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ORGANIZATIONAL RESTRUCTURING, CIVIL SERVICE REFORM
AND MANAGEMENT TRAINING

CONTENTS

INTRODUCTION

1.   There is a resurgence of interest in restructuring State machinery, reforming the civil service and reinforcing management training in both developed and developing countries. Several factors have contributed to this trend. First, changes in the world economy and the process of globalization and competitiveness have led to a management restructuring movement in the corporate sector, which is also having an effect on public administration. Second, although the economic development imperative is still considered attainable, most Governments are faced with a host of economic, social and political uncertainties, including unpredictable crisis situations that in some cases create a complex environment for achieving enduring results. Third, there is a call to establish greater efficiency and effectiveness in government operations by improving systems to prevent waste, fraud and abuse, reducing cost and duplication, and eliminating the overlapping of programmes. Fourth, because of resource shortages, the rising costs of services and increasing budgetary deficits, more emphasis is being placed on reorganization, cost-effectiveness and streamlining of managerial systems. The continuing pressure to modernize government is encouraging the introduction of business-like management practices, the promotion of competition between the public and private sectors, and the transformation of the civil service culture from one that is preoccupied with rules and procedures into one that is more entrepreneurial and concerned with solid management practices.

Response to challenges

2.   There are several major challenges that developing countries must overcome to achieve successful organizational restructuring, including better management of economies; poverty alleviation; enhanced environmental awareness; expanded social services; an increased role for the private sector; and an enhanced performance by the civil service. A number of middle and low-income countries, including some of the countries with economies in transition, are anxiously seeking new roles and functions for their administrative structure in order to advance economic recovery, better social levels, and improve employment opportunities. The demand for improved performance and effective delivery of public services requires a committed restructuring and reorientation of State machinery to ensure accountability as public administration improves its performance.

3.   Recent administrative restructuring exercises indicate that several interrelated problems make it difficult for government to work efficiently. The network of ministerial departments, statutory bodies and parastatal organizations raises the vexing issue of organizational fragmentation, which has several consequences. First, there are duplication of functions and overlapping jurisdictions, which tend to undermine the capacity to effectively manage operations. Second, dilatory and outdated procedures cause serious delay in handling business. Moreover, loopholes in procedures cause difficulty in maintaining objectivity, fairness, accountability and transparency in decision-making. Third, parallel personnel systems that are produced by organizational fragmentation, such as differential salary schemes and service conditions, work to the disadvantage of career civil service personnel.

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I. CAUSES OF WEAK SYSTEMS

4.   There is substantial evidence to suggest that weak policy and decision-making mechanisms are primarily due to a limited central capacity for policy analysis, strategic planning and programming. This aggravates poor coordination and contributes to the increasingly vague definition of public policy. As a result, implementation continues to be weak and accountability remains lax. Furthermore, weak corporate orientation in large complex central ministries often result in a blurring of the distinction between policy-making and policy implementation. Ministries normally do not take proactive measures to advise on strategic issues and their executive departments do not stress implementation vigorously.

5.   In most organizational situations, decision-making is alien to the system. This is one consequence of ministers being too deeply involved in matters of detail and individual cases, and therefore elevating minor issues for treatment at important levels. In such a climate, there is a reluctance on the part of administrators themselves to delegate responsibilities at different levels in the hierarchy, thus creating undue centralization and lack of inputs by subordinates in most administrative matters. At higher levels, few senior officers attach any significance to their strategic role or to coordinating policy and solving problems. There is a lack of urgency in giving attention to norms of accountability. Complicating this situation are evident weaknesses in client-centred orientation, under-capacity for efficient service delivery and a disregard for client suggestion in policy development and management.

6.   All these symptoms - weak internal organizational structure, unimaginative work methods and evident managerial inexperience - provide avenues for ethical irresponsibility, which in turn causes serious misgivings on the part of taxpayers and the general public in their dealings with public organizations. There are four prevalent criticisms of governmental administration common among most societies: (a) the Government has too many employees; (b) it is permeated with dishonesty; (c) it is inefficient; and (d) its work is excessively frustrated by time-consuming bureaucratic procedures. The obvious but seldom implemented solutions to the last problem is to simplify such procedures: complicated forms requiring intermediaries and a series of authorities to whom the public must appeal should be ruled out. Also, there should be clear time-limits established for responses to requests for administrative action. Finally, administrative procedures should be designed so that action will be impartial and without fear or favour. Administrative procedures become complicated when matters are left to the discretion of an official. In case discretion is unavoidable, it should be specified in advance and the criteria for its exercise laid down and made known as widely as possible.

A. Management efficiency

7.   Public management and its major components will continue to play a strategic role in national development. These dynamic new roles require more modern management practices and managerial skills to (a) support organizational restructuring focused on economic reform measures, environmental policy and human resource development; (b) cultivate the improvement of policy management

and control, enhanced transparency and greater accountability; and (c) promote management practices that augment human resources development for the public service. The lessons drawn from the experience of advanced industrialized countries in modernizing systems of public management through organizational restructuring have considerably influenced thinking both in developing countries and in countries with economies in transition. In particular, the 1980s witnessed major initiatives for improving the efficiency and effectiveness of governmental systems in a number of countries, including the United Kingdom of Great Britain and Northern Ireland, Canada and the United States of America.

