



December 2008

Comprehensive Review of the Human Resources Strategy (2005–2007)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
BPHR	–	Human Resources Division
BPMSD	–	Budget, Personnel and Management Systems Department
CWOD	–	Office of the Director General, CWRD
CWRD	–	Central and West Asia Department
DMC	–	developing member country
HOD	–	head of department/office
HR	–	human resources
IFI	–	international financial institutions
NOAS	–	national officers and administrative staff
OAS	–	Office of Administrative Services
PDP	–	performance and development plan
PER	–	performance evaluation report
PS	–	professional staff
PSOD	–	Private Sector Operations Department
RM	–	resident mission
RSDD	–	Regional and Sustainable Department
SES	–	staff engagement survey
SPD	–	Strategy and Policy Department
WG	–	working group

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EXECUTIVE SUMMARY

Under the human resources (HR) strategy (2005–2007), Management committed itself to conducting a review following the strategy's implementation period. This paper is based on a comprehensive review of the HR strategy (2005–2007) and is designed to inform the Board of Directors of the current state of HR management in the Asian Development Bank (ADB). It also presents the HR measures needed to support Strategy 2020.

Sections II and III describe the period prior to the HR strategy (2005–2007), the 2008 staff engagement survey results, an independent external review requested by the Board of Directors, and an internal assessment of the 3-year HR strategy implementation period conducted by the Budget, Personnel and Management Systems Department. The independent review was conducted by Mercer, an internationally renowned human resources consulting firm, based on terms of reference set by ADB. While the overall assessment of the HR strategy (2005 – 2007) implementation was deemed partly successful as ADB's first significant change effort contributing to the progress of HR management, the review acknowledged various shortcomings. The review reinforced the importance of ensuring both external links (between HR measures and the business strategy) and internal links (among the HR measures themselves). It also stressed the need for consistency of HR measures; clear communication of the objectives and expected outcomes of the measures; and monitoring of progress toward more effective HR management in ADB.

By learning from past experience and incorporating recommendations from Mercer, ADB has gained a deeper understanding of the current state of HR management. It will use this to formulate and implement a set of HR measures guided by Strategy 2020. ADB's approach to people management covered in Section IV, discusses the role of professionals under Strategy 2020 by defining the staff capabilities, behaviors, and attitudes required to support ADB's corporate core values. With regard to people management, the review identified the following key HR issues that need to be addressed: career development, performance management, salary and benefits, skills mix, learning and development, recruitment, separation of staff, standards of international civil servants, communication, issues specific to national officers and administrative staff, issues specific to resident missions, HR management, and collective responsibility for HR management.

To address these issues, Section V presents a set of HR measures envisaged for implementation in the short term. The evolutionary approach to implementation proposed by Mercer will be adopted for additional short-, medium-, and long-term measures to improve HR management throughout the implementation period of Strategy 2020.

Section VI confirms Management's commitment to the successful implementation of the HR measures that will be undertaken to support Strategy 2020. It also confirms Strategy 2020 as the paramount ADB-wide strategic framework. Management's next steps to initiate the HR change process will include formulating action plans to implement the HR measures, addressing HR issues in the next work program and budget framework, refining the results framework, and conducting regular surveys to gauge staff reactions. Close communication with staff and the Board of Directors will ensure the necessary support for the successful implementation of the HR measures.

I. INTRODUCTION

1. This paper¹ presents the results of a review of the human resources strategy (2005–2007); provides an assessment of its implementation, leading to an analysis of the current state of human resources (HR) in the Asian Development Bank (ADB); and presents a set of coherent HR programs and measures to meet the objectives of ADB’s long-term strategic framework 2008–2020 (Strategy 2020)² and to put in place better HR management at ADB.

II. BEFORE THE HUMAN RESOURCES STRATEGY (2005–2007)

A. Background

2. The Agreement Establishing the Asian Development Bank (the Charter)³ requires ADB to “foster economic growth and cooperation in the region” and “to contribute to the acceleration of the process of economic development of the developing member countries (DMCs) in the region, collectively and individually.” The Charter states that “the operations of the Bank shall provide principally for the financing of specific projects...” In its initial years, ADB translated this mandate into the role of a project financing institution. From the 1970s to the 1990s, ADB successfully implemented an extensive project finance program in its DMCs.

3. The development agenda evolved in the 1990s with DMCs increasingly promoting development with a clear shift of focus from simple project financing to financing for policy formulation and institutional frameworks. By the late 1990s, the ultimate objective of development was increasingly worldwide poverty reduction. In response to this changing development environment, ADB adopted poverty reduction in Asia and the Pacific as its overarching goal. These external changes have required ADB to continually adapt its priorities, products and services, organizational structure, and HR management.

B. Human Resources Strategy (1996)

4. From its inception in 1966 through the late 1980s, when the number of staff was relatively small, ADB managed its HR in an informal and collegial environment, without adopting formal HR systems. It also operated in a business environment where the internal operations of international organizations were not scrutinized by external stakeholders. Staff who joined ADB tended to be seeking medium- to long-term employment, and were passionate about development work. ADB provided staff with competitive salaries and benefits, and salary increases were based on a performance management system that did not provide sufficient distinction in overall performance ratings. A formal personnel policy statement was not deemed necessary until 1990.

5. **Personnel Policy Statement.** To clarify HR management in ADB, the 1990 personnel policy statement⁴ (Appendix 1) was presented to the Board of Directors for inclusion in the

¹ Prepared with inputs from the HR strategy Working Group (WG). The WG is chaired by Bindu N. Lohani, Vice President of Finance and Administration; Kazu Sakai, Director General, SPD; Philip Erquiaga, Director General, PSOD; Juan Miranda, Director General, CWRD, Xianbin Yao, Acting Director General, RSDD, and Masayuki Tamagawa, Director General, BPMSD.

² ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

³ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

⁴ ADB. 1990. *Personnel Policy Statement of the Asian Development Bank*. Manila (R189-90).

*Professional Staff Personnel Handbook*⁵. The personnel policy statement outlined ADB's guiding principles as being to attract, motivate, and retain staff from its member countries. The achievement of these guiding principles depended on the provision of competitive terms and conditions of employment, as well as the management of all staff by fair, impartial, and transparent personnel policies and practices.

6. Following the medium-term strategic framework (1995–1998),⁶ the President approved ADB's first HR strategy paper⁷ in 1996 (1996 HR strategy) to initiate the alignment of ADB's workforce with an increasingly complex business context and its progression from a project-finance bank to a broad-based development institution. The 1996 HR strategy (Appendix 2) aimed to strengthen three areas:

- (i) staff competencies;
- (ii) work unit and staff productivity; and
- (iii) staff morale, motivation, and professional growth.

7. To achieve these objectives, ADB committed itself to using the following guiding principles in its HR management (Appendix 3):

- (i) merit and excellence,
- (ii) nationality and gender balance,
- (iii) terms of service,
- (iv) transparency, and
- (v) balancing organization objectives with staff's aspirations.

8. Mutually collaborative roles and responsibilities for implementing the 1996 HR strategy were defined for heads of departments and offices and the Budget, Personnel and Management Systems Department (BPMSD). Heads of departments were accountable for the competency, productivity, and morale of staff, supported by BPMSD's policy framework and support services. The ability of the heads of departments and BPMSD to work together on the more productive use and management of ADB's HR was identified as a requirement for the successful implementation of the 1996 HR strategy.

9. The roles of heads of departments, and BPMSD were defined as follows.

- (i) Heads of departments would (a) maintain an up-to-date inventory of their department's current and required HR skills; (b) work with BPMSD in changing (if necessary) and developing the required HR base to deliver its expected results; (c) identify performance gaps, and develop individual and unit plans for staff development and motivation; and (d) support BPMSD in the implementation of the 1996 HR strategy, and give feedback to BPMSD on the changing needs and requirements of the work unit with regard to HR management and related capacity to achieve the assigned outputs and objectives.
- (ii) BPMSD would (a) take central initiatives on ADB-wide staffing, compensation, and training policies and programs; (b) catalyze and support greater accountability on the part of work unit management for the HR management of their staff; and (c) monitor and review progress on implementing the 1996 HR strategy.

⁵ ADB. 1990. *Personnel Handbook for Professional Staff*. Manila.

⁶ ADB. 1995. *Medium-Term Strategic Framework (1995–1998)*. Manila.

⁷ ADB. 1996. *Human Resources Strategy Paper*. Manila (IN.120-96).

10. In 2002, ADB underwent a structural reorganization to strengthen its capacity to effectively and efficiently implement ADB's long-term strategic framework for 2001–2015.⁸ These changes to the organizational structure were deemed necessary to make ADB more effective in delivering its agenda. HR changes in staff skills requirements and incentives were identified as important complementary changes to support this organizational change.

11. For the next 5 years following the approval of the 1996 HR strategy, ADB systematically pursued a realignment of its staff skills to meet the requirement of setting holistic development strategies for its DMCs. The qualitative assessment in the *Reorganization of the Asian Development Bank*⁹ indicated that significant progress was achieved, but the skills base needed to be assessed and aligned with the new organizational structure through significant training and reskilling. The rewards and recognition at the time comprised recognition and commendation by ADB's Management review, representation on committees, special assignments, mentoring responsibilities, promotions, complimentary year-end performance evaluations, merit pay increases, and some formal awards for outstanding performance. The proposed changes included:

- (i) equal rewards and recognition for performance in project processing and implementation and for non-project work;
- (ii) equal rewards and recognition for quality of design, portfolio management, economic and sector work, policy work, and work in preparation for loan approvals; and
- (iii) rewards and recognition for key performance criteria such as participation, innovation, and tangible development impact.

C. 2002 Study of Human Resources Challenges

12. In 2002, external consultants undertook a *Study of Human Resources Challenges at the Asian Development Bank*¹⁰ to review ADB's HR issues and challenges, and to propose interventions to address areas for improvement. The objectives of the study included:

- (i) assessing current HR programs and practices (i.e., performance management and recognition, career and succession planning, recruitment and selection, and training and development—diversity and resident missions were included as critical cross-functional challenges);
- (ii) benchmarking with comparator organizations (Appendix 4); and
- (iii) formulating a set of priority interventions to support ADB's overarching strategy and business plan following the 2002 reorganization (Appendix 5).

13. The study assumed that the 1996 HR strategy was still valid and relevant. It underscored the importance of the HR function in ADB because of the nature of its business and the constraints it operates under as a multilateral public institution. It proposed that the HR function (i) take a more strategic approach to managing its processes in a transparent manner with clear accountabilities, (ii) develop leadership skills of qualified staff, and (iii) empower managers by developing their capability to perform their functional role as team leaders rather than fully decentralizing the HR management.

