the dominant training institution is similar to the French *Ecole Nationale d'Administration* (ENA) (Box 12.4). Many governments have set up national training organizations directly under the control of the public service or personnel ministry. The government meets the entire expenditure, but allows the organization to supplement its resources through fee-based courses for public sector personnel or for donor-assisted projects.

Some countries have set up sector-level management institutes and training centers, and specialized training organizations for local government employees often supported by donor agencies. Generally, these developments have been wasteful. Training relevance to the sector can be ensured at lower cost through effective participation in the design and conduct of training programs by a single central institution. Also, fragmentation of training among sectors leads to the creation of specific vested interests, which tend to perpetuate themselves and feed the supply-driven nature of many training programs.

Box 12.3
Civil Service Academies

A civil service academy is engaged heavily in induction training and long-term preentry training for new recruits into major administrative cadres of government, and in-service training mostly for middle and senior personnel. The civil service colleges in the India, Singapore and UK typify this model. The academy's programs cover general and functional administration. Often there are separate academies for different senior cadres, with greater technical and specialist orientation. Many countries also have dedicated academies for secretarial staff and for health, education, railways, engineering, communications, and other occupational groups. The academies are sometimes located in the cabinet office, as is the case with the British civil service college, which was recently incorporated in the Cabinet Office as the Centre for Management and Policy Studies.

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Source: Alain Billon, Deputy Director of ENA, personal communication (2000).

Box 12.4
Ecole Nationale d'Administration

The typical program of the ENA in France is of the long term pre-entry type, combining course instruction and internships. The school admits about 100 students every year on the basis of competitive examinations. They start with a six-month internship with a prefecture in France and six months abroad with a French embassy or one of the leading French companies. This is followed by a year of administrative training in ENA, in subjects like international law, economics, budgeting and finance, and administration. After graduation, the students are ranked according to their performance and assigned to elite services. ENA training nowadays focuses on subjects like ethical values, globalization, the demands of the European Union, cross-sector skills, communication, negotiation, and legal frameworks. ENA also offers specialized short-term programs. Similar schools provide complementary training for the senior cadres in local government, health, revenue, and judicial service. France and other countries have special academies for personnel recruited for subnational and local government levels.

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Source: Alain Billon, Deputy Director of ENA, personal communication (2000).

Concerning the university-affiliated institutes, the primary task of university departments of public administration is to prepare young graduates for a career in government through preentry education and training. However, some of these departments (as in the Philippines and Singapore) are also active in in-service training on behalf of the client ministry or government agency, offer part-time or full-time courses for personnel sponsored by the government, and support sabbatical studies by individual government employees.

The autonomous institutes of public administration are generally larger than a university department, but smaller than the civil service academies. They tend to specialize in research and consulting, but also offer in-service training on a part-time or full-time basis. At the urging of government, many of these institutes have moved into specialized areas such as project planning and management, and budgeting. The administrative "staff college" is a hybrid organization (found in countries such as India and the Philippines) that organizes joint programs on management and policy problems for public and private sector managers, besides doing research and consulting work.

Business schools were originally set up to meet the training needs of managers in the private sector. However, as the role of government has shifted in many countries, these institutes now also cater to the training needs of government personnel. Smaller countries, for which it would not be practical to set up specialized management schools, depend on excellent regional facilities such as the Asian Institute of Technology in Thailand, the Korean Development Institute, or the Asian Institute of Management in Manila.

Finally, voluntary organizations, too, are often brought in to help train health workers and teachers, as well as train the members of community organizations to carry out social development programs.

Problems in Developing Countries

Training in developing countries is beset by problems related to the supply-driven orientation of most training for government personnel, the low priority given to such training, its fragmented approach, and deficiencies in the staffing and organization of training centers (Box 12.5). The training infrastructure is fragmented and poorly utilized. The content of training is often irrelevant to the current needs of government and the employees. The training staff is inhibited by civil service regulations and practices, lacks material incentives or career prospects, and its subject competence is sometimes weak. The poor quality of training in most training institutions and the concentration of expertise in a few national institutions are serious problems. Many public training institutions in developing countries are unfamiliar with good training practices in the private sector.

