Earlier chapters have proposed various measures for improving the performance of the public sector. Success in implementing these measures is largely determined by a government’s ability to staff and manage its public service. That in turn depends partly on attractive salaries and career prospects in the public service and partly on political leaders’ being committed to high standards of performance and integrity. Even then, public servants often have to work through and with institutions that have been established only recently—and in conditions that may not be conducive to efficiency. In many developing countries, public servants have a more challenging task than their counterparts in developed countries.

This chapter is divided into three sections. The first traces the growth of public employment and the skill shortages faced by the public service; the second, the role of training in overcoming them; and the third identifies improvements needed in personnel management. A concluding note stresses the importance of cultural and political factors in reforming a country’s management practices. The chapter has three main findings:

- Public employment in developing countries has grown rapidly in recent years in response to the demand for improved public services. But often there is overstaffing at lower levels, accompanied by shortages of professional and technical staff. These shortages are exacerbated by the “brain drain.”

- Public service training needs to be made more relevant to the demands of the job. This requires forging closer links between trainers and trainees and between training and career development, as well as developing local training materials and programs.

- A strong civil service requires a personnel office that actively manages rather than passively administers personnel policies. Strengthening personnel management demands, above all, improving the management capabilities of personnel offices and giving them the status they need to carry out policy reforms. Other policy measures include establishing career schemes for occupational groups, instituting an effective system of performance evaluation, and avoiding big salary differentials between the private sector and the civil service.

### Availability and distribution of skills

The labor force in developing countries is expected to grow by 588 million people between now and the year 2000. Finding productive work for them, and for the millions who are already unemployed or underemployed, is a fundamental challenge of development. Although developing countries have made remarkable progress in education and training, most still have large reserves of unskilled labor alongside severe shortages of skilled people. This imbalance is most acute in the public sector, which provides a high percentage of modern sector employment. Governments are under strong political and social pressure to employ more people, while facing strong competition from the private sector for technical and professional staff.

### Growth in public employment

Recent data for about seventy-five countries show that as countries grow richer public employment increases on a per capita basis but declines as a share of nonagricultural employment. The industrial market economies have about twice as many public employees per 1,000 people as the developing countries, but public employment in developing countries has grown three to four times faster in recent years (see Box 10.1). This often makes the state the dominant employer, particularly of professional and technical personnel. In Kenya, for example, a 1976 study revealed that roughly 70 percent of these people were employed by the government.

This rapid growth partly reflects the demand for more public services. For example, the number of primary school pupils in developing countries in-
Box 10.1  Trends in public service employment

According to recent ILO data from a sample of countries, public service employment in some developing countries increased three to four times faster than in developed countries in the mid- and late 1970s and two to three times faster than the population at large. In most cases this was to be expected, given the small public service with which many developing countries started at independence. While public employment fell in some developed countries (such as Canada and the United Kingdom) between 1976 and 1980, it increased in all the developing countries surveyed.

In industrial countries the share of public employment in total employment has risen gradually, from 12 percent in 1960 to 18 percent in 1979. On a per capita basis, these countries now have more than twice the number of government employees as the developing countries.

This disparity is largely explained by agriculture's high share of the labor force in developing countries (more than 70 percent in low-income economies and 40 to 45 percent in middle-income economies, compared with barely 5 percent in industrial market economies); and agriculture is almost entirely in the private sector. A different picture emerges when agriculture is excluded. In a sample of twenty-eight developing countries, an average of 27 percent of salaried jobs in the nonagricultural sectors were in government, compared with 20 percent in industrial countries. In India the rate was as high as 54 percent; followed by Liberia, 53 percent; Benin, 50 percent; and Tanzania, 46 percent. In developed countries the ratio ranged from a low of 9 percent in Japan to a high of 30 percent in Sweden.

Grouped by different levels of government, the figures show that state and local government account for 60 percent of total government employment in industrial countries compared with 14 percent in developing countries. In the African countries surveyed, less than 7 percent of government employment is at the local level.