8.   On coming to power, the Government of the United Kingdom introduced an efficiency exercise to scrutinize specific policies, activities and functions with a view to making savings. The goal was to change the civil service culture and the attitudes held by civil servants. The Government claimed that substantial savings were accrued by introducing a new management culture in government operations. Following this experience, the Reagan Administration of the United States recommended sweeping changes in government operations to solve poor management practices as well as waste and duplication. In Canada, the Mulroney Government attempted to make government programmes simple, more understandable and more accessible to their clientele, and to decentralize decision-making as far as possible to those in direct contact with client groups.

9.   The coming into office of the Clinton Administration of the United States brought with it the concept of "reinventing government" as a reform approach. A combination of two types of efforts were introduced. The first was designed to reduce internal duplication and overlapping - to streamline government operations - in order to increase efficiency. The second effort was to increase output by recognizing and in some cases promoting or creating interorganizational duplication and overlap as a catalyst for competition. The idea of reinventing government has captured the imagination of those who are interested in organizational restructuring and civil service reform both in the developed and the developing world.

B.   Types of restructuring processes

10.   There are two types of major restructuring processes now discernible in public management. One approach involves the gradual reform of State machinery in response to the changing circumstances and needs that have emerged over the past two decades. This process emphasizes efficiency in administrative planning, organization, coordination, direction, reporting and budgeting. The other approach is a fundamental restructuring strategy linked to structural adjustment essentially focused on economic reform. The influence of multilateral financial institutions as well as some of the bilateral donors has been considerable in this regard. The process of structural adjustment was used for global restructuring to promote market forces and reduce the role of the State in economic management. Structural adjustment is being used by the multilateral financial institutions as a conditionality for granting loans to promote a shift from State ownership to privatization. This includes liberalizing government regulation of prices and trade; subjecting administrative functions to competitive market pressures; cut-backs on the size

and cost of civil service; and the use of fiscal and monetary policies as major instruments of public policy.

11. The overall emphasis in organizational restructuring in countries undergoing adjustment reforms has been to improve the performance of inefficient State enterprises through deregulation, divestiture, privatization and down-sizing of the civil service. There is also a trend towards integrated financial management reforms. The results of these initiatives have been uneven: often protracted and arduous, they have caused numerous difficulties at the implementation stage among countries and regions.

12. Greater priority in organization restructuring should be given new to vigorously address poverty-related issues. New management processes for the promotion of social safety nets, the reorientation of social services and the monitoring of anti-poverty programmes at urban and rural levels need greater emphasis. Increasing demands for proper service delivery have prompted Governments to consider administrative reform measures. In some countries, organizational restructuring is taking place to design social action programmes that facilitate greater access to health, education, employment and other services. The restructuring of management systems and processes of service delivery entail the provision of services, at least cost, within an acceptable standard and quality. In both large and small countries, the challenge of organizational restructuring is to design a system that will efficiently deliver appropriate services to a diverse population in remote regions on a universal basis. The emerging field of service delivery requires innovative, operational techniques and executive skills for dealing effectively with customers.

C. Decentralization, accountability and productivity

13. The drive towards organizational restructuring has had an effect in a number of different ways. For example, Governments are now facing demands for decentralization that encompass a range of reforms at all administrative levels. Such changes affect staffing levels and orientation, departmental functions and the machinery of government for policy coordination, and may also entail a sharper focus between core functions of government and those that can be contracted out.

14. Decentralization also involves strengthening and redrawing local government and municipal systems, with devolution and the delegation of policy, administrative and financial powers. Patterns of decentralization must support mainstream participatory approaches to encourage the involvement of people in the design and implementation of local initiatives. The result of effective decentralization is often the development and consolidation of new management systems and procedures, which leads to the establishment of norms that are specific for result-oriented cultures and for efficient implementation services.

15. The issue of accountability as a key factor of good governance is receiving emphasis in initiating organizational restructuring and administrative reforms. At the official level, accountability takes several forms; the traditional form is hierarchical, based on administrative reporting. Some countries are experimenting by reinforcing mechanisms of accountability through

decentralization, participation and competition in order to avert criticism by
citizens of government performance, leading to greater cost-effectiveness,
dependability and higher quality in the delivery of services. Most
industrialized countries emphasize managerial accountability based on the
achievement of performance targets.

16. Another major emphasis in organizational restructuring has been performance
and productivity improvement in the area of human resources, using, among
others, the total quality management approach. Emphasis is placed on producing
the desired result or outcome, usually expressed in terms of meeting citizens or
customers need through a more effective use of human, financial and
institutional resources. Methodologies such as organization by objectives and
similar techniques are being employed to contribute to problem-solving, team-
building and decision-making, together with the ideas of security, equity and
participation. Several Governments now stress that an employee must not only be
given due recognition through better terms and conditions of employment but
should also receive proper training, promotion, job enlargement, empowerment at
the workplace and other similar incentives.

D. Good governance through capacity-building

17. In order to provide sustainability to initiatives in organizational
restructuring, there is an increasing emphasis on good governance and capacity-
building. According to a recent World Bank study, good governance is epitomized
by predictability; enlightened policy-making that is transparent; a bureaucracy
imbued with a professional ethos; an executive arm that is accountable for its
actions; and a strong civil society participating in public affairs, with all
players ultimately accountable under the rule of law. To support good
governance, an overriding issue is capacity-building, with the objective of
making and implementing public policy to ensure the effectiveness of public
programmes and the vitality of public institutions. In terms of individual
civil servants, capacity-building places emphasis on training to enhance skills
and competencies and to develop qualities of leadership, self-awareness and
adaptability.