To be effective, training centers in all countries must have excellence and continuity of leadership, and an environment that fosters innovation, experimentation, and a collegial atmosphere. In developing countries, the organizational features common to successful national training institutions (Paul 1983) are

- autonomous organization, with a competent management and an expert advisory council;
- continuity of committed and quality leadership;
- assured access to resources;
- focus on the multiple, but related, tasks of research, training, and consulting;
- multidisciplinary academic base;

Box 12.5
Training Infrastructure in Bangladesh

The system of public administration training in Bangladesh has several major problems. First, it is not responsive to the real needs of the trainees. Training is based on needs as perceived by the training institutions and not on a systematic and objective assessment. Little consideration is given to planning the training in relation to the career development path of the trainees. Second, training for civil servants in various ministries and other public agencies is provided by more than 300 institutions, most of low quality and whose programs are poorly coordinated. Third, these institutions rarely offer programs of the appropriate relevance, quantity, and quality. Their curriculums, training materials, and training methodologies require significant improvement.

In addition, there is a huge backlog of pre entry training for new civil servants. Many new civil servants take up their positions without any orientation or training, and receive induction training only after several years, by which time the induction programs are irrelevant. In-service training programs are a requirement for promotion, but their relevance and quality are questionable as well.

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Source: Asian Development Bank (1997b).

- strong links with client organizations and other training institutions;
- critical mass of faculty;
- collegiate environment and participative decision making; and
- performance incentives and career development opportunities for trainers.

Training of Executive Personnel[4]

The grooming of senior cadres for higher management and policy advisory responsibilities calls for a careful analysis of the required competencies and of the existing skill gaps. Competence, in the context of training for executive development, includes not only job-related skills of a high order, but also people-related and leadership skills. An executive training program should therefore be based on the following, among other things:

- involvement of top management;
- a professional training division under a high-level executive;
- early identification of managerial talent and career paths;
- job mobility as a development tool; and
- encouragement of self-improvement activities.

In both centralized and decentralized training systems, the central personnel unit must be responsible for the development of executive personnel. The training would be imparted to both those who show promise of rising to executive ranks, as well as those who would profit from improved executive skills. The latter type of training is particularly important for persons entering laterally from functional services or from outside the government. For this purpose, the US has set up the Federal Executive Institute, which certifies candidates for entry into the Senior Executive Service (SES). (The federal government also operates executive seminar centers for personnel below the SES level.) The ENA in France and the Civil Service College of the UK have been performing this role for their senior cadres, and in Asia Singapore has one of the best-organized executive training programs (Box 12.6). Executive training should be complemented by appropriate career incentives, such as the opportunity to leapfrog over more senior colleagues. In Canada, senior executives are trained through the Canadian Center for Management Development. The Canadian federal government's program "La Relève" identifies executives for leading positions through a prequalification process and facilitates their advancement through the Accelerated Executive Development Program.

Box 12.6
Executive Personnel Training in Singapore

The government amalgamated several schemes of service into a single senior officer scheme in 1996. The scheme covers five functional areas: line operations, human resource management, finance and corporate services, public affairs management, research, and information support. Also, training beyond induction training is provided at five career levels. The staff thus attends different courses at different stages in their career, and at least 100 hours of training a year. The training centers are well equipped to handle these demands.

Each ministry is expected to organize its own specialized functional training, while the Civil Service College handles training in core functions and policy areas. The college groups courses into four areas: managing service excellence, managing change, managing people, and managing self. Also known as the life skill series, the courses in self-development enhance the staff's personal effectiveness and confidence in his personal life and work. They include such topics as balancing work and home responsibilities, managing one's health, and planning for retirement.

Source: Commonwealth Secretariat (1998a).

Efforts to build the capacity of senior personnel in different agencies at the local level are increasingly undertaken by national governments, with the support of international agencies and training institutions. (In countries like Indonesia such programs sustain their national municipal infrastructure programs.) However, attention to training for executive development at subnational government levels is still insufficient in most countries, although some successful examples of executive training at the provincial and local government levels do exist in developed countries (Box 12.7).