⁸ ADB. 2001. *Long-Term Strategic Framework of the Asian Development Bank (2001–2015)*. Manila (Sec.M17-01).

⁹ ADB. 2001. *Reorganization of the Asian Development Bank*. Manila (R152-01).

¹⁰ ADB. 2002. *Study of Human Resources Challenges at the Asian Development Bank*. Manila (IN.316-02).

D. 2003 Staff Engagement Survey

14. A team of external consultants conducted the first staff engagement survey (SES) to assess staff engagement¹¹ levels following the reorganization, and to identify issues requiring improvement. The objectives of the survey were to:

- (i) capture feedback on the reorganization and how this change affected work processes, relationships with colleagues and direct supervisors, staff performance, and overall performance of ADB;
- (ii) evaluate and understand how staff felt about their work; and
- (iii) focus actions to create the greatest impact on staff engagement.

15. Normally, a 30% response rate is desired to ensure the reliability of results. The SES response rate was 42%, which is slightly above the norm. The 2003 SES generated the following key messages:

- (i) overall staff engagement was 48%;
- (ii) the top drivers of engagement were safety (79%), physical work environment (75%), coworkers (67%), value to society (66%), and work location (66%); and
- (iii) the bottom drivers of engagement were HR (22%), recognition (30%), policies (32%), career opportunities (35%), reorganization (36%), senior management (39%), and business unit manager (39%).

16. Concurrently with the SES, ADB conducted its first internal HR service delivery survey to obtain feedback on the services and programs provided by the Human Resources Division (BPHR). The survey assessed three areas:

- (i) recruitment and appointment,
- (ii) development and training, and
- (iii) support for the 2002 reorganization.

17. While only 8% of ADB's staff responded, the survey process was a useful learning experience for future organizational surveys. The results from the small sample of staff were taken into consideration in the 2002 *Study of Human Resources Challenges at the Asian Development Bank*, and suggested that BPHR needed to

- (i) clearly identify its primary customers and manage the respective staff constituencies;
- (ii) develop a communication framework and strategy to disseminate to staff relevant information on internal research, services, and programs;
- (iii) identify critical areas for manager education on the HR process; and
- (iv) encourage director involvement in staff development needs assessment.

18. The results of the SES concluded that the low engagement of staff was undermining ADB's effectiveness in achieving desired business results. The following priority areas were identified:

- (i) enhancing the senior leadership role, style, and credibility in driving change;
- (ii) strengthening the role of middle management as people managers;
- (iii) building the HR infrastructure for performance and career management, role and competency definition, and reward and recognition;
- (iv) achieving greater and genuine participation in policy formulation and transparency, and consistency in policy execution; and

¹¹ For the 2003 survey, engagement was defined as the state of emotional and intellectual involvement of commitment of an employee to an organization.

- (v) strengthening internal marketing and communication in relation to the role of HR in concert with senior leadership as change catalysts.

19. Following the 2000 reorganization, the 2002 study, and the 2003 SES, ADB decided it was an opportune time to review the 1996 HR strategy to confirm its validity and appropriateness, especially considering the low level of staff engagement. In addition, HR, policies, management, and direct supervision had the lowest scores in the SES. Although career opportunities and recognition also received low scores, salary and benefits, training, and performance management were not among the bottom drivers of engagement at that time. This was in the context of an external market environment where the US dollar was strong against other currencies, and no benefits had been changed since the rationalization of various benefit schemes from 1997 to 2000.¹²

III. THE HUMAN RESOURCES STRATEGY (2005–2007)

A. Background

20. BPHR conducted an internal review of the 1996 HR strategy in 2004. It concluded that, although the 1996 HR strategy was well designed, its impact was limited because of a lack of readiness for organizational change. This was demonstrated by the absence of clearly defined measurable outputs, high-level commitment, communication, ownership by managers and staff, and support for manager accountability. Following the review of the 1996 HR strategy and subsequent initiatives undertaken from 2001 to 2003, the President approved a second HR strategy paper¹³ to realign ADB's workforce to support the business goals.

B. The Human Resources Strategy (2005–2007)

21. The development of the HR strategy (2005–2007) was based on broad consultation with managers and staff (including submission of comments by e-mail, online, or print). It was announced as an ADB-wide business strategy and initiative that would require both managers and staff to take ownership for its successful implementation. High-level commitment and buy-in from staff and managers helped ADB to implement the workforce changes needed to support its business strategy as set out in the long-term strategic framework (2001–2015).

22. The objectives of the HR strategy (2005–2007) were to pursue three mutually reinforcing objectives:

- (i) enhance organizational capability,
- (ii) establish an effective performance management system, and
- (iii) strengthen leadership and accountability.

23. The strategy was a set of 20 actions under three objectives (Appendix 6) proposed to address the following weaknesses:

- (i) lack of transparency of HR processes and merit-based decisions;
- (ii) organizational capability (i.e., limited diversity in the workforce, role and responsibilities of resident mission staff, undervaluing of technical expertise,

¹² The benefits rationalization included (i) introduction of a gross rent sharing scheme (1997), (ii) reduction in airfare benefits for home country and education travels (1998), (iii) elimination of severance pay for staff joining after 1998 (1999), (iv) decrease in number eligible dependents (1999), (v) changes to education assistance (1999), and (vi) decrease in ADB's share of premiums for the life and medical insurance plans (2000).

¹³ ADB. 2004. *Human Resources Strategy Paper*. Manila (IN.256-04).

- limited career development opportunities, and ineffective alignment of training system with business needs);
- (iii) performance management (i.e., ineffective performance management system, ineffective management of staff who behave inappropriately, and higher and uneven workload); and
- (iv) leadership and accountability.

C. 2008 Staff Engagement Survey: *Our Voice, Our Future*

24. Following the completion of the implementation period, and as committed to in the HR strategy (2005–2007), external consultants conducted another SES in early 2008. ADB has committed itself to conducting an SES every 2 years. The purpose of the survey was to promote positive organizational change by driving staff engagement. In contrast to the 2003 SES, the 2008 SES achieved a response rate of 82%, which was a clear signal to Management that a large portion of staff felt that HR management was very important and they needed to express both their positive and negative feelings about it. The high response rate also ensured the validity of the survey results as an accurate reflection of staff perceptions to help develop and improve ADB.

25. The preliminary executive summary and detailed survey results were presented to the Board and staff and contained the following findings:

- (i) overall staff engagement was 75%;
- (ii) areas of strength included goals and objectives (87%), physical work environment (87%), satisfaction with your job (78%), working relationships (76%) employee engagement (75%), employment security (69%), and image (62%).
- (iii) areas of opportunities for improvement included rewards and recognition (36%), career development (36%), communication (45%), empowerment (53%), training (56%), ethics (61%), and values and beliefs (59%).

26. The outcome of the survey results was to set 3–4 global priorities for ADB and 3–4 local priorities for each department. The overall results identified the categories in which ADB was appreciated by staff, as well as categories Management needed to address to raise the level of staff engagement. Not surprisingly, staff were well engaged¹⁴ with their work (75%) and took pride in the developmental and public sector nature of ADB. The bulk of their discontent was with HR management.

27. An examination of the data in more detail found that the professional staff generally were less engaged (64%) than national officers and administrative staff (81%), and the top three critical issues differed slightly. For professional staff, they were (i) rewards and recognition, (ii) communication, and (iii) career development. For national officers and administrative staff (NOAS), they were (i) career development, (ii) rewards and recognition, and (iii) benefits. Another notable finding of the SES was that professional staff from nonregional member countries had a significantly lower level of engagement (58%) than those from the regional member countries (78%). Another significant finding was that the level of engagement differed little between headquarters (76%) and field offices (72%).

¹⁴ For the 2008 survey, engagement was defined as the (i) belief in and support for the goals and values of the organization; (ii) sense of belonging, pride, and attachment to the organization; and (iii) willingness to go the extra mile; intention to stay with the organization.

D. Independent Review

28. Under the HR strategy (2005–2007), Management committed itself to conducting a review after the implementation period in 2007. Initially, it was envisaged that this would be an internal review. However, several Board members strongly requested an independent external review, which Management agreed to.

29. Management felt such a review should be conducted after completion of the 2008 SES, as the survey results would provide important input to the review. Mercer, an internationally renowned human resource and organizational effectiveness consulting firm, was selected to conduct an independent review of ADB's HR strategy (2005–2007) based on terms of reference set by ADB. The terms of reference had four major components: (i) assess the HR strategy implementation; (ii) identify priority areas for improvement or change using the results of the SES; (iii) review the alignment of internal competencies to support Strategy 2020; and (iv) provide recommendations on, for example, how to improve the skills mix, recruitment strategy, performance management, and separation mechanisms). The terms of reference also required Mercer to provide ADB with information on HR best practices adopted by other companies and organizations, ensuring that these were consistent with the international nature of ADB. The review was supervised by the HR strategy working group.

30. Based on the terms of reference, Mercer was tasked to assess where ADB had been successful and where more work needed to be done to meet the objectives of the HR strategy (2005-2007), and to help ensure that the ADB could attract and retain a highly motivated, appropriately skilled, and flexible workforce. At the outset, it was stressed by the HR strategy working group that Mercer's recommendations should not only benefit or improve BPHR and its delivery of HR programs and services, but that they should also result in strengthening the overall institutional effectiveness of ADB. Having a well-managed workforce with the required skills, expertise, and behaviors will allow ADB to respond flexibly to the demands of its member clients in a dynamic Asia and Pacific region and deliver the results called for under Strategy 2020.

31. Mercer's final report was presented during an informal Board seminar on 8 December 2008. To undertake the four components of the terms of reference, the report was divided into three broad areas: (i) HR management at ADB: the "as-is" position, (ii) "future-state": people management for ADB; and (iii) the role and requirements of the HR function.

32. For the first major component of the report, the "as-is" position, Mercer conducted a careful review of the accomplishments of HR strategy (2005-2007) and analyzed the results of the SES 2008. It analyzed the internal competencies by reviewing the alignment between core skills (as set out in the ADB competency framework) and those required for the successful execution of Strategy 2020. In this section, Mercer also assessed BPHR and its capacity to deliver the various HR programs and services.

33. Mercer's review of the HR strategy (2005-2007) acknowledged that its 20 specific actions moved HR programs and functions in the right direction, but it pointed out that more work needed to be done. However, Mercer also recommended that ADB should enhance current HR systems and programs, rather than completely redesigning them. Mercer interviewed various staff groups, conducted workshops, and reviewed documentation related to the HR strategy (2005-2007). It provided a detailed summary of the level of achievement of each activity and on the impact of each action. On the overall impact of HR strategy (2005-2007), it concluded that the impact was minimal, especially as perceived by staff. Mercer

attributed this to a number of factors: the HR programs that had been introduced were not consistent and coherent and therefore did not contribute significantly to the improvement of HR management; the link to the business strategy was weak; and the various actions were undertaken in isolation with little integration. There was no strong support from managers and staff because of the lack of communication on the expected outcomes of the various actions. Mercer also noted that there were no performance measures to demonstrate the progress, impact, or benefits achieved through these activities.