18. Good governance requires improvement not only in the executive branch of
government but also in the judicial and legislative branches. The process of
organizational restructuring could fail if the ability of legislative branch is
inadequate to support new legislation due to a lack of quality information and
analysis. Similarly, if the judicial system is weak and characterized by long
delays and inconsistent rulings, it will have a major effect on the efficacy of
the public management system.

II. CONSIDERATIONS FOR SUCCESSFUL RESTRUCTURING

19. According to a recent study by the International Labour Organization (ILO),
three motivating factors have been dominant in organizational restructuring:
(a) the need to cut costs; (b) a drive towards efficiency; and (c) reduction in
the role of the State. There is a tendency for discussions on these elements as
targets in themselves rather than the means to achieve other objectives. In the

private sector, the objectives are limited and easier to measure. But for the
public sector, objectives may not always be clearly established and
disagreements on priorities are frequent. Objectives may vary both between and
within countries. Recent analysis increasingly emphasizes the need to clarify
the major goals of government in establishing national objectives. The main
purpose of organizational restructuring should essentially be to transform the
State, making it vibrant, more efficient and less centralized, as well as to
instil into practice new forms of partnership between the State, the private
sector and, most importantly, the people.

20. The success of restructuring attempts depends upon several commitments.
First, a commitment to generating support from both the Government and the
public. Second, a commitment to addressing the strategic question of whether to
begin the exercise to cut cost and expenditure or to begin with specific
managerial improvements and allow reductions to emerge as a result of those
improvements or innovations. Third, a commitment to striking a balance in the
reform process. If it focuses too sharply on the existing structures of
government, it is very likely to ignore some of the most important targets for
change in the system. Fourth, a commitment to understanding that administrative
reform is a slow and difficult process. Reviews of World Bank loans for public
service reforms found that despite some successes, movement on institutional
reforms has been slow for several reasons, specifically: a weaker management
capacity than expected; rapid turnover of management and political leaders;
poorly executed and often expatriate-dominated technical assistance; inadequate
training of local staff; failure to install systems and routine procedures that
can be institutionalized over time; and failure to monitor, supervise or
evaluate reform programmes.

21. It is essential to launch a capacity-building programme in administrative
restructuring or reforms unit so that they can play a more meaningful role in
the light of the emerging priority areas of management modernization. In the
absence of a strong central unit to plan and monitor restructuring programmes,
private consulting firms have expanded their business without having meaningful
expertise for understanding unique managerial problems in specific contexts.

III. CIVIL SERVICE REFORM

A. Causes and consequences of a weak system

22. A weak civil service system has long been recognized as a major obstacle to
the sustainment of efficient market-led economies and the viability of poverty
alleviation programmes. Poor performance by civil servants impedes the
development of an enabling environment for the private sector and frustrates the
efficient delivery of important public services. The lack of a sufficiently
motivated staff, procedures that delay the attainment of programmatic goals, the
over-centralization of decision-making, the limited delegation of authority and
overstaffing are all factors that have historically contributed to poor economic
performances.

23. Most developing countries, through their direct involvement with a large
number of parastatals and their attempts to regulate numerous economic

activities, have taken on a role and scope that is simply beyond their means and ability to manage. Studies on implementation failures have led to demands for reform over the years. In this regard, the excessive role of the civil service and its weak performance culture are related. In taking on a multiplicity of tasks, both Governments and their bureaucracies are constantly overstretched. Most Governments find themselves supporting a low-paid, oversized and overextended bureaucracy through disproportionately large allocations of their general budgets. The civil service in most cases has too many decision layers, provoking countless delays in policy implementation and resulting in a substantial amount of unproductive work. It is also argued that the civil service does not hold itself accountable to the public but only to its superiors within the administration.

24. The causes of poor civil service performance can be attributed to its origin and growth. The established civil services in developing countries originated from colonial backgrounds in which they were basically designed to serve the colonial "masters"; they did not emphasize the notions of service to the people or service in support of development until they were pressurized to do so, particularly with the more recent emphasis on good governance and participative institutions.

25. In many situations, the management and operations of the civil service are dominated by the inherent practice of personal kinship or clan relationships of patronage and favouritism. Such practices include a tradition of concentrating power and decision-making at the very top, thus undermining both the responsibility and accountability of managers at lower levels. The highly bureaucratic nature of much of the civil service apparatus is further accentuated by outdated working procedures that threaten to paralyse management. The personnel management system in most cases has failed to adequately address such problems as discipline, inadequate procedures, lack of emphasis on performance and insufficient incentives for the bulk of civil service personnel. Because of such factors, many staff are trapped in positions where they must perform repetitive and unproductive tasks.

B. Attempts at reform and lessons learned

26. A number of issues urgently need attention within the civil service itself, including insufficient management of functions, poor policy planning and strategic thinking, delayed decision-making, and an absence of objective-oriented incentives and disciplinary sanctions.

27. Over the past two decades, countries have attempted to reform the civil service by the use and recommendations of special commissions. However, the reforms suggested by such commissions have seldom been implemented. It is of critical importance to create the necessary capacity - research, unimpeded access to information, the required tools and a strong commitment - to carry out civil service reform prior to commencement of the reform process; such capacity, however, is rare.