Box 12.7
Executive Development at Subnational Levels in the US and Canada

In the US, there is a national certified public manager consortium, which conducts accredited programs for state executives based on six job-related, competence-testing management courses. These courses parallel the executive continuum, from supervisory to senior levels, and are delivered in association with state university systems or with a government institute. The New York public service training program includes two practical, skill-based curricula—one on supervision and individual performance, and the other on administration and organizational performance (Flanders, in Perry 1989). The funding for the program is highly unusual, in that it is provided for in the agreement between the state and the bargaining unit for professional and scientific employees.

In Ontario, Canada, the provincial government has developed a human resource plan for senior management, incorporating a framework of core competencies. The training program combines just-in-time learning opportunities with a long-term education and training strategy. All new appointees are required to attend a foundation learning program. Within 24 months of appointment, they are expected to take at least one corporate program, the leadership program, and one foundation program relating to transforming government, mastering business issues, and managing relationships. Individuals can also take advantage of a menu of supplementary programs, depending on their interest and needs, and pursue university-accredited courses in information technology in a unique partnership between the government institute and three universities.

Source: Fesler and Kettl (1991); Borins (1999).

Systematic executive development is being attempted by a few developing countries (Box 12.8). However, some studies show that the benefits are not commensurate with investments in training because of the poor link to career development and the lack of performance incentives. Executive personnel do not attend these training courses regularly, or attend them mechanically and without enthusiasm (Mutahba 1986). This may indicate either lack of incentives, as noted, or of course poor quality of the training itself. Either way, reliable and systematic feedback surveys are essential to either improve the training or halt the drain in resources.

Box 12.8
Executive Personnel Training in Some Developing Countries

A number of countries have set up special institutions to provide pre-entry and in-service training for executive personnel. Courses on diverse themes of development, as well as ethical values and communication, are commissioned by the Department of Personnel and Training at over 100 accredited institutes in the public and private sector. The National Academy of Administration in India, for example, organizes, on behalf of the Department of Personnel and Training, two types of training courses for officers in the elite administrative service. One is a series of orientation courses on various topics, where staff of different seniority are grouped together. The second is a series of one-week and three-week courses throughout the year, tailored to staff of different ranges of seniority, to build relevant skills. Some of these courses involve the collaboration of overseas institutes such as ENA and National Institute of Public Administration (INTAN) in Malaysia. Staff are given opportunities to spend short periods in the academy on case studies or research and teaching. Although training is mandatory for all senior staff, except those in the top two grades, there is a weak link between training and career development, and no conscious effort to prepare staff for higher positions.

Argentina has created a permanent training subsystem, whereby executive personnel must obtain a certain number of credits in training, either to remain in their posts or to be promoted. Similarly, the People's Republic of China organizes training for senior executives through the National School of Administration, and has made it mandatory for all persons in "leading positions" to attend a minimum period of training.

THE INTERNATIONAL DIMENSION OF TRAINING

Training Institutions

There are a variety of intergovernmental training institutes. Some have been established under the auspices of the United Nations. These include the Asian and Pacific Development Administration Center in Kuala Lumpur, the African Training and Research Center in Administration and Development in Tangiers, and the Latin American Center for Development Administration in Caracas. The World Bank offers training programs in Washington DC, and in developing countries through the World Bank Institute (formerly the Economic Development Institute). The International Monetary Fund has been providing training in financial and macroeconomic programming for officials of member countries through the IMF Institute. The Asian Development Bank established in 1998 the ADB Institute, and other regional development banks have done the same. All of these institutes have outstanding staff, with country experience and expertise in different subjects, and substantial resources.

There are also a variety of regional training centers, such as the East and South African Management Institute in Tanzania; the Pan-African Institute for Development, with four centers in different parts of Africa; the Central American Institute for Public Administration in Costa Rica; and the Caribbean Center of Development Administration in Barbados. Other regional institutions, although autonomous, are supported by multilateral agencies; an example is the Asian Institute of Technology in Bangkok. Areas of technical cooperation and exchange under various forms of regional cooperation, such as the associations in Southeast Asia and Latin America, include training in public administration and in the strengthening of national training institutions.