34. Mercer's assessment of the 2008 SES validated the key priority areas that were identified by the survey results. Through the focus group discussions and staff interviews, Mercer identified both positive views and concerns about working at ADB, which were very much in line with the SES results. Among the positive views were staff's commitment to the mission of ADB; ADB's positive image and reputation; interesting work; diversity; and good working relationships with colleagues. The key concerns were in the areas of performance management; career progression; salary and benefits; learning and development; communication; and people management, all of which are discussed below. Mercer commended Management for taking immediate and continued actions on many of these already, even while the review was ongoing. Mercer also noted that it was important to manage staff expectations on improvements to key areas.

35. Mercer's review of the internal competencies focused on the current state of the skills mix in ADB; the skills required for Strategy 2020; and a recommendation for a revised workforce infrastructure. It examined the competency framework, recruitment, career paths and progression, learning and development, and the skills inventory. It concluded that there was a lack of consensus within ADB and that this needed to be addressed so that the skills gap could be closed and redundant skills redeveloped, redeployed or separated if necessary. Mercer also pointed out that the current tool used for the skills inventory was inadequate and must be improved to allow up to date data and reports on the skill composition of its workforce.

36. The second major component of the report, the "future-state" position for ADB, contained a number of recommendations. The first six concerned the HR programs and services required by ADB to develop and retain a workforce with the skills, capabilities and behaviors needed to support Strategy 2020. They were: (i) develop a "people strategy"; (ii) identify and implement key business performance indicators; (iii) take a new approach to workforce planning; (iv) put in place a new skills mix; (v) enhance existing HR programs to increase employee engagement; and (vi) build the capacity of managers to support the implementation of HR programs and manage staff effectively.

37. The third component of the Mercer report, the role and requirements of the HR function, consisted of five recommendations to support people management and a results framework for HR to complement the Strategy 2020 results framework: (i) develop an HR function strategy and vision; (ii) re-design HR organization; (iii) integrate and streamline HR processes with better leveraging of existing HR technology; (iv) Increase HR capability (i.e., hire HR professionals and develop HR staff); (v) identify key performance indicators for HR.

38. In summary, Mercer conducted its review in accordance with its terms of reference and provided sound HR suggestions to deepen ADB's understanding of the basic HR issues of staff and the actions needed to improve HR management. Mercer pointed out that HR management must be linked to and driven by the business strategy. A key message of the report was that ADB approach should be evolutionary rather than revolutionary and it should be accompanied by sustained change management efforts.

E. Summary Assessment of the Human Resources Strategy (2005–2007)

39. This section summarizes the findings and assessment of the HR strategy (2005-2007). The HR measures to be taken under Strategy 2020 are then discussed in Section V.

40. ADB introduced a number of significant HR systems for the first time under the HR strategy, including the ADB-wide competency framework, better recruitment and selection systems, a demand-driven learning and development program, and a new performance management system. Several actions were only partly undertaken or not undertaken over the 3-year implementation period.

1. Human Resources Strategy Actions Undertaken

41. **Competency Framework.** Competencies are broad dimensions of performance that are necessary for individual success and a high-performing organization. To improve the effectiveness of ADB's HR, a comprehensive competency framework was developed as the foundation for developing internally consistent and coherent HR systems. ADB's five core competencies (application of technical knowledge and skills, client orientation, achieving results, working together, and learning and knowledge sharing) and three managerial competencies (managing staff, leadership and strategic thinking, and inspiring trust and integrity) define the required behaviors to produce, deliver, and support ADB's products and services. The competencies were embedded in the recruitment and selection, learning and development, and performance management systems.

42. **Learning and Development.** The Learning and Development Unit was formally established in 2005 and aligned with business needs to support staff in developing the skills and capabilities relevant to job performance. A learning and development plan provided the foundation to support this link between job performance and identifying future development needs to improve performance. These actions marked a significant shift from addressing learning and development in a reactive training environment toward a more proactive and planned educational environment.

43. **Performance Management System.** ADB introduced a new competency-based performance management system to manage, develop, and reward staff. The fundamental principles were based on establishing clear individual performance objectives derived from departmental key results areas, and encouraging more informal feedback throughout the year on results. The new system delegated greater accountability to managers and required a significant cultural change from the previous system, which did not encourage daily management or discrimination among different levels of performance. Extensive coaching support was provided to line managers, enabling them to provide more effective guidance to their staff. A more realistic and meaningful performance distribution was achieved and directly linked to the incentive system.

44. **Training Programs for Managers.** Development programs were delivered for all directors and country directors to support them in making successful transitions to more demanding managerial roles.

45. **Assessment and Development Centers.** Assessment and development centers were established as the foundation for managing the succession of staff into managerial line positions. These enabled ADB to align its managerial potential and capability with its current and future

business needs. The centers included competency-based activities (e.g., group exercises, tests, structured interviews, and role playing) for staff to demonstrate their potential for a director or country director role. Management was provided with an independent and objective assessment of staff for their reference, and each staff member was provided with greater self-awareness of his or her managerial strengths and development areas.

46. **Quality at Entry and Transparency in the Selection System.** New competency-based job descriptions reflected consistency across ADB in scope and complexity of work responsibilities at each level, and facilitated the evaluation of applicants. The introduction of structured selection panel interviews focused on technical skills and the potential for wider employment at ADB; they involved not only BPMSD and the hiring department, but also independent panelists to assess and select the best-suited candidate.

47. **Mainstream Gender.** Gender action programs increased recruitment of women professionals into ADB and resulted in their steady career progress. Further improvements are required, given the challenges of recruiting women (e.g., the scarcity of female candidates with certain skills needed to support Strategy 2020; and increased consciousness of personal matters such as security, environment, and jobs for spouses).

48. **Managing for Diversity.** A diversity awareness program raised staff awareness and understanding of the organizational impacts of diversity.

49. **Code of Conduct.** All staff were required to attend a code of conduct and ethics briefing. This covered revisions to administrative orders related to the code of conduct. ADB began enforcing appropriate disciplinary measures and procedures to address staff misconduct.

50. The enhanced separation program respectfully separated staff whose careers had plateaued or whose skills were no longer considered of strategic importance to ADB, thereby allowing ADB's skills mix to be adjusted. The program was implemented on schedule without operational disruptions or negative repercussions on staff morale.

2. Human Resources Strategy Actions Partly or Not Undertaken

51. **Technical and/or Advisory Career Paths.** Since 1995, ADB has made several failed attempts to implement a technical career stream that provides nonmanagerial career progression opportunities. The nonmanagerial technical career stream was reintroduced in 2006 based on the need to facilitate the quality of technical inputs, knowledge management, and staff retention in areas of strategic significance to ADB. Because of the lack of clear expectations, accountability, and continuous implementation, the 2006 practice leader initiative was also considered unsuccessful. Until recently, only three practice leaders had been appointed.

52. **Career Development Other Than Promotion and Career Development for National Officers and Administrative Staff.** No action was taken.

53. **Career Development for Resident Mission Staff.** Although resident missions have generally benefited from the implementation of headquarters-based training programs, their specific requirements have not been assessed. A limited job rotation system was pilot tested for 1 year. However, no further action was taken.

54. **More Flexible Level Complement System.** ADB has rigidly adhered to the level complement system¹⁵ for professional staff, which staff perceived as sometimes being unfair (e.g., job offers were made at entry level for candidates qualified for a higher level). Discussions to improve the allocation ratios by functional groupings and to elevate the management of the level complement system to the area vice-presidents were considered. However, no action was taken.

55. **Incentive System.** With the introduction of the new competency-based performance management system, salary increases and bonuses were directly linked to the overall performance rating. Although the non-pensionable bonus system allowed the sustainability of the pension scheme, staff expressed dissatisfaction at the fact that the bonus system was funded from the salary increase budget, thereby diminishing the range of available annual salary increases for the majority of staff.

56. **Policy Framework for Resident Missions.** Human resources and compensation were reviewed. However, no action was taken.

57. **Managers' Delegated Authority and Accountability.** Management continues to retain the overall responsibility and authority to recruit, assign, and promote its senior staff. However, for other staffing decisions, Management has increased consultation with senior staff. This is a significant change from the unilateral decisions made by Management in the past. The responsibility for managing the budget, balancing the composition of ADB's workforce (i.e., nationality and gender), and handling compensation and benefits remains centralized. However, heads of departments and directors were given more decision-making authority in the selection, promotion, performance management, and separation of their staff. Other potential areas for delegation remain (e.g., flexibility in external training decisions, the implementation of nonmonetary rewards and recognition, and joint accountability between managers and BPMSD) that may enhance the engagement of staff in the work of their departments and divisions and ADB.

58. **Workload Issues.** Coaching and training is provided for managers on work planning, and several actions were implemented to support better work-life balance (e.g., more flexibility to use occasional absences; expanded discretionary time off, rest days, and monitoring of staff travel days).

59. **Reorient Human Resources Functions.** A partial review of ADB's HR functions resulted in process and delegation improvements. Revisions to the personnel guidelines and administrative order continue.

60. **Enhanced Channels of Communication.** ADB's HR website was revised, and the 2008 SES was successfully completed with an 82% response rate.

3. Issues Involving Strategic Planning

61. In reviewing the HR strategy (2005-2007), Mercer identified the lack of real strategic thinking as the root weakness of previous HR measures.

¹⁵ As elaborated in Administrative Order 2.03, the position level complement system provides the basis for allocating professional staff positions at Levels 3 to 6 to Departments/Offices.

62. Although the HR strategy (2005-2007) was presented as a strategy, it was merely a set of actions to address some of the weakness of HR management (e.g., lack of transparency, limited career opportunities, and ineffective performance management) which were being criticized at that time. Links with the business strategy and between different human resources measures were weak. Since there was no central objective of HR reform or correct sequencing or prioritization, measures tended to be implemented in isolation. As a result, deep-rooted problems were not addressed systematically and difficult issues were not tackled persistently enough.