28. In developing countries in which structural adjustment programmes are under way, for example, considerable emphasis has been placed on civil service reform

to deal with cost containment, retrenchment, issues of improved performance and effective management of human resources. Most developing country experience with civil service reform has typically focused on reducing the size of its civil service and reforming the pay structure of the civil servants. Such down-sizings have generally been beneficial from a budgetary perspective, taking no longer than five years for savings to exceed initial costs. However, evidence has shown that in such cases the net savings from down-sizing can leave little margin for short-term pay improvements. As a result, rather than focusing on making up poor pay scales across the board, savings from down-sizing are best applied initially to remedying any necessary pay decompression by increasing the salaries of senior civil servants.

29. Another important lesson learned from countries' experience has been that, although cutting back on the size of the civil service is an important initiative, it has been all too easy to allow such achievements to be quickly eroded because of loose recruitment practices and the lack of a firm position-control mechanism. In several countries after down-sizing, a new parallel system of temporary employees was created for recruitment outside the arena of competitive selection.

30. The cost of retrenchment can also be a deterrent to successful down-sizing. Difficulties were experienced in some countries when the voluntary early retirement scheme with generous compensation packages could not be carried through because estimates of the funding requirements turned out to be too conservative. In several cases, such severance packages were supported indirectly through donor aid.

C. Sustaining reform

31. Although initiating civil service reform, especially in terms of down-sizing the civil service and modifying the pay scales, has been carried out successfully among developing countries, taking the reform onto a sustainable track is an entirely different issue. It is one that relatively few developing countries have been able to accomplish for two reasons. First, it is important to recognize the long-term nature of the process and the need for strong commitment from the key actors, namely the Government, including the Prime Minister, ministers and secretaries, and civil servants, as well as the private sector, citizens and donors. Second, such reforms not only take time but can eventually acquire an internal dynamic of their own provided that economic and social transformation is maintained. In such cases, reforms in the civil service are propelled by structural changes in the economy and society. Two signs of this are an emerging, emancipated private sector that expects changes in the functioning of government and a better educated population that increasingly expects social and other services to be delivered in a more efficient and timely manner.

32. A recent ILO study reported that loan-based cost-containment measures adopted under structural adjustment programmes have had mixed success. In a few countries, the number of staff declined dramatically, while in others either it took longer than expected to achieve reductions or early reductions were offset by subsequent expansion. By the early 1990s, however, down-sizing was becoming

both more widespread and more substantial. However, in some cases both fiscal
and efficiency impacts were less than had been expected. A report by the World
Bank in 1993 acknowledged that studies related to World Bank involvement in
civil service reform in Africa had not made a persuasive case in linking the
stability of public employment or pay with measurable improvements in the
effectiveness or efficiency of public administration.

33. Most civil service suffers from problems that the Governments concerned
will need to address in a phased programme dealing with both the urgent, short-
term problems and the long-term systemic issues. Such problems range from the
fundamental questions of what the role of the Government should be to matters
involving personnel management, the strengthening of civil service ministries
with policy development, the standard-setting and monitoring role of the
Government, the installation of a human resources management database, and in
many cases the revision of civil service acts and supporting legislation.

34. Making hard choices and setting priorities are critical in determining the
size and cost of civil service. If the Government intends to emphasize human
resource development by ensuring population control, primary health, primary
education, rural water supply, the protection of the environment, and rural
infrastructure programmes to provide increased employment opportunities in rural
areas and alleviate poverty, then certain segments of civil service may need
selective increases rather than cut-backs. Careful coordination between public
expenditure and civil service reform will be necessary to avoid actions leading
to contradictory outcomes.

D. The shortcomings of patronage and merit systems

35. There is considerable evidence that the merit concept in the career service
has been eroded by excessive political patronage, which is particularly marked
in the area of selection decisions and promotions. Major appointments, posting
and promotions have been based not on merit but on more subjective and patronage
considerations, thus lowering the quality of the service and discouraging
professionalism. Similarly, there are few incentives for good performance,
resulting in poor morale and motivation. Whereas, historically, senior
officials were career professionals with a broad background, they are now being
increasingly recruited in several countries from a variety of sources, including
the armed forces, the police and the ruling party.

36. The overall framework of a career service has been damaged by creating a
large number of cadres for almost every conceivable function of administration,
which has caused a problem of morale and performance standards in the civil
service. There are instances of excessive use of affirmative action, resulting
in poor competitive edge in the public service. There are also increasing
instances of consultancy staff being brought in through patronage and being
gradually absorbed in the civil service without the merit criteria.

37. The reform of the civil service must assume higher priority. Governments
must do more with fewer but better trained and better motivated staff. They
must function within a performance-oriented work culture so that all employees
are clear on what their priorities are, and be judged by their achievements in

meeting specific service delivery targets. Similarly, changes and modifications are required in managerial and behavioural patterns to bring them in line with new economic management responsibilities and people-centred development, as well as with customer orientation in service delivery. Indeed, the need to recruit, retain, develop and utilize professional cadres to conduct the core functions of government will become increasingly pressing as the role of the State is reduced. Sustaining adequate governmental services and programmes, including an effective security system for maintaining law and order, will greatly depend on human-resource planning for managing the civil service.

38. It is essential to review the basic current principles of a merit-based career service, including factors such as open competition, equal opportunity and objectivity, technical competence and job availability. Other basic features, such as freedom from political interference, also need reassessment because they are crucial to civil service professionalism.