Apart from the institutes supported by multilateral organizations, training institutes in developed countries offer degree programs and short-term programs for officials from developing countries. As noted earlier, for example, ENA in France runs a regular international course in French for officials from developing countries, similar to its course for domestic candidates, as well as short-term specialized courses. Similar programs for international participants are organized by the British Civil Service College, INTAN of Malaysia, and the National University of Singapore. Evidently, scarcity of good training opportunities is not a constraint on the effectiveness of training for government personnel of developing countries—at least at

the senior levels. Training effectiveness is constrained instead by the other institutional and incentive factors mentioned earlier.

Networking among Training Institutions

Among developed countries, there has always been considerable collaboration among institutions in training for public administration. This collaboration is regularly underlined in periodic conferences of bodies such as the International Institute of Administrative Sciences, the International Association of Schools and Institutes of Administration, the Study Group of European Public Service Training Agencies, and country-level meetings of schools of public policy.

"Twinning" between training institutions in developed and developing countries emerged as a form of technical cooperation in the 1980s. Examples include the agreement entered into by ENA of France with national training institutes in the People's Republic of China, India, and various countries in the French administrative tradition. Such agreements cover exchange of faculty and training in such areas as needs assessment, training evaluation and methodology, and curriculum development. This type of cooperation is also becoming common under the European Union's PHARE technical assistance program between western European training institutions and their counterparts in eastern European countries.

A variant of the twinning concept is sector-specific training for several countries, such as that provided by the Dutch-supported Habitat coalition, which is organized around the Dutch Institute of Housing Studies and comprises Ghana, India, Indonesia and Peru. Another variant is the regional network of sector institutions that is sponsored and partly financed by UN agencies. For example, the UN Economic and Social Commission for Asia and the Pacific (ESCAP) has successfully sponsored a network of training institutions in urban development and housing, as well as a network of city mayors and managers called CITYNET.

A major example of intercountry cooperation is the public management network among countries in the British Commonwealth, sponsored by the Commonwealth Secretariat. The network is supported by the independent Commonwealth Association for Public Administration and Management (CAPAM), which arranges annual conferences on diverse topics for officials, experts, and practitioners; disseminates experiences and country profiles; and supports innovations in individual countries. CAPAM

and the Commonwealth Secretariat also arrange training courses for developing countries, and offer consulting services to governments in different areas. (A similar forum is being established for Europe under the auspices of the European Union.)

Institutes in Asian, African, and Latin American countries also offer courses for international participants, as noted earlier in the case of INTAN in Malaysia. There is increasing "South-South" cooperation between training institutions in the field of public administration, such as the agreement between the PRC and India, and the technical cooperation in the ASEAN countries. Under these agreements, the trainers, the faculty of training institutes, and senior officials attend programs and study tours organized in other developing countries.

In addition, there is increased networking outside the government as well. The institutes of public administration in a number of countries are collaborating in a variety of areas. Agreements between private business associations have led to specialized training for managers in areas of common concern, such as electronic commerce, computer crimes, cross-border transactions, commodity standards, and patent and copyright laws. Finally, nongovernment voluntary agencies in different countries are collaborating in broad governance areas or specific areas like low-income housing and microcredit. All these forms of cooperation should expand to enrich and strengthen training efforts in the developing countries, particularly as new information and communication technology opens up revolutionary new training opportunities. External donors have a constructive role to play in this direction.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

Training of government personnel should be viewed as an important element of personnel management and individual development, and can make a major contribution to greater administrative effectiveness. However, it cannot be a solution to a dysfunctional system. Training cannot be effective unless the new skills are well utilized and the training is linked to the staff career path and actual job responsibilities. Training in an inefficient organizational framework or delinked from incentives is a waste of time and resources. Therefore, training of government personnel should take place in the context of a well-formulated national training policy, linked to

policies for career development, and providing room for sector-specific training and training of local government staff.

Training can be centralized through a central government unit that allocates all the funding and designs and administers all training programs, or decentralized, with each ministry in charge of financing and managing the program. Generally, as in procurement or personnel management, a combination works best—with a central unit defining policies and allocating funds to sectors; ministries responsible for deciding on training content and participants; and the actual training delivered by competent educational institutions.