63. Mercer attributed the major weaknesses of the HR strategy (2005-2007) to:

- (i) weak linkage between the corporate strategy and HR measures and management;
- (ii) lack of a people strategy on what the staff population should be, which is needed to guide measures influencing the staff population consistently in a certain direction;
- (iii) unsystematic treatment of workforce infrastructure (e.g., headcount numbers, competency framework, recruitment, career paths and progression, learning and development, and the skills inventory tool);
- (iv) lack of a clear definition of the required skills mix; and
- (v) weak organizational arrangements for supporting HR measures

64. A set of HR measures will be effective only if it is coherent and driven by the business strategy, resulting in staff expectations and behaviors that are consistent with the organization's expectations and values.

65. Mercer's findings will be useful in articulating the HR measures and arrangements for supporting Strategy 2020. Therefore, the HR issues to be addressed will be discussed first (Section IV) before presenting the measures needed to support the Strategy 2020 (Section V).

F. Overall Assessment of the Human Resources Strategy (2005–2007)

66. ADB embarked on its first significant change effort to achieve the HR STRATEGY objectives. Many of the actions contained in the HR strategy (2005-2007) were in the right direction and contributed to progress in HR management in ADB, despite the acknowledged shortcomings and the incremental approach to implementation. However, some actions proved difficult to implement and were not well supported by staff and managers. Some actions needed major modifications after their initial introduction, e.g., the performance and development plan (PDP) and the bonus system.

67. In spite of the relatively high level of commitment and buy-in from staff and managers when the HR strategy (2005-2007) was launched, the momentum for reform weakened as implementation progressed. The manner in which HR management was conducted during these 3 years contributed to a surge of dissatisfaction among staff at various levels and among some members of the Board.

68. For the reasons stated above, the HR strategy (2005-2007) is considered partly successful at achieving its goal of making HR management in ADB more effective. In the future there must be a stronger link between HR management and the business strategy. This can be achieved by introducing coherent and inter-linked HR programs and measures, clearly communicating their objectives and expected outcomes, setting performance measures such as

indicators or targets to monitor progress, and demonstrating that the intended objectives have been achieved.

IV. HUMAN RESOURCES MEASURES UNDER STRATEGY 2020

A. Strategy 2020 and Human Resources Measures

69. Strategy 2020 is a corporate planning document designed to give ADB a more relevant and innovative role in shaping the Asia and Pacific region's future. It sets a vision and strategic agenda and defines the core areas of operations and major thematic issues that ADB will emphasize in enhancing its development effectiveness. ADB's operations will increasingly be concentrated on five core operational areas: infrastructure; environment, including climate change; regional cooperation and integration; financial sector development; and education. ADB's support for the region's private sector will increase significantly. ADB will progressively increase its assistance for environmentally sustainable development and promote regional cooperation and integration in all operational areas.

70. Achieving these clear operational goals will require institutional change to reestablish coherence across ADB's entire operational policy framework. Part of this will be a change in the skills mix of ADB's human resources, requiring best practices to recruit and retain staff. Progress in these areas will be monitored using the results framework for Strategy 2020, which consists of indicators and targets at four levels: (i) Asia-Pacific outcomes; (ii) contribution to country outcomes; (iii) operational effectiveness; and (iv) organizational effectiveness. Included under organizational effectiveness are two indicators specifically related to HR: the gender ratio and the staff engagement index.

71. Since the approval of Strategy 2020 in April 2008, implementation has begun and organizational realignments are already underway. For HR to support the delivery of the Strategy 2020 goals, a clear set of programs is needed, based on a careful definition and consistent implementation of incentives for staff working at the ADB. By learning from its past experience, ADB will be able to decrease the level of discontent among staff (both professional staff and NOAS) regarding HR management.

72. Mercer also affirms the opportunity for ADB to operate a very different and more progressive set of HR programs. Under its report section on "Future State" of People Management, they recommended basic principles and steps to assist ADB in assuring that its HR measures and arrangements closely support Strategy 2020. They also note that some steps and measures to address key priority areas for improvement based on the results of the 2008 SES coincide with Mercer's recommendations and have already been undertaken by ADB management.

73. Sections IV and V of this paper identify a set of HR measures to support the implementation of Strategy 2020, incorporating many of the Mercer recommendations. Since Mercer's recommendations are presented in a generic corporate context using terminologies familiar for HR professionals, it is necessary to interpret and incorporate some of these recommendation into ADB's context, so that these principles have a clear message within our organizational setup and business procedures. The issues relating to a "people strategy" are discussed in the next section, "The role of professionals under Strategy 2020". The role of professionals refers to ADB's approach to people management by defining the capabilities, behaviors, and attitudes required of staff to be reflected in a revised competency framework. This is followed by the section "HR measures to be addressed", which covers the specific

measures that need to be developed to operationalize ADB's approach to people management, giving due consideration to how these will influence the staff.

74. The paper focuses on HR measures rather than the overall business performance framework and workforce planning, since these issues have been addressed under the Strategy 2020 results framework, the work plan and budget framework and organizational realignments. However, the HR function is covered at the end of the section on HR measures, since the extent to which these HR measures need to be taken in relation to the staff population will significantly determine the organizational and other arrangements to support them.

B. The Role of Professionals¹⁶ under Strategy 2020

75. It is of utmost importance that all ADB staff (whether internationally or locally recruited) serve professionally. Strategy 2020 further clarifies what this means through a clear set of corporate-wide core values—responsiveness to all member countries' specific development interests; recognition of country ownership; adherence to the highest professional and ethical standards; outstanding leadership and service; commitment to partnership; and accountability for and focus on results. These core values also define the type of staff ADB will seek.

76. The behavioral competencies (client orientation, achieving results, application of technical skills, working in teams, and sharing knowledge) that were introduced under the HR strategy (2005–2007) and were a key achievement of that document are still relatively valid for supporting Strategy 2020. However, Strategy 2020 provides a much clearer focus than the previous long-term strategic framework (2001–2015) on what ADB will focus on (i.e., the five core areas) as well as on what jobs need to be done. As a result, it is clearer what and how all staff, and in particular the professional staff, should contribute to ADB.

77. Flexible and multiskilled staff, especially professional staff, are fundamental to the core values identified in Strategy 2020, given the medium- to long-term career horizon preferred by ADB. In other words, staff members need to be able and willing to perform the various jobs they are assigned to do and to produce the results required. Staff will be recognized for their ability to deliver expected results and to take on more complex and challenging assignments. This is a clear departure from the current notion of “specialist” professional staff, which implies that staff members are expected to perform in more narrowly defined roles. While it is recognized that some specialists are required, not all professional staff members are, or should be, specialists.

78. ADB needs a productive and motivated staff with a relatively long-term commitment to and passion for the development of the Asia and Pacific region and an appreciation of the advantages of working in the region. It needs staff with professionalism and dedication to producing high-quality work through creative and innovative problem solving. Since ADB staff work mostly in teams, they must be excellent team players, able to understand the goals of the team, and to contribute to its success by putting the team ahead of themselves. Staff need to have excellent communication skills and the ability to cooperate with team members from a variety of nationalities and professional backgrounds.

79. Unlike employees in the private sector, all ADB staff are international civil servants and are accorded special immunities from the host country for their work-related activities. This special status means that high moral and ethical standards are expected of all ADB staff, inside and outside the workplace.

¹⁶ Referred to in Mercer's review as the “people strategy”.

C. Human Resources Issues to Be Addressed

80. The review of the HR strategy (2005-2007) and the 2008 SES results have helped to identify the key HR issues and priority areas that need to be addressed to support Strategy 2020. Many of the HR issues that ADB needs to address relate to sound and realistic career management and clearly defined staff development needs, in order to keep staff engaged and motivated. Issues such as recruitment, career development, performance assessment, salary and benefits, skills mix, staff learning and development, and separation of staff will require HR programs, processes, and practices that are applied consistently and fairly.

81. Other key issues include standards of international civil servants; issues that are specific to NOAS; issues that are specific to resident missions; communication; and HR management.

1. Career Development

82. Career development in ADB will vary from person to person but the general progression will consist of a series of job-driven assignments primarily in operational areas (i.e., the regional departments or the Private Sector Operations Department). During the course of a career, staff members can expect to serve in one or several non-operational or support areas of ADB. Career development or progression therefore means taking on more complex and challenging tasks through mastery and demonstration over several years. Promotion would then be an acknowledgement that the job at the current level had been mastered and would signal the confidence of management that the staff member was ready to take on the next level of challenges and complexity. This subtle but fundamental definition of career development needs to be clearly understood and appreciated by all staff.

83. There will be a select few staff members who exhibit strong managerial competencies in the course of their career and are therefore asked to go into managerial jobs. Since this function is so critical to the morale and effectiveness of ADB, their managerial abilities will need to be constantly monitored and assessed through an effective performance assessment system. The majority of professional staff who continue to progress in the nonmanagerial stream will take on increasingly complex and challenging jobs. Staff members need to be supported by appropriate learning and development programs as they address these jobs and challenges, recognizing that to progress in ADB will require multiple skills and continuous updating of skills and competencies.

84. In addition to long-term staff, some staff members will join ADB with extensive experience and expertise either for a specific job for a fixed period or as a regular member of staff to serve until retirement. They will also need to be recognized appropriately for their contribution and developed through a shorter career path.

85. While the above paragraphs describe the envisioned career progression, there seems to be a widespread misunderstanding that career progression is only equated with promotion to the next level/grade. For NOAS, their issue with career progression not only applies to promotion but also from moving from NOAS to PS status.

86. There are a number of factors contributing to staff's misperception on career progression. ADB has traditionally had a very hierarchical pyramidal structure with many levels that provides a decreasing number of positions as staff progress. This is true for professional staff and NOAS. For professional staff, until recently, from level 7 and above only the managerial track was

available.¹⁷ However, Management introduced higher level nonmanagerial jobs to provide additional staff resources who will assume special high level tasks (advisors), or manage knowledge or sector networks (practice leaders), or staff with respected expertise, professional leadership and a solid track record of accomplishments (lead professionals). The interchangeability of the two career paths (managerial and nonmanagerial) will also provide Management with more flexibility to fill managerial positions with the most suitable staff. For NOAS, who tend to have longer careers in ADB (especially at headquarters), one issue has been the discontinuation of the annual “present incumbent only” promotion exercise. Another has been the difficulty for NOAS to be selected for professional staff positions. NOAS are treated as external candidates and have to compete with many highly qualified applicants who usually have more international experience.

87. In addition to the pyramidal structure there are a number of interrelated practices and factors that have limited career development.

88. The vacancy-based promotion system¹⁸ allows promotions only when a vacancy is created by a staff promotion to another job or departure. While there are about 130 promotions a year among the professional staff group (one in six are promoted), there are disruptions to a work unit when a member of staff leaves a job simply to obtain a promotion elsewhere.