39. At the entry level, the methods of recruitment are key factors in human resource management. Yet the selection process for middle and higher-level positions is ridden with major constraints. There are continuous shortages of qualified personnel; archaic methods of recruitment and selection are still practised; and unreliable tests and measurements are used to determine objectivity and validity. Selection tests that try to assess analytical and conceptual abilities are being questioned. Written tests are generally graded without the use of computers, which is causing difficulty in maintaining uniformity in scoring. There are also important issues regarding the syllabus and content of selection tests applicable to different professions and skills.

40. Only a few countries have taken advantage of the computer technology and information management available to improve their personnel management, one benefit of which would be the reduction of costs and the enhancement of the efficiency of recruitment, selection, promotion and grading systems.

E. Systems of staffing

41. Most public service staffing systems follow one of two broad patterns. The closed system has a hierarchical pattern and limited inter-class mobility, based on selective entry ensured by competitive examinations or conventional written tests and supplemented by an assessment of academic degrees and an interview or aural examination. In such a system, the service classification tends to group the civil service in broad service cadres, with an élite group who are generalists but not technical specialists occupying most policy and managerial positions. The classification plan in a closed system groups the services that are sufficiently alike with respect to compensation and other employment procedures. A major difficulty with this process is the frequent movement that it entails between different types of work, giving staff little opportunity or incentive to fully grasp the nuances of the job.

42. The open system makes increasing use of lateral entry into the civil service, decentralization, flexibility and the delegation of civil service management authority to agencies/departments. This system is gaining favour because it encourages market-oriented practices that stimulate the recruitment

of experienced persons in such critical areas as the scientific, managerial and technological fields. The service classification plan used in such a system also facilitates the establishment of uniform work standards for similar jobs, promotes equal pay for equal work and offers enhanced job performance evaluation methods.

IV. STRENGTHENING THE SYSTEM

43. Efforts have been made to strengthen the élite service by broadening the experience and managerial competency of officials through increased interdepartmental mobility and rotational policies to facilitate the movement of top administrative classes to the agencies. Both have attempted to diversify the composition of the élite service by encouraging recruitment beyond prestigious universities. Others have introduced a super pay scale for the top grades, with a separate career scheme for the senior cadre for top management grades. In the United Kingdom of Great Britain and Northern Ireland, executive positions are gradually shrinking. The senior staff of new executive agencies are largely recruited on fixed-term contracts and market-determined salaries. The central élite corps, on the other hand, continues to be dominated by the entrance of Oxford/Cambridge humanities or social science graduates.

44. In order to meet the need of higher-level management and policy development capacity, some countries are exploring the option of building on to the existing generalists élite service a senior executive service. The most frequently studied case is the United States senior executive service, which was established in 1979 with a core of about 8,000 positions and is administered by the Office of Personnel Management of the United States Government. Ninety per cent of the executives are career civil servants and about 10 per cent are political appointees. The service was established to improve the pay and status of senior officials; create a government-wide senior personnel system with enhanced opportunities for mobility, career development and management training; and reduce conflicts between political appointees and career officials. It is possible both to rise through the civil service ranks to executive service status or to enter laterally from outside government service.

45. The function of public service staffing, apart from its core of recruitment and placement through flexible personnel means, is increasingly being influenced by management considerations, such as corporate planning, performance incentives, the use of management information systems to plan and project human resource requirements, better client responsiveness and service delivery.

46. The most obvious reason for ineffective performance evaluation of public servants has been the absence of a proper job description system. Performance evaluation is often influenced by personal judgement, despite some major attempts to introduce objective and scientific criteria. It is necessary to design new approaches and systems of performance evaluation that are capable of reconciling as objectively as possible the assessment of performance and productivity with the principles of seniority.

47.   Some recent trends in performance evaluation and career development
emphasize new techniques for increasing participation and democratizing
personnel management, such as the practice of involving an individual staff
member in planning career development, which would include securing the staff
member's views on job enrichment, transfer, cross-posting and compensation in
order to form a basis for discussion and planning.

48.   Reward structures are central to performance motivation for civil servants.
In many countries, appropriate compensation for the public service has emerged
as a priority with many complicated influences. At one level, for example, the
problem is analysed in terms of the low rates of compensation in the public
sector relative to those in the private sector. In other cases, the issue has
generated industrial disputes over inequities in the levels of pay within the
same organization or functional area. Research shows this to cause not only
dissatisfaction among personnel but also the exodus from public service of
highly trained staff and the holding of multiple jobs by public functionaries.
There is a demanding need to study the problem of compensation in the total
context of the economy. The issue of appropriate systems of salary and
compensation is a highly complex one, since it includes questions of social
equity and the general income policies of a country.

49.   Rampant inflation in several countries has introduced new dilemmas with
respect to compensation to offset inflationary trends. On the other hand, any
increases might be considered inflationary and Governments are supposed to curb
inflation. Many countries have resorted to the use of cost-of-living index
adjustment.

50.   Some countries are introducing modifications in traditional classification
and pay systems that attempt to introduce flexibility in conditions in service
to more accurately reflect actual differentiation among posts and employees.
The increasingly popular practice of "broad-banding" is one such modification.
In a broad-banding system, recruits enter the service in a salary range rather
than at a fixed point. Increments are neither automatic nor fixed. Staff
members can therefore be rewarded in an equitable manner.