Regardless of whether administration of training is centralized or decentralized, a good training program must begin with a sound assessment of training needs, from the viewpoint of the individual staff as well as their ministry and the government as a whole. Too often, however, training programs are supply-driven and correspond to the preferences and current capabilities of training institutions (or of external donors) rather than the real needs of the civil servants and the skill requirements of the government.

Assuming a good needs' assessment, the effectiveness of training depends on the motivation of participants and the quality of the training itself. The first factor is a function of the organizational and incentive framework within which the new skills are to be utilized. The second factor, training quality, depends largely on the capacity and competence of the training institutions. In-house government training institutions have the advantage of familiarity with the policies, culture, and needs of the government agency concerned; outside providers have the advantage of flexibility and the capacity to cater to a variety of training needs. Again, a combination usually works best for formal training. However, the practice of ministry-specific training institutions is generally wasteful and should not be encouraged.

It is essential to note that much valuable staff training is informal and on-the-job. For this, the ministry concerned and government as a whole should create an environment where coaching and mentoring of subordinates are a normal and expected part of a supervisor's responsibilities—and rewarded as such.

Training of developing countries' civil servants can benefit from a variety of international and regional programs delivered by multilateral

organizations such as UN, ADB, World Bank and IMF, or by training institutions in developed countries, such as the ENA in France. Networks among training institutions have also emerged, such as that supported by the Commonwealth Association for Public Administration and Management. Scarcity of training opportunities or funding is thus not the basic constraint for developing countries, at least for senior staff. The effectiveness of training is constrained instead by institutional and incentive problems, as noted earlier.

Directions of Improvement

In many developing countries, the time is ripe for a comprehensive review of the training system for government personnel. Training for public administration requires rethinking and reflection on both the demand and the supply side.

On the *demand* side, the foundation for such a review must be a revision of the roles of the state because the government's skill require-ments depend necessarily on the tasks it is intended to perform. As all other aspects of government personnel policy, from retrenchment to com-pensation and to basic procedures, training cannot be targeted effectively in the absence of a clear idea of the functions of government. It is possible, however, to define skill requirements and hence training needs progres-sively for individual sectors or levels of government—provided that there is a clear link between training and staff career development.

On the *supply* side, many countries have an unnecessarily large number of institutions for training of government workers. Partly as a result, the availability of resources and quality of training are weak. Major improvements can be expected from a rationalization of the system, eliminating overlapping, duplication, and waste of resources. In particular, specialized training institutions associated with specific sector ministries require careful scrutiny, as they are often the source of unnecessary training justified only by the need for their survival. For this rationalization, greater reliance on the actual needs of government agencies and individual civil servants is important, and is possibly the only way to combat the supply-driven mentality of most training programs. Informal and on-the-job training should be systematically encouraged as well.

External assistance can provide a useful role in these improvements, especially through the permanent commitment entailed by "twinning"

arrangements between local training institutions and public administration institutes in certain developed countries. But external aid has often been a major part of the problem, too, supporting vast training programs without clear aims, lacking the essential institutional and organizational prerequisites, and in some cases inadvertently weakening the capacity of local training institutions. It is therefore important for developing countries' governments to reassert ownership of external aid programs for public administration training. In turn, this requires a simple but clear and sound national policy for training of civil servants.

NOTES

[1] This section is drawn partly from Commonwealth Secretariat (1996); Klingrer and Nalbandian (1998); Starling (1998); Franks (1999); and US Human Resource Development Council (1997).

[2] This section draws in part on Paul (1983); Sims (1993); Klingrer and Nalbandian (1998); Riley (1993); Corrigan et al. (1999); and internal ADB memoranda and country reports.

[3] This section draws largely on Paul (1983); Sims (1993); Fesler and Kettl (1991); Corrigan et al. (1999); internal ADB memoranda and country reports; OECD (1999b); and Borins (1999).

[4] This section draws mainly on Sims (1993); Fesler and Kettl (1991); Paul (1983); Mutahaba (1986); Oszlak (1999); Flanders in Perry, ed. (1989); Government of India (1996); Government of France (1998); and internal ADB memoranda and country reports.