89. To add to this problem is the widespread practice of supervisors trying to promote staff as a reward or recognition of past performance, which would be more appropriately addressed through salary increases, awards, or the recently launched recognition program. Staff should be promoted because they have demonstrated that they are ready to perform a more complex and challenging set of tasks; however, staff have been conditioned to expect a promotion as a reward for good work. The perceived lack of promotion opportunities and the fact that many staff feel they are working and performing at a higher level than the job they are employed to do naturally results in a general feeling of dissatisfaction. Job descriptions that are very level-specific and specialist position titles with prefixes such as “senior” and “principal” make level progressions very visible and contribute to the promotion pressure that many staff feel.

2. Performance Assessment

90. Sound performance assessment is an essential element of good people management. A formal feedback mechanism is needed for staff to develop and to continually align staff competencies to the requirements of the job.

91. Before the HR strategy (2005–2007), the performance management system, known as the performance evaluation report (PER), was ineffective. Over 99% of staff were consistently assessed as “fully meets or exceeds expectations”. In effect, there was no explicit distinction of performance; differentiation between staff was implicit in the salary increase they received. In addition, no work plan or indicators were agreed by staff and supervisors at the start of the year, and very little feedback was provided during the year on which performance assessment could

¹⁷ In a memo dated 13 October 2008, the President approved the establishment of the lead professional and redefined the roles of practice leader and (senior) advisors.

¹⁸ Introduced through Administrative Order 2.11 (issued on 1 April 1991), this was in response to the management directed promotion system in which there were no job descriptions and no postings of vacancies. Vacancies were filled and promotions given solely based on management consideration and judgment. The current system was designed to provide more transparency and competition for the filling of vacancies but it is still viewed by many staff as not achieving these objectives.

be based. Staff and supervisors had no issues with the PER system, but it posed difficulties for ADB since underperforming staff or poor performers were rated as meeting expectations.

92. A new performance management system, known as the performance and development plan (PDP), was introduced in 2005 to address the deficiencies of the PER system. Although staff have accepted the principle of performance distinction (67% were in favor in the 2007 PDP survey) there is still a lot of dissatisfaction with the current system. This is because the assessment part, which is supposed to provide feedback for self-development purposes tends to be ignored by staff since their focus is mainly on the overall assessment (which determines their salary increase). Given the importance staff place on the reward aspect, some raters try to avoid unpleasant discussions by giving bonuses (special recommendations) to as many staff as possible within their bonus budget allocation.

93. A separate assessment of managerial competencies (for directors and above) attempted to highlight the importance of these competencies in the overall assessment of senior staff. This aspect has also not been implemented well. If ADB is to hold senior staff more accountable for managing their staff and for setting the highest standards of ethical behavior and inspiring trust, this will need to change by emphasizing the managerial competencies.

94. Another critical factor contributing to staff discontent with PDP is the lack of constructive feedback from their supervisors. The PDP survey revealed that the majority of staff welcome constructive feedback (67%) but most felt this was lacking (60%). Performance assessment was not felt to be based on clearly defined guidelines and was regarded as too subjective. Because of the lack of honest feedback, staff are naturally disappointed with any overall assessment that does not match their own self-assessment.

3. Salary and Benefits

95. ADB has a professional staff salary structure that uses comparators (the World Bank and the European Bank for Reconstruction and Development) to determine salary ranges for each level. The average salary of professional staff at various levels is about 10% below the midpoint of the level. This is because of the practice of recruiting new staff at the minimum salary of the pay range and the lack of a mechanism to move salaries closer to the midpoint. Even with the practice of promotions every few years, this means that most professional staff have salaries near the bottom end of their salary range.

96. Discontent has also been expressed at the fact that performance bonuses for professional staff are taken out of the overall salary increase budget and are non-pensionable. Staff feedback has been that the current system of allocating the bonus pool concentrates too much on the financial gain of the staff rated "exceptional" (up to 10% of staff ADB-wide). This winner-take-all approach is deemed inappropriate for a public sector institution.

97. In addition to the fact that professional staff salaries are not at par with ADB's comparators, the weakening of the US dollar against major currencies and the erosion of benefits over the recent years have been major sources of dissatisfaction. The US dollar has strengthened recently but currency markets remain volatile and this may be a continuing concern.

98. Notable benefit reductions resulting from the 2005 benefits review were the reduction in rental subsidy and airfare allowances for benefit travels. In addition, the staff retirement plan was amended to require staff to have at least 10 years of service to be eligible for a pension and

to provide lower defined benefits guaranteed by ADB. The guaranteed interest on staff discretionary contributions was also reduced. Although these changes were applicable only to new staff (who were not required to contribute to the plan), they are being reviewed. In particular, the 10-year eligibility requirement may have affected ADB's ability to attract staff, especially those joining late in their career.

4. Skills Mix

99. In order to deliver ADB's developmental results through high-level financial and knowledge products as envisaged under Strategy 2020, the jobs and tasks to be performed will require a certain set of skills sets to be developed within ADB (or brought in from outside). In the past, the jobs and the skills sets required were not clearly defined and the result has been job descriptions that tended to emphasize specialist roles and the level of the jobs.

100. Under Strategy 2020, the skills mix ADB will require is much clearer. Strategy 2020 defines the products ADB needs to deliver, the goals staff will contribute to, and the areas where ADB will be focusing its activities. ADB's organizational arrangements to achieve these goals will guide the skills it needs. The specific skills sets required will initially be determined by undertaking a comprehensive skills inventory and gap analysis. This will be reviewed and aligned annually through the work plan and budget framework and budget formulation processes.

101. As discussed under career development, staff will be required to take on various jobs during their career, which may vary according to the needs of the ADB. Over the course of a career that may involve periods in operational and nonoperational departments, staff members who start with one particular background or expertise (e.g., an engineer or an economist) will have to be flexible and multi-skilled to undertake increasingly complex assignments.

102. Through the formal introduction of the nonmanagerial career stream (advisors, practice leaders, and lead professionals), ADB will encourage and enable more staff to contribute to the core nonmanagerial jobs that are envisaged under Strategy 2020 and strengthen ADB's skills mix complement.

103. This leads to the important role and function of learning and development in supporting the skills mix requirements of ADB.

5. Learning and Development

104. The learning and development role needs to be better aligned with Strategy 2020 and expanded to support the knowledge solutions efforts of ADB, in addition to its more traditional role of developing staff skills sets.

105. A curriculum-based learning and development program has been established. It will be made more demand-driven in response to annual feedback through each staff member's learning and development plan (an integral part of the PDP exercise). Despite these efforts, there is still room to enhance the level of ownership of the curriculum. For many staff, the learning and training they need for their jobs is best met through external training programs, seminars, or professional conferences that would not be cost-effective for ADB to bring in-house. With the limited support provided for external training in recent years, this has contributed to staff's perception that they are being de-skilled and professionally isolated.

106. For these reasons the learning and development program will need to be carefully reviewed to ensure better alignment of ADB's training modules with the skill sets required to implement Strategy 2020.

107. The number of staff training days per year has more than doubled to about 5 days a year per member of staff, which is close to the level at ADB's comparators. This level will be maintained while increasing the relevance and quality of all modules offered in the curriculum. ADB will encourage staff to attend modules because of their value, rather than because they is something to do when they are not busy with their "real" work.

6. Recruitment

108. Recruitment is a core function of HR and a key tool to align skills mix. Until recently, there was no clear definition of what type of people ADB needed in terms of skills sets, what kind of career stream were envisaged, or how staff should be recruited. The recruitment practices were less strategic because of the mechanical application of the vacancy-based recruitment system. ADB has tended to be passive, with heavy reliance placed on sourcing applicants through the ADB website and traditional print media that may have limited circulation. There have been very few recruitment missions in recent years.

109. To meet the skills sets for achieving Strategy 2020, two streams of staff are envisaged. One will be the entry level of professional staff who will join ADB with a long-term career perspective. Most of these will be mid-career professionals with nearly 10 years of work experience while a few will be young professionals and junior professionals who join at levels 1 or 2.

110. The other stream will consist of high-caliber staff who can immediately undertake specific tasks as advisors or lead professionals. Such staff will be increasingly necessary as ADB embarks on providing high-level advisory and knowledge solutions in addition to its operational business. In certain cases, the flexible recruitment provisions recently introduced (e.g., shorter or longer fixed-term periods and higher appointment salaries) will be applied to allow ADB to recruit the skills required. Staff in this stream will, like all staff, need to align themselves with the unique role and expectation of professionals within ADB.

7. Separation of Staff

111. As a public institution, ADB exerts every effort to make involuntary separation the option of last resort, especially since its staff are generally highly qualified and multiskilled professionals. However, retaining staff whose skills are limited can contribute to workload imbalance in a work unit and perceptions of unfairness. As ADB starts to align its HR composition to meet the requirements of Strategy 2020, there will inevitably be staff whose skills set or competencies no longer meet ADB's requirements, in spite of efforts to reskill or redeploy them. In the past, ADB has used special programs to address this issue (e.g., the special separation plan of 1995 and the enhanced separation program of 2005).

8. Standards of International Civil Servants

112. Since the role of professionals in ADB has been defined, the standards and code of behavior expected of them also needs to be explicitly defined. As international civil servants, ADB professional staff are accorded certain immunities and privileges and with these comes the privilege of working in a unique job serving the Asia and Pacific region.

9. Communication

113. Lack of communication has been highlighted as a key issue in ADB. There are both formal channels of communications and informal communication networks and there is a perception that much HR information is shared and disseminated through these informal networks. This is viewed by many staff as contributing to HR problems. There is also a perception that consultation with concerned parties before decisions are made is often limited and that the flow of communication is from top down and not vice versa. On the other hand, Mercer noted that staff may have unrealistic expectations regarding their level of involvement and the communications they can expect to receive. Clearly there is a large scope for improvement but at the same time it appears that expectations need to be managed.

10. NOAS Issues

114. The SES results showed that, while NOAS were generally more engaged with the organization than professional staff were (about 12% higher), their main concern was their career development over the 30–35 years they expect to be in ADB. ADB has recently been recruiting graduates from the top-ranked local universities with relevant work experience. Such staff are attracted to ADB for the competitive starting salary at their level of career (ADB positions itself at the 80th percentile of the local market; effectively, this means ADB is at the top 4 out of the 20 comparator companies in Manila), benefits, an excellent physical work environment, and high level of job security. However, when they come to map out a long-term career, they realize that the prospects of becoming a professional member of staff are very limited because of nationality and requirements for PS jobs. The challenge for NOAS is to remain passionate and motivated for a job which many feel they may be overqualified for.