51.   Overall, it will be important to conduct regular reviews of public sector
salaries, including most living allowances and other allowances to ensure that
major imbalances do not exist between the salaries in the public and private
sectors. In addition, it is necessary to recognize the significance of
non-material incentives, such as improved interpersonal relations with
supervisors, challenge performance counselling, increased responsibility and
recognition for good performance.

52.   New issues have emerged regarding the rights and responsibilities of
personnel in the public services. Employees are demanding empowerment for
decision-making that relates to their working conditions, compensation and
benefits. Other demands include the right to unionize, to strike, to
participate in collective bargaining and to take part in politics. The trend
towards unionization has extended to middle management personnel who are seeking
career development planning, placement, promotions etc. The question of the
rights and responsibilities of public officials has joined other labour
relations questions in international forums.

53. The management of human resources has yet to receive as much attention as the management of other resources, in particular financial resources. Few countries attach a high priority to the establishment or support of a civil service commission or ministry of personnel (Japan is one of the few exceptions). This is partly because personnel management agencies have not made major contributions to policy decisions, since many of them do not have adequate policy development capacities or modern methods of utilizing human skills and their potentials in different organizational settings. The notoriously low status of personnel management or human resource management can be attributed to tradition-bound civil service systems. In most countries, it would appear that personnel management issues are treated in a routine administrative way rather than as proactive management concerns.

54. Responsibility for personnel matters, in most countries, is highly fragmented among three types of agencies: public or civil service commissions, establishments or central personnel offices, and departmental personnel offices. In addition, local government units and public enterprises typically have different personnel offices. Some countries do not even have a single civil service commission; instead, there are almost as many independent services as there are ministries, each with its own personnel agency, traditions and policies for recruitment, placement, promotion, career development and training. Such fragmentation has two dimensions: first, centralization versus decentralization of the personnel function, and second, the presence or absence of a corporate management strategy - to borrow a term from private enterprise - for giving overall direction to personnel matters in the light of the goals of the public service. This diffusion of responsibility often leads to inconsistency and limits the formulation and implementation of well-coordinated personnel policies throughout the public service.

V. MANAGEMENT TRAINING

55. Mounting evidence in developing countries indicates that the lack of qualified administrative and management personnel in the public service has been and still is a critical factor impeding the success of development programmes. To assist developing countries in addressing management training needs, the United Nations established the Programme in Public Administration and Finance more than four decades ago. The Programme was initially created in recognition of the need to train administrators and managers for the public service.

56. Despite necessary efforts taken to bring about effective training in the public service, the need for innovative and updated training seems to be increasing both in terms of quantity and of quality. Administrators and managers or executives in many developing countries, as well as their public organizations, have not been able to fully respond to the rapidly emerging and continuously changing demands of economic reform and people-centred development. Because of this, they have not been able to fully realize these changes and to acquire and use the required skills and knowledge.

57. Subsequently, three constraining factors have continued to hamper effectiveness of training: (a) lack of a national training policy, (b) lack of well-planned and structured training programmes based on clear and

well-identified assessed training needs, and (c) lack of competent training institutions and facilities.

58. Training policies or human resources development policies in many developing countries either do not exist or are poorly designed, stated and/or applied and monitored. Training programmes in many developing countries are designed and conducted without being guided by a policy and linked to real needs of target groups and/or their respective organizations. Training institutions continue to deliver programmes that have been inherited from the past or imported and used as they are, without being localized or adapted to the needs of the participants.

59. Training needs should be assessed based on clear criteria that link training to the responsibilities of the jobs, the levels and variety of target beneficiaries, and their career paths and development. Establishing responsibilities for training needs should be carried out through coordination and a professional approach in cooperation with the civil service commission (or its equivalents) and training institutions. In many cases, training needs are being identified in the absence of the training institutions necessary to translate them into training programmes and implement them. Therefore, training programmes should be based on training policy, human resources planning and rationalized public service personnel systems.

60. Direct involvement of United Nations assistance in the identification of training needs indicates that such needs could be classified under a number of training programme categories. Such programmes should be seen as tentative and financing should be considered only after they are examined against professionally assessed needs, taking into consideration the exact needs of the target participants and the circumstances of the relevant environment, including the correspondence between such programmes and the needs of the country.

A. Executive development

61. Knowledgeable observers and national authorities agree that a lack of competent career executives have been and will continue to be a major constraint to sustaining effective public administration systems. This concern is strongly and clearly evidenced in the numerous requests by Governments for relevant and effective technical assistance to address this impeding problem. Consequently, there has been growing recognition of the significant role that executive training and development can play in improving the performance of public administration systems.

62. Lessons learned from the experiences of the last four decades have led Governments in developing countries to conclude that the greatest contribution management development efforts can make to ensure the success of public administration systems is through the training and development of their executives. The quality and relevancy of performance of the public administration systems are closely tied to the quality and commitment of their executives. Despite this conception and the recognition of executives' role and development, there is considerable evidence that executive development

programmes have not become a normal practice; however, there is a growing trend in this direction.

