

## Chapter 11

# Managing Government Personnel

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

### INTRODUCTION<sup>1</sup>

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

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

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

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

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

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

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

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

### Box 11.1

#### Central Personnel Management in Asian Countries

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

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

*continued on next page*

*Box 11.1 (cont'd.)*

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

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

## DEFINING GOVERNMENT PERSONNEL REQUIREMENTS<sup>2</sup>

### Human Resource Planning and Information Systems

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

The objectives of personnel planning are:

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

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

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

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

### **Problems and Opportunities for Developing Countries**

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

## **JOB EVALUATION AND CLASSIFICATION<sup>3</sup>**

### **Concepts and Definitions**

#### *Jobs and grades*

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

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

*Rank-in-person and rank-in-post*

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

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

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

## Job Classification

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

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

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

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

## Experiences with Job Classification

### *The systems in practice*

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

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

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

### *Prospects for developing countries*

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

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

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

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

## **PERSONNEL RECRUITMENT AND SELECTION**

### **Recruitment Principles and Organization<sup>4</sup>**

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

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

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

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

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

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

## Recruitment Systems<sup>5</sup>

### *Closed and open systems*

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

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

### *Public service commissions*

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

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

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

#### *Delegation and decentralization*

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

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

### Box 11.2 Delegation of Recruitment

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

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

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

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*Source: Commonwealth Secretariat (1995).*

## Recruitment and Appointment Procedures

### *Recruitment*

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

**Box 11.3**  
**Bangladesh: Recruitment Checklist**

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

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*Source: World Bank (1996b).*

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

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

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

### Appointment

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

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

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

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

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

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

### Prospects for Developing Countries

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

## GROOMING AND MANAGEMENT OF SENIOR CADRES<sup>6</sup>

### Rationale for a Senior Executive Service

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

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

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

qualified professionals from the private sector to government employment;

- Perceived lack of responsiveness of regular senior staff to the priorities of the political leadership; and
- Absence of a public-spirited, interagency, service-wide elite cadre.

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

### **SES Structure**

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

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

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

#### Box 11.4 Civil Service Academies

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

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

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

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

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

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

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

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

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

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

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

### **Prospects for Developing Countries**

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

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

## PERFORMANCE MANAGEMENT<sup>7</sup>

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

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

### Performance Appraisal

#### *A general view*

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

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

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

#### *Performance appraisal techniques*

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

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

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

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

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

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

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

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

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

**Table 11.1**  
**Performance Appraisal Methods - Purposes and Criteria**

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

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

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

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

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

### **Managing Poor Performers**

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

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

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

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

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

### **Risks and Opportunities for Developing Countries**

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

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

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

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

## **ENSURING EMPLOYEE RIGHTS AND OBLIGATIONS<sup>8</sup>**

### **Nature and Limitations of Government Employee Rights**

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

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

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

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

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

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

## Machinery for Enforcement of Employee Rights

### *Grievance redress procedures*

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

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

### *Problems of women and minority groups*

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

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

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

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

### **Risks and Opportunities for Developing Countries**

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

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

## **LABOR RELATIONS AND UNIONIZATION<sup>9</sup>**

### **Nature of Public-Sector Labor Relations**

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

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

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

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

### **Nature of Unionization**

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

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

### **Collective Bargaining**

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

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

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

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

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

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

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

### **Strikes and Arbitration**

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

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

### **CONDUCT AND DISCIPLINE<sup>11</sup>**

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

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

**Box 11.5**  
**Civil Service Values in Singapore**

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

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

The characteristics of the public service are:

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

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*Source: Commonwealth Secretariat (1998a).*

## **Disciplinary Regulations**

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

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

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

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

### **Disciplinary Proceedings**

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

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

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

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

## **KEY POINTS AND DIRECTIONS OF IMPROVEMENT**

### **Key Points**

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

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

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

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

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

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

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

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

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

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

### **Directions of Improvement**

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

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

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

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

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

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

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

## NOTES

- <sup>1</sup> This section was drawn from Commonwealth Secretariat (1996), Chew (1992), Klingner and Nalbandian (1998), Starling (1998), Riley (1993), Nunberg (1995), and OECD country profiles.
- <sup>2</sup> This section was drawn mainly from Commonwealth Secretariat (1996), Armstrong (1996), Grindle and Marshall (1977), Riley (1993), and Patten (1971).
- <sup>3</sup> This section has drawn on Riley (1993), Chew (1992), Nunberg (1995), Fesler and Kettl (1991), Schiavo-Campo et al. (1997a, b), Starling (1998), and Klingner and Nalbandian (1998).
- <sup>4</sup> This section has drawn partly on Commonwealth Secretariat (1995a), country profiles of Commonwealth countries, internal ADB memoranda and country reports, Klingner and Nalbandian (1998), and Nunberg (1995).
- <sup>5</sup> This and subsequent subsections have drawn on Nunberg (1995), Commonwealth Secretariat (1996), country profiles of Commonwealth and the OECD, Klingner and Nalbandian (1998), Starling (1998), Local Government Center (1996), and Saltzstein in Perry, ed. (1989).
- <sup>6</sup> This section draws largely on Commonwealth Secretariat (1995a, 1996), OECD (1997a), Nunberg (1995), Fesler and Kettl (1991), and Klingner and Nalbandian (1998).
- <sup>7</sup> This section has drawn on Commonwealth Secretariat (1996), Armstrong (1996), Milkovich (1997), Lovrich in Perry, ed. (1989), Klingner and Nalbandian (1998), Riley (1993), Corrigan et al. (1999), Pearce in Perry, ed. (1989), and Rich in Perry, ed. (1989).
- <sup>8</sup> This section has drawn mainly on Fesler and Kettl (1991), Riley (1993), Klingner and Nalbandian (1998), Cooper and Newland, eds. (1997), and Saltzstein in Perry, ed. (1989).
- <sup>9</sup> This section draws on Riley (1993), Commonwealth country profiles, Delaney and Horton, in Perry, ed. (1989), Coleman (1990), and Riccucci, in Cooper and Newland, eds. (1997).
- <sup>10</sup> "Work to rule" is the deliberate slowdown of activity through strict and literal adherence to every single provision in the regulations. While such slowdowns are theoretically possible only when the rules are cumbersome or inefficient, even the best-designed regulations can be abused when they are followed to the very letter in a systematic attempt to disrupt the activity.
- <sup>11</sup> This section has drawn on Commonwealth Secretariat (1996), internal ADB memoranda and country reports, and Klingner and Nalbandian (1998).