11. Resident Mission Issues

115. While professional staff and NOAS at resident missions share many of the same concerns about human resources management as their counterparts at headquarters, an ongoing review of resident missions' operations¹⁹ identified a number of issues that are specific to resident mission staff. These are: (i) the vacancy-based promotion system needs to be reviewed to determine whether adjustments are needed to ensure that professional staff of an adequate caliber are posted to resident missions, (ii) the levels of country directors need to be based on the size of resident mission operations, (iii) better career management and more recognition of resident mission NOAS are needed, (iv) resident mission NOAS position allocations need to be reviewed, (v) professional staff benefits for resident mission postings have been eroded, and (vi) salary and benefits for resident mission NOAS need to be reviewed.

116. Many of the benefits and allowances for field office assignments for professional staff have been reduced over the past 5 years, primarily to contain escalating costs. For example, whereas in the past ADB provided 100% housing subsidy, a cost-sharing scheme similar to the headquarters rental subsidy was introduced. Some of the allowances were rebased to Manila (rather than to Washington, DC, as in the past). This has led to lower (and in some cases zero) allowances because there was no difference between the hardship ratings or price indices in Manila and the resident mission. The number of staff who have applied to resident missions has reduced significantly since these benefit changes were introduced.

¹⁹ ADB. 2008. *Review of Resident Missions' Operations*. Manila. (IN.294-08)

12. Human Resources Management

117. Mercer's review points out a number of issues that need to be addressed: BPHR is seen as being too administrative and too controlling rather than operating as a partner; BPHR needs to become easier to do business with; there are too few HR professionals and HR skills are limited; processes are not well integrated; HR technology can be better leveraged to be more effective; and a sourcing strategy is lacking. The lack of HR performance indicators was also identified by Mercer as an issue.

118. These issues are acknowledged in varying degrees and addressing them will be essential to supporting ADB's ability to meet the HR management requirements for Strategy 2020.

13. Collective Responsibility for Human Resources Management

119. While BPHR has specific roles and functions to perform, the actual task of HR management in ADB rests collectively with all line managers. Human resources management starts with providing a well organized work environment, defining clear expectations of results, and setting examples for the desired behaviors. Heads of departments and directors have a critical role to play in the selection and recruitment of their staff and in the assignment (lateral and promotion) of staff to vacancies in their department. They also have a collective responsibility to assess their staff's performance, provide honest and constructive feedback on an ongoing basis, and support their staff's learning and development needs. If staff continue to view these key HR management functions as being handled inconsistently and if they feel they are not based on a set of well defined standards, line managers and BPHR collectively need to be held responsible and accountable.

V. HUMAN RESOURCES MEASURES TO BE TAKEN TO SUPPORT STRATEGY 2020

120. Section IV stressed that Strategy 2020 will guide the HR measures ADB will undertake. The principles of the 1996 HR strategy (Appendix 3) remain valid and will continue to guide ADB as it identifies and implements the HR measures needed to support Strategy 2020. Learning from past experience and as suggested by Mercer, an evolutionary approach will be taken, including short-term actions as well as medium- and long-term HR measures, throughout the implementation period of Strategy 2020. To support Strategy 2020 and to address the various HR issues ADB faces, a set of HR measures in the following areas are envisaged as the more immediate or short-term actions needed.

1. Job-Driven Assignment

121. This is a flagship measure, which is fundamental to define the job requirements and the role of "professionals" in ADB. This measure will begin to correct the widely held perception that career progression is only through a promotion to the next level or grade.

122. Job-driven assignment is based on the premise that an organization is not simply an aggregation or a pyramidal clustering of positions, rather it is a network of specific tasks that are not necessarily fixed. Recognizing this is the first step toward clarifying the job description of each position according to:

- (i) area and/or issues,
- (ii) functions,
- (iii) thematic issues,

- (iv) products and/or activities, and
- (v) role in the division or department.

123. Under job-driven assignment, the key is that the most suitable persons for the job or to complete the tasks are assigned, whether through external recruitment or through internal assignment, in a transparent manner following the new procedures.

124. To ensure that qualified persons are assigned to each position, there will need to be some flexibility in the link between the position and the level. In other words, a member of staff at a lower level could underfill a higher level job and vice versa. This in turn will require some flexibility in the application of the level complement system. Over time this should promote the concept that the most qualified persons should be assigned according to the job requirements and at the same time should discourage staff from pursuing a job solely for the promotion.

125. Along with this additional flexibility in the level complement system, more flexibility is needed in the use of job titles at headquarters and field offices to reflect the content and nature of the job more accurately.

126. The new titles²⁰ would capture the:
- (i) type of professional (e.g., economist, engineer, counsel, officer, specialist);
 - (ii) role played in organization or team (e.g., head of unit, task manager), if applicable; and
 - (iii) most relevant task area (e.g., area, function, specific roles, thematic issues), identified by use of parentheses.

127. The following high-level jobs have been introduced in line with the job-driven concept, which seeks to assign qualified staff according to the specific requirements of the job. These include:

- (i) (senior) advisors (to carry out special high-level tasks);
- (ii) practice leaders (to manage knowledge or sector networks); and
- (iii) lead professionals (to bring respected expertise, professional leadership and a long track record of excellent performance).

2. Revision of Level and Grading System

128. This measure will also be an essential element in supporting job-driven assignment. The level structure will be modified to make it more compatible with the flatter functional and organizational layers in ADB.

129. The envisioned level structure²¹ would be:
- (i) department or office management level (L9/10),
 - (ii) division management level (level 7/8),
 - (iii) senior professional staff (level 5/6),
 - (iv) professional staff (level 3/4), and
 - (v) young professional.

²⁰ Examples of the new titles include: Economist (Trade), CWOD or Head of Government Liaison, OAS.

²¹ While professional staff (level 3-level 6) is more professional oriented the level 7 and above are linked to the tasks and roles assigned directly by the President.

130. A clear presentation of generic profile descriptions for each level that is comparable to those at ADB's comparator international financial institutions (IFIs) will be required. The overall number of staff at each level will need to be carefully monitored by Management to ensure an appropriate salary distribution that is also in line with ADB's comparators.

131. To complement the existing vacancy-based promotion system, the recently introduced management-driven promotion initiative will need to be conducted about twice a year to assess the grading of staff. This hybrid approach to promoting staff will enable Management to better identify and manage the career development of all staff as well as to manage the succession planning of future leaders of ADB.

3. Recruitment

132. In addition to recruiting staff for a long-term career, ADB will more actively recruit mid-career staff who will bring specific and extensive expertise in select fields by offering competitive levels and salary packages, and more flexible recruitment practices, including the use of non-standard terms and conditions, such as fixed-term nonrenewable contracts. The practice of simultaneously posting internal and external advertisements for staff appointments will continue.

133. For entry-level recruitment, the revised job descriptions will be less restrictive and will move away from the "specialist" job concept. More weight will be given to candidates with strong engineering/technical or finance/accounting backgrounds with a solid record of employment and who demonstrate the traits ADB seeks in its professional staff, such as commitment to development.

134. To carry out these initiatives, ADB will need to create a good pool of candidates by accessing job fairs, using external search firms, and tapping into professional associations.

135. ADB has recently introduced a pilot program to permit employment of spouses among new recruits. This will need to be carefully monitored to ensure that this initiative improves ADB's ability to attract the best candidates.

4. Performance Management

136. For professional staff, performance assessment will need to be better aligned with the needs of Strategy 2020. Assessment will need to cover the products that are delivered, the functions that have been performed, and the areas or issues staff have contributed in order to ascertain how staff contributed to the goals of the unit or division and how they played their role within the team.

137. Another key element will be assessing managerial skills of all directors and above in a more systematic and consistent manner. ADB has recently introduced an assessment center²² for all directors and country directors to align its managerial capability with the current and future business needs as defined by Strategy 2020. The assessment center provides greater self awareness and insight for directors and country directors to better leverage their managerial strengths and development priority areas so they are enabled to enhance their performance. This also provides management with an independent and objective assessment to be used as a reference for staff resource and development planning.

²² The assessment center is comprised of a combination of valid and reliable activities (e.g., group and individual tasks) designed to assess current and potential managerial capabilities.

138. There is a need to improve the identification of underperformers among all staff. Staff who do not meet the basic requirements of the job need to be identified and, equally importantly, their underperformance needs to be communicated to them. After sufficient feedback if a staff member's performance does not meet the requirements, he or she will need to be respectfully eased out of ADB.

139. Over the longer term, performance assessment should evolve into being a year-round exercise. The PDP will still take place once a year, but it will be complemented by other less formal assessments. The notion of PDP being the primary driver of salary increases will need to abate as promotion-induced salary increases and performance awards become more widely appreciated.

140. The identification of excellent performers will need to be carried out in a more consistent and well-defined manner so that the perception of subjectivity is reduced.

5. Salary and Benefits

141. There will be a concerted effort to gradually narrow the gap between actual salaries of professional staff and the mid-points of each level. During the course of 2009, there will also be an effort to narrow the gap between the ADB salary structure and those of its comparators. The 2009 salary and benefits review will assess the current calculation formula which infers and predetermines the needed budgetary growth without discussing budgetary implications of each HR measure. Another area that needs to be reviewed is the package of the resident mission staff, both from headquarters and locally recruited, to ensure compatibility with ADB comparators.

142. In due course, a mechanism may be considered to differentiate pay increases at the time of promotion. For example, in the case of a promotion from level 6 to level 7 there would need to be consideration of whether a managerial responsibility has been added and consideration of the staff's performance the previous year.

143. The size and non-pensionable nature of the bonus system needs to be reviewed, if ADB wants to move toward an award concept rather than a large cash bonus for recognizing and appreciating good performance and important contributions.

144. The 2009 salary and benefits review will also examine the staff retirement plan's eligibility period of 10 years since it is not aligned with the eligibility periods at comparator IFIs (e.g., the World Bank recently reduced its eligibility period from 10 years to 5 years) and may have lessened ADB's competitiveness as an employer.

145. Recent HR initiatives have included several measures to address work-life balance issues, such as more flexible working hours, limited work-at-home arrangements, and extended maternity leave.

6. Learning and Development

146. The first and fundamental exercise will be to develop a curriculum that is targeted at supporting the five core areas ADB has committed to under Strategy 2020: infrastructure; environment, including climate change; regional cooperation; financial sector development; and education.

147. The skills registry and inventory will be enhanced to improve its links to staff development initiatives as well as to identify pools of staff for job-based assignments.

148. Learning and development also needs to enhance the support to be provided to individual practice leaders who have a mandate to activate sector networks and to direct learning and development support to their peers in their respective areas. This may involve exploring strategic alliances with highly respected research or academic institutions that have strengths in ADB's core specializations areas through such initiatives as secondment schemes and joint training initiatives.

