



Asian Development Bank

Board of Directors  
Human Resources Committee

Annual Report

# **Annual Report of the Human Resources Committee (2011–2012)**

September 2012

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## I. INTRODUCTION

1. In 2009, the Board of Directors of the Asian Development Bank (ADB) approved the establishment of a human resources committee (HRC).<sup>1</sup> In accordance with its terms of reference, the HRC is submitting its third annual report to the Board of Directors. The report covers the committee's work from 1 July 2011 to 30 June 2012, and highlights key conclusions and recommendations (Appendix 1).

2. The HRC monitors the implementation of ADB strategies, new approaches, and reforms in managing and developing human resources; and provides guidance on the general thrust of ADB's human resources management.<sup>2</sup> In addition, on 21 October 2011, the terms of reference of HRC were reviewed (as recommended by the original document [footnote 1]) and confirmed to be appropriate.

## II. IMPLEMENTATION OF THE OUR PEOPLE STRATEGY

3. The Our People Strategy (2011) provides ADB's strategy for managing human resources.<sup>3</sup> The HRC monitored the second year of its implementation through updates from the Budget, Personnel, and Management Systems Department (BPMSD) on how the goals and commitments of the strategy are being met. This provides opportunities for the committee to assess key initiatives under each of the three goals of the strategy and make recommendations for consideration by ADB Management.

### A. Goal 1: A Strong Mix of High-Caliber, Motivated, Client-Responsive Staff Working in Partnership

4. The HRC considers Management's commitments under goal 1 as important tools through which ADB can continuously improve its human resource functions and strengthen its skills and knowledge base.

5. The technical skills registry is an important planning tool for ADB's workforce, especially as skill requirements evolve over time. Maintaining an accurate and up-to-date pool of information is important, but requires mandatory staff compliance in updating individual technical skills registry records.

6. ADB needs sound recruitment approaches to acquire the necessary skills, and maintain and develop acquired skills to adapt to the evolving and increasing volume of ADB operations. Given the need to address continuous recruitment challenges in hard-to-fill positions, the HRC recommends ensuring flexibility in compensation packages and career development prospects to attract qualified applicants.

7. An assessment of the impact of BPMSD's robust recruitment activities, in addition to other recruitment approaches and reforms, on strengthening ADB's in-house capacity is needed given the increasing volume of operations. The committee is concerned with how some

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<sup>1</sup> ADB. 2009. *Establishment of the Human Resources Committee*. Manila.

<sup>2</sup> As of 30 June 2012, HRC members included Maurin Sitorus (Chair), Robert Orr, Micheline Aucoin, Kazuhiko Koguchi, and Guoqi Wu. Former directors Masakazu Sakaguchi and Howard Brown, and alternate directors Xiuzhen Guan and Cedric Crelo also served as members of the committee at different periods during 2011–2012.

<sup>3</sup> ADB. 2011. *Our People Strategy: Skills and Passion to Improve Lives in Asia and the Pacific*. Manila.

recruitment targets are being met, and emphasizes that the principle of merit-based recruitment should be a priority.

8. The committee commends ADB efforts to enhance the Internship, Secondment, and Young Professionals programs. These programs can strengthen ADB's skills base, increase ADB's profile, promote knowledge sharing, and build up ADB's knowledge base.

9. The achievement of goal 1 requires establishing a competitive compensation system to allow ADB to recruit and retain high-caliber talent for all staff categories. ADB conducted a comprehensive review of staff salaries and benefits, and approved recommendations from independent consultants. The HRC assessed progress with implementation of some of the reforms, and found the communication and consultation processes to be adequate. Continuous monitoring and data gathering will be necessary to determine the outcome of the reforms, and the resulting benefits and cost-savings for ADB. Measuring the actual impact on cost may take some time, since some of the salary and benefit reforms have grandfathering schemes and full implementation will take years. ADB continues to assess the adequacy and appropriateness of the methodology to determine staff salary and benefits of staff at headquarters and field offices, taking into consideration differences in the targeted labor markets.

10. The HRC recognizes ADB's efforts to retain and support its pool of talent, and notes staff's growing acceptance of the rewards and recognition program. The challenge is to measure the impact of the program on staff productivity and performance. There was support in the HRC Committee to restore the bonus system as an incentive for good performance.

## **B. Goal 2: Inspiring Leadership and Proactive People Management**

11. ADB Management commits to equip supervisors and managers with the right tools and programs to enable them to better manage staff and effectively deliver expected results.

12. ADB programs aimed at developing leadership and managerial competency of managers and potential managers include the Leadership Impact Program, Assessment Development Center, and various seminars and workshops. Noteworthy are the coaching and mentoring programs that benefit both mentors and mentees. HRC members welcome the use of 360-degree feedback mechanisms by both the Leadership Impact and Assessment Development Center programs, but note that caution is required in assessing responses from subordinates and peers, as the culture of fear of reprisal continues for some staff if they raise negative feedback about their superiors.