63. Executive training and career development experts tend to agree that the following conditions affect the status and development of executives in many countries:

(a) A considerable number of countries still find difficulty in drawing a clear line defining executive positions along the career hierarchy of public personnel structures. Some Governments limit such positions to the ranks of permanent secretaries and/or under-secretaries and their immediate deputies. Others consider five to six levels in the hierarchy of personnel as executive positions. In some cases, executive positions overlap with positions at the middle and supervisory levels. Accordingly, some countries have established categories for executive positions that are labelled first category, leadership category or upper salary occupation group, etc.;

(b) In several countries, personnel in public administration are divided into administrative career and professional career classifications. This practice restricts the position of the permanent secretary or under-secretary to administrative career executives. At the same time, other countries restrict the position of permanent secretary or under-secretary to relevant professional personnel, mainly in the cases of ministries of public works, health, planning, agriculture and water;

(c) Appointment of executives in many developing countries may be closely tied to political and/or personal loyalties and affiliation. Moreover, individuals are appointed or promoted to executive positions even if they do not possess the proper qualifications. Furthermore, some countries appoint or promote technocrats who lack the administrative and managerial competence and experience that executive positions normally mandate;

(d) In a number of countries, training institutions are reluctant to design and conduct executive development programmes for top executives. Actual experience reveals that such institutions feel more comfortable in addressing the needs of middle and lower management cadres rather than executive ones. However, some of these institutions are not yet ready to build the image and the institutional credibility and capacity to start such executive programmes to interact with top echelon officials with confidence and competence. As a result, a number of government executives display a reluctance towards participating in such programmes, consistently demonstrating a preference for overseas programmes;

(e) Most of these executive development programmes are designed and conducted on an ad hoc basis. They are often delivered by visiting consultants or the donor community without being modified to meet the actual needs of the participants. Most of these programmes are short in duration and cover a wide range of executive issues. A weakness of this approach is that it restricts retention, making the recommendations difficult to incorporate into real work situations. However, there are some executive programmes that focus on one or two single significant issues. In both cases, these programmes are presented on a systematic basis that builds a solid foundation of executive knowledge and

skills. Organizers of such programmes may miss the point that executive needs cannot be attained on a one-time or ad hoc basis;

(f) Executive training programmes are not generally designed to be linked to the career advancement of the participants. However, some countries have succeeded in devising and conducting executive programmes with immediate linkages to their career progression in the hierarchy of the senior positions.

64. Clearly, developing countries must take urgent action if they wish to create well-qualified executive cadres in their public administration systems.

65. Experience in some developing countries indicates that proper intensified efforts to identify the training needs of various ranks of senior public officials would probably reveal the following skill-oriented training needs: strategic planning, policy analysis and management, goal setting management by objectives, entrepreneurial skills, public/private partnership, risk taking, crisis management, delegation, time management, negotiation skills, contracting, interpersonal relationships, human relations, writing cabinet papers, communications, personnel management, financial management, organizational skills, analytical skills, public service ethics, project management, report writing, research methodology, computers for quantitative skills, political sensitivity, team building, leadership, motivation, meeting skills, decision-making and problem solving, training for scientific and technical executives, politics and civil service, listening skills.

66. The following recommendations may achieve improved or desired results in addressing the above-mentioned needs:

(a) Establish a clear baseline for executive positions and a relevant hierarchy of executive cadre covering various levels of such positions up to the permanent secretary level;

(b) Devise and conduct a comprehensive human resource development survey covering those who hold executive positions and potential executives;

(c) Determine complete and lucid profiles of executives who have the proper qualifications for executive positions;

(d) Establish baseline standards for appointment in and/or promotion to various executive positions;

(e) Establish and/or strengthen a set of executive training and development programmes (conferences, seminars, workshops and courses) that correspond to the knowledge and skills required to effectively perform executive positions. Such programmes should be planned, designed, conducted and evaluated to meet various managerial and leadership needs of the targeted executives on an institutional and sustainable basis;

(f) Upgrade the abilities and skills of professional staff, and improve the training environment, training facilities and technology of training.

VI. NATIONAL MANAGEMENT TRAINING INSTITUTES

67. One phenomenon that has marked management development efforts in developing countries since the mid-1960s has been the establishment of numerous national institutes for management development and training (NMTI). 1/ A common primary objective of NMTIs is to enhance the administrative capacity of the public sector 2/ by providing public officials with appropriate knowledge and the skills required to strengthen their abilities to meet programme standards.

68. NMTIs are now well established as the principal national agents of change with respect to management training. They provide the core management training programmes that address the needs of public officials in developing countries. Indeed, in many cases they have broadened their mandates to include management research and consulting. Based on past experience, a number of NMTIs have already upgraded their image, institutional capabilities and actions to effectively meet the expectations of their users, mainly the public sector; in fact, they have been so successful in addressing a variety of needs of various levels of public officials that many of them have expanded their activities to reach out to the private sector. NMTIs have become the leading organizations and instruments of change that national development requires, through not only their delivery of training programmes but also their total involvement in the strategies of administrative development in their respective countries. A current trend in many developing countries is to build or redirect their NMTIs to meet the demands of the private sector and also to generate their own financial resources through charging fees to users of their services.

69. However, some NMTIs have fallen short of expectations, despite measurable improvements of the capabilities of public sectors in their respective countries. Many of them have failed to effectively introduce behavioral skills and new management trends, and have been unable to adapt new structures and systems or to find new and adaptable means to update their capabilities for promoting management development and training. In addition, these NMTIs have not realized many of the requirements needed for the development and sustainability of institutional capabilities.