149. ADB will continue relevant and successful programs such as modules to strengthen the managerial capabilities of directors as well as assessment and development centers for professional staff level 6. The assessment and development center is based on a similar design concept as the director and country director assessment center yet differs in its fundamental objective of enabling the development of ADB's future managerial capability. A 360° feedback²³ tool for development purposes is included as an activity in the assessment and development center and the "Leader as Coach" training program..

150. The ongoing review of residents' missions operations noted that the learning and development curriculum could include a specific set of preparations for resident mission assignments. A structured program is under development to cover language and cultural awareness training. ADB will continue to increase inclusiveness of resident mission staff for the learning and development curriculum and client government offices for the DMC orientation program.

7. Refined Separation Mechanism

151. The current separation initiatives need to be expanded to provide Management with more flexibility to separate staff who have been identified through the performance assessment process as underperforming, or staff who have become redundant or simply do not fit the role of a "professional" in ADB. The separation package will need to be fair but not overly generous, and will recognize the staff member's contribution to ADB, enabling him or her to leave with grace and dignity.

8. Ethics and Integrity Issues

152. As ADB staff are international civil servants, ethics and integrity issues are critical. ADB remains totally committed to upholding zero tolerance of fraud and corruption and to holding ADB staff to the highest standards of behavior and conduct. The recruitment of an external

²³ Also referred to as multi-rater evaluation, it is a process usually conducted by external consultants for staff to receive confidential, anonymous development feedback from the staff who work directly with them (i.e., supervisor/s, peers, subordinates and clients). It has been well established in both research and corporate practice that 360° feedback should only be used for development purposes.

ethics officer to mediate and direct cases as necessary may be an option that is worth considering. Having an ethics officer would provide staff with an alternative means to raising matters involving ethics and integrity. Any member of staff found in breach of the code of conduct will be dealt with firmly and in the worst case may be fired.

9. NOAS Issues

153. To improve career progression, ADB will reintroduce the present incumbent only promotion exercise in 2009. The issues related to career development and progression for NOAS both at headquarters and in resident missions will be systematically reviewed.

10. Resident Mission-Specific Issues

154. The initial framework for HR review has been developed based on Strategy and Policy Department's Review of RMs' Operations and field work and recommendations are scheduled for first half of 2009. Issues such as the need to improve the alignment of salaries and benefits with those of the World Bank and career progression will be addressed.

11. Arrangements for Effective Human Resources Management

155. Another issue that has contributed to the level of dissatisfaction with HR management is the role and function of BPHR itself. BPHR should be viewed as enabling rather than controlling and there is vast room for improvement in the delivery and services of HR to staff.

156. Management is aware of these issues and has committed itself to making HR management more supportive and user-friendly. BPHR will aim to improve its communications with user departments in carrying out its duties and functions. It has already become noticeably more flexible in applying HR policies and practices to support its clients. BPHR has also become more transparent in consulting with its user departments on new initiatives and policy changes. It has taken concrete steps to improve its communication with the Board, staff council, and other bodies while at the same time acknowledging that some HR actions of Management must remain confidential. A new network for communication among the operational departments and offices, the Strategy and Policy Department, BPMSD, and the Department of External Relations is also being established to share and disseminate critical information more rapidly and efficiently. ADB appreciates that this is just the beginning of a long process to alter the perceptions of HR management and the quality of its service delivery.

157. ADB will make concerted efforts to adopt a number of suggestions from Mercer, including: (i) HR organization re-design (including defining the HR role and responsibilities and organizing HR work more around functional lines); (ii) integrating and streamlining HR processes, combined with better utilization of technology; (iii) recruiting more HR specialists; (iv) engaging HR consultants as needed; and (v) adopting appropriate performance indicators for HR.

158. The recent alignment of BPMSD, with the Learning and Development Unit being transferred from BPHR to the Compensation and Benefits Division (which will be renamed the Staff Development and Benefits Division) is just the beginning of efforts to further strengthen the internal organizational arrangements of BPHR. In order for both BPHR and the Staff Development and Benefits Division to perform more cohesively as a functional HR group, further organizational re-alignment will be considered.

VI. NEXT STEPS

159. ADB staff are its most important asset, and the ability to hire and to retain skilled and diverse talent will provide ADB with a strong foundation to achieve its vision for the region. The level of professional and international experience of ADB's staff will determine its ability to carry out its strategic priorities and to meet DMCs' demands for dynamic, modern products and services. While the direction and extent of change in the skills mix will vary by specialized area, significant capacity building will be needed over a range of fields by substantially enhancing and adding staff skills. HR measures need to be formulated and implemented to support the staff to develop their capacity as ADB professionals and contribute further to achieving the mission stated in Strategy 2020.

160. Recognizing that successful implementation of the HR measures discussed above and necessary change management processes is predicated on clear and continued Management support, Management confirms its strong commitment to the successful implementation of the HR measures that will be undertaken to support Strategy 2020.

161. Under Strategy 2020, Management is committed to streamlining ADB's array of corporate strategies and policies, making Strategy 2020 the ADB-wide strategic framework. With this in mind, and learning from past experience, a separate stand-alone HR strategy, with an accompanying action plan, would not be the right approach. Instead, as Mercer also recommends, ADB needs to ensure that the set of HR measures it adopts is driven by and aligned to Strategy 2020 and fully supports its "people strategy" (i.e., the workforce it needs to support Strategy 2020 and the HR programs required to support this workforce) and the HR function strategy (i.e., the organizational arrangements needed for BPHR to support the business and workforce). Management considers that the set of human resource measures presented in this paper, and the evolutionary approach to establishing future HR measures, is very much in line with Mercer's recommendations to improve the management of ADB's most important asset, its human resources, while taking into account the challenges and strengths inherent within the ADB.

Management will take the following steps:

1. As the strategy requires, BPMSD, under the guidance of the human resources strategy working group, will formulate a more concrete set of action plans for the initial phase of implementation of HR measures. It will submit these action plans to the Vice President (Finance and Administration) and seek the endorsement of the Management Committee. BPMSD will present these HR measures to staff and the Board and will provide periodic progress reports on the action plans.
2. Issues related to HR will be further addressed in the next work program and budget framework to ensure that future ADB operations and resource mobilizations are consistent.
3. The fourth level of the Strategy 2020 results framework (organizational effectiveness, which includes human resources) will be further refined in response to the transformation of ADB.
4. A staff engagement survey will be conducted every 2 years, with the next scheduled for 2010. ADB will also conduct a short mid-year survey in 2009, using external

consultants, to gauge the initial reaction of staff to the new HR measures. The results will be presented to staff and to the Board.

162. As BPMSD elaborates and implements the HR measures required, it will communicate closely with staff and the Board to ensure their support, which will be essential to the collective success of these measures.

PERSONNEL POLICY STATEMENT (1990)

1. In its staffing, the Bank gives paramount importance to securing the highest standards of efficiency and technical competence. It shall ensure that professional staff are recruited from among its member countries and that a fair balance of nationalities is maintained. The mix of skills of its staff should relate to the Bank's requirements.
2. The Bank's salaries, allowances, and benefits will be maintained at competitive levels with due regard to the locational considerations of the Bank's headquarters and as applicable the Bank's field offices.
3. The employment, promotion, and assignment of staff shall be made without discrimination on grounds of sex, race, or creed.
4. The Bank will take affirmative action to increase the representation of women on the professional staff at all levels.
5. The Bank will provide staff with security of tenure consistent with the terms of their appointments, their satisfactory performance and conduct, and the efficient administration of the institution.
6. The Bank will systematically evaluate the relative levels of jobs, the equitable remuneration for similar responsibilities internally and externally, and reward staff according to performance, length of service and other relevant factors.
7. The Bank will review periodically and objectively the work of staff in order to obtain the most effective use of their services and expertise, recognize their achievements, and identify their training and development needs.
8. The Bank seeks to maintain excellence of performance and will actively assist staff to upgrade skills and broaden experience in different functional areas. The Bank will ensure that career development is an integral part of personnel administration.
9. The Bank seeks to accord full and fair opportunities for eligible existing staff to complete for promotion to higher levels and for filling vacancies. Selection for promotion will be competitive, based on specified criteria, relative merits of eligible staff, and will be in accordance with established procedures to determine the most suitable candidate to be appointed.
10. The Bank's Management will work at all times in close cooperation with staff representatives in order to safeguard staff's interests.
11. Where grievances arise, staff will be entitled to invoke administrative review as well as the grievances and appeals procedures, without fear of reprisal, including ultimate recourse to an External Arbiter whose decision shall be binding on the Bank and the staff.
12. The Bank has the right to require staff to conduct themselves at all times in a manner befitting their status as employees of an international organization. Staff are expected to maintain a high degree of integrity and concern for the Bank's interests and to avoid situations and activities which may reflect adversely on the institution, compromise its operations, or lead to conflicts of interest.
13. The Bank will observe due process in all areas of personnel administration, in particular in initiating and deciding on the involuntary or premature separation of staff from service. It will provide appropriate termination payments having regard to the reason for separation, length of service and other relevant factors. Separation from service on disciplinary grounds will be in accordance with prescribed procedures whereby staff will be notified in writing of the misconduct and allowed the right to answer the charges.