13. ADB's performance management system is designed to measure and develop the leadership ability of supervisors and managers. The committee notes that supervisors and managers are guided to effectively manage the annual performance rating exercise. It acknowledges the overall achievement of the 2011 performance rating exercise, including innovations in the design of performance rating forms and use of face-to-face discussions. Some committee members reiterated the need for 360-degree performance feedback, and noted that such a feedback mechanism is now in place for development purposes.

14. The HRC commends the establishment of the Office of the Ombudsperson and applauds ADB for keeping this as an institutional commitment. The committee supports the proposed outreach activities to gain staff awareness and use of the service. Similarly, the HRC is hopeful that committee members' inputs to the design of the 2012 Staff Engagement Survey are incorporated, and contribute to the success of the survey in terms of generating useful

information and informing necessary reforms. The committee will continue to engage with Management on follow-up actions.

### **C. Goal 3: A Supportive and Enabling Workplace Environment and Culture**

15. The HRC appreciates the implementation of several work-life balance initiatives, particularly, work-from-home arrangements, enhanced flexi-time schedule, and gender-related initiatives. However, some committee members cautioned BPMSD on the cumbersome approval process associated with some of the initiatives. A simplified process is needed to make the benefits accessible and effectively create a supportive work culture.

16. Some HRC members followed up on the possibility of a compressed work-week, acknowledging that several supporting mechanisms are needed to design such an arrangement. One necessary mechanism is a time management system, which selected operations and nonoperations departments are piloting. Although the time management system's primary objective is to allocate administrative expenses to ordinary capital resources and the Asian Development Fund more effectively, the information that could be generated could inform a framework for a compressed work-week. Committee members anticipate that the time management system will be made mandatory in the near-term in order for ADB to fully meet its ordinary capital resources and Asian Development Fund-related objectives, as well as be a useful and accurate source of information for Management's decision-making processes.

## **III. OVERALL ASSESSMENT FOR STRENGTHENING ADB'S HUMAN RESOURCE MANAGEMENT**

17. BPMSD's detailed updates on the Human Resource Function Strategic Framework and Action Plan enable the HRC to assess progress of various reforms and provide general direction; implementation of many initiatives is progressing well. The committee notes positive developments in competency, skills development, and mainstreaming of diversity and gender. The HRC emphasizes the importance of maintaining a high-quality pool of skills and talents regardless of whether targets and indicators are being reached in a timely manner.

18. The committee is satisfied that Management communicates reforms to staff in a consultative and transparent manner. Staff Council collaborates with BPMSD in communicating necessary information to staff to clarify recurring issues. Staff, in general, are commended for their cooperation and feedback, which serves as a valuable input for ADB to continuously improve its human resource functions.

19. The HRC highlights improvements needed for the following priority areas:

- (i) **Performance management.** The HRC reiterates its support for incorporating a formal 360-degree feedback mechanism into the annual performance rating exercise.
- (ii) **Compensation and benefits.** The HRC emphasizes the need to monitor costs related to the salary and benefits reforms; as well as the importance of being informed of practices of other international financial institutions, and trends and situations in the global labor market.

20. The HRC intends to conduct a detailed assessment and analysis of the 2012 Staff Engagement Survey results, provide guidance to Management on priority areas, and continuously monitor Management's responses to the survey results.

21. The HRC applauds the decision by management to recruit a highly qualified specialist in HR matters to the position of Deputy Director General of BPMSD. The Committee expects that the individual hired will be given decisive authority in the HR process as deputy to the Director General of BPMSD and will frequently monitor this issue.

#### **IV. RECOMMENDATION**

22. The committee recommends public disclosure of the annual report.

**Human Resources Committee  
Meeting Program, 2011–2012**

<b>Meeting Date</b>	<b>Topic</b>
30 Sep 2011	(i) Our People Strategy: progress update (ii) Internship Program (iii) Secondment Program (iv) Any other business: Progress with the time management system
19 Oct 2011	(i) Plans for Our Voice 2012 staff engagement survey (ii) Progress on technical skills registry (iii) Any other business: IS and NS/AS salary proposal
25 Nov 2011	(i) Work–life balance initiatives (ii) Update on establishment of Ombuds function (iii) Young Professionals Program
19 Jan 2012	(i) Human Resource Function Strategic Framework and Action Plan quarterly update (Q4 2011) (ii) Summary of staff recruitment in 2011 with recruitment program for 2012
23 Feb 2012	(i) Recognition awards update (since introduction in 2011) (ii) Managerial competency development update (iii) Any other business: Introduction by new ombudsperson; Update on selection of Deputy Director General, BPMSD
29 Mar 2012	(i) Quarterly update on staff benefits reform and ongoing review of field office salary structure (ii) Summary of 2011 performance management exercise
14 Jun 2012	(i) Quarterly update on staff benefits reform and ongoing review of field office salary structure (ii) Mentoring program (iii) Update on ADB-wide rollout of the time recording system