70. The collective experience of many NMTIs indicate that while some NMTIs conduct a considerable number of diverse management training programmes, others have the capacity to offer only a few. In general, the range and diversity of the current training programmes that are offered by NMTIs can be categorized as follows:

     (a) Core general management training programmes: basic middle management programme; basic supervisory management programme;

     (b) Core management training programmes: these programmes are designed to address the needs of particular groups of public employees who pursue career paths and assume important managerial responsibilities as part of their overall duties. They include management programmes for regional and local administration officer; diplomatic training programmes; and management training programmes in the areas of customs, taxation, immigration, land surveying, education, agriculture, public works, transport, telecommunication, defense and security;

(c) <u>Core management functional training programmes</u>: these programmes are designed to address the needs of particular groups of public employees who assume responsibilities for carrying out specialized management functions. They include public personnel management programmes; government accounting programmes; government budgeting system programmes; systems analysis and information technology programmes; and organizational and job analysis programmes;

(d) <u>Core induction management training programme</u>: this programme is sustainable and is essential for all university graduates who enter the civil service in the public sector;

(e) <u>Individual training programmes</u>: these programmes may deal with one or more management themes or topics aiming at addressing specific need(s) of particular and/or cross-sector target groups of employees in the public sector. They include policy analysis; strategic management and planning; management by objectives; management of changes; negotiation; communication; managing organizational resources; cost accounting; supply management and government contracting; maintenance management; project management and evaluation; and special training programmes specifically designed to address the needs of particular public ministries and departments, such as tourism or customs.

71. As is the case in any organizational or programme development, there are always factors that tend to impede progress. In the institutional development of NMTIs, three influences tend to obstruct progress, as described below.

72. First, there is a lack of organizational agility and innovative management practices to enable NMTIs to control their own resources and facilities and run their activities in a flexible way. Second, there is an acute shortage in the quantity and quality of professional staff, and an inability of NMTIs to attract, retain and develop much needed competent trainers. Third, there is a lack of adequate financial resources, physical facilities, audiovisual training, information resources and the other necessary aids and facilities that ensure a comfortable modern training environment to enhance the effectiveness of the training process.

73. Given the above-mentioned constraints, the time seems right for concerned authorities in developing countries as well as in Central and East Europe and the countries of the former USSR to examine the present state of affairs of NMTIs, particularly their institutional elements, ranging from national management training policy to administration staff and support services resources.

74. The present discussion suggests that authorities in developing countries should carefully and thoughtfully match the availability of institutional elements with the role and mandates of the different types of NMTIs, particularly with respect to management training, management research and consulting.

75. Given the current situation of NMTIs, it is recommended that the following components be examined and improved:

(a) National management training policy in the public sector and/or training policies of NMTIs;

(b) Organizing and management of NMTIs:

(i) Organization, affiliation and linkages;

(ii) Policy and decision-making bodies;

(iii) Management leadership of the institutes;

(iv) Major internal management systems;

(v) Constraints;

(c) Training programmes:

(i) Management training plans for various levels of public officials;

(ii) Assessment of training needs;

(iii) Curriculum design of training programmes;

(iv) Preparation and organizing training programmes;

(v) Conduct of training programmes, with emphasis on training methods;

(vi) Evaluation and follow-up of training programmes;

(d) Research and consultancy services;

(e) Training, research and consultancy services for the private sector;

(f) Training resources development:

(i) Professional training staff resources: trainers, researchers and consultants; recruitment of training personnel; career paths and salary comparison with civil services, universities and public enterprises; development of trainers (in-country and abroad);

(ii) Training equipment (hard technology resources): audiovisual training equipment, including multi-media and computer use for training; other equipment (copying machines, fax computers etc.);

(iii) Information resources: training materials; books and periodicals; others;

(iv) Financial resources: budget; sources of income;

   (v) Physical resources: building (training rooms, station, library,
        cafeteria etc.);

   (vi) Administrative staff and support services resources.

76. In order to ensure their effectiveness in meeting the actual needs of
target personnel in the public sector and private sector, improve the quantity
and quality of their programmes, and enhance their growing role as a key
instrument in management development in developing countries and in the
countries with economies in transition, the time is right to examine the
institutional capacities of NMTIs.

                         VII. CONCLUSIONS

77. Effective management of public-sector human resources depends on the status
of the personnel function in government. Fragmentation in personnel decisions
must be avoided and corporate management capacities strengthened, both in
centralized and decentralized personnel systems. The process of strengthening
must begin with improvements in policy and management capacities in central
personnel offices.

78. The future of the civil service will be marked by increasing complexity,
increasing programme requirements and occupational demands, and an increasing
number of problems that demand solutions. In meeting future requirements, a
public commitment to ensuring that merit standards are the central policy theme
in government will not be enough: the elements of merit must be re-evaluated
and redefined through a more critical consideration of the true impact of that
standard in both operational and human terms. The basic need must be for the
most effective performance of public programmes in terms of skill, competence,
efficiency and service to the people. The merit employment process must be so
devised that it attracts and selects from the entire society, with no exclusions
whatsoever, those best qualified and motivated for the performance of the public
work at hand.

79. Finally, it should be a priority for all countries to establish basic
management training programmes to ensure that efficient and productive
administrative systems are not only fostered but maintained, while leadership
programmes that suit the process of transition of the professional personnel who
will assume executive positions should also be developed and promoted.

                              Notes

     1/   The institutes have been established under a number of titles, such as
Institute of Public Administration and Management, Institute of Management,
Staff College, Government Training Centre, Civil Service Training Institute,
Department/Division of Training, Ecole Nationale d'Administration; to avoid any
unnecessary confusion, the present paper employs the acronym NMTI.

     2/   Including civil service and public enterprises and corporations.