HUMAN RESOURCES STRATEGY PAPER (1996) ACTION PLAN

Key Strategies	Initiatives
Strengthen Staff Competencies	<ul style="list-style-type: none"> • Update and refine staff skills mix • Special recruitment initiatives to include: <ul style="list-style-type: none"> • Reorganization of the Human Resources Division • External recruitment for levels 5 and 6 • Fixed-term contracts • Gender balance • Spouse employment • Geographic and national representation • Review the Young Professional Program • Strengthen and diversify staff skills through training
Strengthen Work Unit and Staff Productivity	<ul style="list-style-type: none"> • Special separation program for career stagnated staff • Rationalization of work distribution • Strengthen work unit management with key results area and monitorable operating objectives • Staff performance management system to link staff performance planning with work unit objectives • Strengthen regional and resident missions • Expand human resource information system • Review staff compensation policies and structures • Train managerial staff and mission leaders
Strengthen Staff Morale, Motivation, and Professional Growth	<ul style="list-style-type: none"> • Create classified nonmanagerial level 7 professional staff positions • Strengthen job rotation system • Expand staff development programs • Simplify job classification system • Provide supervisory development and team building

Source: ADB. 1996. *Human Resources Strategy Paper*. Manila (IN.120-96)

HUMAN RESOURCES STRATEGY PAPER (1996) PRINCIPLES

Principles	Definition
Merit and excellence	One of the primary principles governing the recruitment, promotion, and recognition of staffing the Bank is competency and merit. This is as it should be to ensure that the Bank continues to be an organization of excellence. The work of the Bank has potentially significant implications for the lives of millions. It is essential that such work is undertaken with utmost diligence and attention to professionalism and excellence.
Nationality and gender balance	As a multilateral organization, owned by 56 countries across the globe, it is necessary for the Bank to support widest possible geographic and nationality representation. The Bank is also committed to ensuring an equitable gender balance in its staffing, keeping in mind that women have as much to offer as men in the region's development process. At all times, however, the principle of merit takes precedence over achieving such balances.
Term of service	As an employer who recognizes the value of staff commitment and institutional memory, the Bank generally promotes long-term service, contingent on satisfactory performance. Also, since the Bank's work with its developing member countries is, by definition, a long-term process, it is essential that staff continuity in assignment be promoted and maintained to the extent possible. However, the principle of long-term service is qualified by need for the Bank to also promote adequate staff movement in and out of service to allow for the regular introduction of new skills particularly in development areas which are undergoing continuing change.
Transparency	As a fair and equitable employer, the Bank has committed itself to transparency in its human resource management processes. While Management retains its prerogative on decision making with regard to recruitment, transfers, promotions, and rewards, it ensures that related decisions are taken in as open and transparent a manner as possible.
Balancing organization objectives with staff's aspirations	Finally, the Bank firmly believes in the principle of balancing its own goals and objectives with the needs and aspirations of its staff members. It recognizes the need for mutual gain. While the organization's objectives should and will always take precedence, they should preferably not be at the expense of staff's needs for professional and career growth and fulfillment. In fact, ideally, they should be mutually supportive and enhancing.

Source: ADB. 1996. *Human Resources Strategy Paper*. Manila (IN.120-96)

BENCHMARKING RESULTS WITH COMPARATOR ORGANIZATIONS

Good Practices in ADB	Challenges for ADB	What ADB Can Do
<p>Performance Management and Recognition</p> <ul style="list-style-type: none"> • Qualitative criteria in evaluation • Mechanisms for dialogue and openness • Defined formats for work plans • Administrative orders articulates policies and procedures (on-line access) • Structured and efficient performance improvement program • Yearly communication on salary increments linked to performance ratings • Training program on performance management 	<ul style="list-style-type: none"> • Performance criteria not clear • Provide linkage between performance and job • Link task allocation to work plans • Clarify linkage between long-term and medium -term strategy and performance objective • Link career progression and development • Accountability for poor performers not clear • Strengthen performance recognition programs 	<ul style="list-style-type: none"> • Implement a balanced scorecard driven performance management program • Formal coaching as part of performance management program • More frequent feedback and review sessions • More recognition programs
<p>Career and Succession Planning</p> <ul style="list-style-type: none"> • Significant career enhancement tools • Policies and tools available on HR intranet • Clear articulation of career management as an individual concern • Individuals can chart their own careers 	<ul style="list-style-type: none"> • Staff not clear on how programs and tools are operationalized • Insufficient enabling career management infrastructure • Lack of objective linkage between potential, performance and promotions • Performance standards and criteria are subjective • Lack of career and succession planning in resident missions 	<ul style="list-style-type: none"> • Delink career from succession planning • Identify and document mission critical job families • Develop formal career plans • Consolidate career tools into career solutions • Set standards and progression criteria for promotion and careers • Train on career counseling • Set up career hubs in resident missions • Define leadership potential clearly • Communicate processes and criteria to employees
<p>Recruitment and Selection</p> <ul style="list-style-type: none"> • Perceived consistency in approach to hiring 'the best' • Decentralized recruitment and selection activities in resident missions (to some extent) 	<ul style="list-style-type: none"> • Generic profiles and job descriptions not clearly defined • Lack of clarity on who is 'the best' candidate • Lack of clearly defined accountabilities in recruitment • Lack of clarity on impact of interviewers on final results 	<ul style="list-style-type: none"> • Develop job descriptions and role profiles • Use alternate selection tools • Set selection standards • Map out accountabilities in the recruitment process • Communicate process and accountabilities

Good Practices in ADB	Challenges for ADB	What ADB Can Do
<p>Training and Development</p> <ul style="list-style-type: none"> • In-house MBA program for professional and support staff • Focus on executive education for senior managers 	<ul style="list-style-type: none"> • Perception that training is for underperformers • Unclear linkage between training and high performance or potential • Lack of leadership development programs • Lack of follow-up with line managers after training • Limited use of innovative training channels like e-learning • Line managers lack coaching skills 	<ul style="list-style-type: none"> • Reposition training; link it closely with performance • Develop and launch leadership development programs for high performers • Follow-up with line managers after training to determine impact of training and to monitor improvements • Outsource training and develop e-learning • Launch programs to help line managers become better coaches

ADB = Asian Development Bank, MBA = Masters of Business Administration

Source: ADB. 2002. *Study of Human Resources Challenges at the Asian Development Bank*. Manila (IN.316-02).

SUMMARY OF PRIORITY INTERVENTIONS

List of Interventions	Evaluation and Prioritization	Time Frame
<p>Performance Management and Recognition Implement a balanced scorecard driven performance management program</p> <p>Implement more innovative recognition programs</p>	<p>This major exercise would require a wider strategic approach and cannot be attempted solely by the human resource function.</p> <p>A revision of the performance evaluation review process is needed. The current process is based on a staff work plan and generic criteria but core competencies need to be developed in a manner to better evaluate their performance. Also, an option would be to delink performance evaluation and salary increase decision.</p> <p>The current program is being reviewed. Emphasis will focus on rewarding for performance rather than long service. Additional work is needed to look at possible alternatives.</p>	<p>Long term</p> <p>2003–2004</p> <p>2003</p>
<p>Career and Succession Planning Identify critical career Specializations</p> <p>Develop the career infrastructure of a chosen specialization or job families, like career road map, career plan, career hubs in resident missions</p> <p>Develop counseling skills</p>	<p>Job families need to be clarified and career specializations analyzed and documented. This work is linked to the development of a competency framework.</p> <p>This is linked with job families, competencies, and profiles development. In addition, it is relevant to the profiling exercise mentioned below in recruitment and selection section below.</p> <p>This skills can be developed as part of the coaching program for managerial staff. This can be part of the executive training program provided by University of Columbia and the mentoring program for young professionals and economists and specialist groups. The mentoring program will be expanded to cover all staff.</p>	<p>2003–2004</p> <p>2003–2004</p> <p>2003–2004</p>

List of Interventions	Evaluation and Prioritization	Time Frame
<p>Recruitment and Selection</p> <p>Develop job profiles (including job accountabilities and competencies)</p> <p>Set selection standards</p> <p>Document the recruitment process accountabilities</p>	<p>Job families need to be revised to include job profiling with competencies.</p> <p>The motivational fit tool was introduced in 2002 to assess person/organizational fit and presented to Management in August 2002.</p> <p>A revised recruitment process was approved in August 2002. Departments and offices have been briefed on the new processes. The process is documented on the human resources intranet home page.</p>	<p>2003–2004</p> <p>Ongoing</p> <p>Ongoing</p>
<p>Training and Development</p> <p>Build a link between performance management and training needs</p> <p>Design leadership training programs</p> <p>Trial implement electronic-learning</p> <p>Design a system to follow -up on training and to measure training outcome</p>	<p>Based on the competencies to be developed, performance criteria can be established for better linkages between training and career management.</p> <p>Work is in progress on developing and implementing leadership development programs that build on the current external leadership training provided by University of Columbia for managerial staff. The programs will be made accessible to all staff.</p> <p>In addition, talent or potential development as initiated with the development center for country directors will be expanded to all staff.</p> <p>There are mixed views on the usefulness and practicality of this approach, in addition to the associated high cost. While ADB provides training online to staff, the program will be reviewed later.</p> <p>The current system of training evaluation is limited as it does not link directly with career management. This will be considered in the review of the training and development system.</p>	<p>2003–2004</p> <p>2003–2004</p> <p>Medium term</p> <p>2003–2004</p>

ADB = Asian Development Bank.

Source: ADB. 2002. *Study of Human Resources Challenges at the Asian Development Bank*. Manila (IN.316-02)

Human Resources Strategy (2005 – 2007) Summary of Actions

Objectives and Issues	Actions
Objective A: Enhance Organizational Capability	
Issue 1: Inadequate HR processes leading to a lack of merit-based decisions	1. Establish an ADB-wide competency framework and skills inventory
	2. Improve timeliness and quality at entry and transparency in the selection system
Issue 2: ADB does not fully capitalize on the business benefits that can be achieved through recruiting and employing a diverse workforce	3. Mainstream gender considerations, particularly through implementation of gender action programs
	4. Improve managing for diversity: including managing diversity, in particular, gender and geographic diversity, in training programs for managers and supervisors
Issue 3: The increase role and responsibilities of RM staff require and enhanced HR management system	5. Develop an enhanced HR policy framework for RMs in line with Senior Management's objective to decentralize
	6. Improve career development opportunities for RM staff
Issue 4: ADB's career structure does not fully recognize and value technical expertise of professional staff	7. Develop managerial and technical/advisory career paths
Issue 5: Limited career development opportunities	8. Manage progression through a more flexible level complement system
	9. Review career development possibilities other than promotion
	10. Review career development for NOAS
Issue 6: The current training system is not effectively aligned with the business requirements of the organization	11. Develop training and development programs to ensure that staff skills can meet ADB's desired output and outcomes
Objective B: Establish a New Performance Management System	
Issue 1: The current performance management system does not effectively link personal efforts to business needs, provide sufficient feedback to staff, or provide a meaningful basis for assessment of promotional potential or recognition	12. Establish a new performance management system
	13. Develop an incentive system that rewards and recognizes good performance
Issue 2: Ineffective management of staff, including those who behave inappropriately	14. Establish a more effective internal governance system
Objective C: Strengthen Leadership and Accountability	
Issue 1: Managers do not possess the leadership and managerial competencies required to meet their new roles	15. Develop further executive leadership program and training programs for managers
	16. Develop further the assessment (development) center

Objectives and Issues	Actions
Issue 2: Managers do not have the required level of authority for managing resources to deliver the outputs	17. Define managers' delegated authority and accountability on budgetary and staff resources
Issue 3: Staff workload has increased and often is unevenly distributed	18. Address workload issues
Reorient the Human Resource Function	
Issue 1: The central HR function, as currently structured, does not meet the needs dictated by the new HR Strategy	19. Reorient the HR function and review existing policies and processes
Issue 2: Current internal communication processes are inadequate to meet the type and level of communication required to support the new HR strategy	20. Enhance channels of communication in ADB

Source: ADB. 2004. *Human Resources Strategy Paper*. Manila (IN.256-04).