The pie chart compares unweighted averages for sixteen industrial countries with those for twenty-eight developing countries. The developing countries are grouped by region in the table. The data for this figure and the one below are based on the findings of a survey conducted in 1982 by the IMF; they cover the period between the late 1970s and the early 1980s.

<table>
<thead>
<tr>
<th>Share of government in nonagricultural employment</th>
<th>Developing countries</th>
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<tbody>
<tr>
<td></td>
<td>Africa</td>
</tr>
<tr>
<td>Central government</td>
<td>30.8</td>
</tr>
<tr>
<td>Local government</td>
<td>2.1</td>
</tr>
<tr>
<td>Total government</td>
<td>32.9</td>
</tr>
</tbody>
</table>

The bars compare unweighted averages for sixteen industrial countries with those for thirty-one developing countries. The developing countries are grouped by region in the table.
creased from about 117 million in 1960 to more than 236 million in 1975, requiring a proportional growth in the number of teachers. Another principal reason for the rapid growth in public employment is the understandable desire of governments to improve tribal, ethnic, or regional representation, or to use public payrolls as a means for combating unemployment. The governments of such countries as Egypt, Ivory Coast, Mali, Mauritius, and Sri Lanka have at various times explicitly acted as “employer of last resort,” particularly of university graduates. In Egypt, according to an ILO estimate, overstaffing was almost 42 percent of total civil service employment in 1976. A consultant’s recent study of two ministries in a West African country classified as redundant 6,000 out of 6,800 headquarters’ staff. In some oil-producing countries, governments have hired extra staff as a way of distributing oil revenues.

A clear distinction must be drawn between manning the public service with competent staff and using it to tackle unemployment. For the latter, temporary public works (or food-for-work) programs are cheaper and more effective than indiscriminate increases in public employment. Overstaffing imposes a financial burden on the state, undermines morale, and obstructs efficient management. Several countries have therefore started to reduce the number of staff members, in part prompted by recession and fiscal stringency. Among industrial countries, the Federal Republic of Germany, United States, Japan, United Kingdom, and Canada have recently trimmed or curtailed the growth of their public service. Among developing countries, Turkey’s government stopped hiring in 1980 and has since maintained strict control over staff. In Yugoslavia the government is encouraging older federal officials to retire early, and Egypt is trying to limit the growth of staff at lower levels.

Skill shortages

In most developing countries, overstaffing at lower grades coexists with severe shortages of senior professional and technical people—shortages that can often be made good only by employing expatriates. More than half the technical assistance received by developing countries is used to finance expatriates, while much of the rest goes for the overseas training of developing country nationals (see Box 10.2). This imbalance of skills is particularly severe in African countries: at independence, more than three quarters of the jobs for university graduates were held by expatriates. Since then this ratio has been steadily reduced.

While skill shortages are hard to quantify, the World Bank finds that two-thirds of its borrowing countries face serious difficulties in filling certain posts in the public sector, particularly for engineers, managers, accountants, economists, and doctors. These difficulties are compounded by a tendency for the more experienced staff to quit the public service in search of better jobs. In about half the countries, the outflow from government is mostly toward employment abroad; in the other half, mostly toward the domestic private sector. Vacancy rates derived from manpower surveys also provide partial evidence of shortages. A 1977 survey in Nigeria, for example, found a 22 percent vacancy rate for modern sector occupations; rates for scientists, secondary school teachers, and other professionals all exceeded 40 percent.

Shortages are most severe in local government. In Nigeria a third of the primary school teachers possessed no qualifications beyond a primary school leaving certificate and most worked in rural areas. This bias extends to technical assistance personnel. For understandable reasons, rural institutions everywhere find it hard to lure staff away from the attractions of urban life.

In many developing countries, skill shortages in the public service are as much qualitative as quantitative. This stems from the uneven quality of secondary and higher education in most developing countries, the strong demand from the private sector for good graduates, and the fact that government salaries are too low to attract or retain enough capable individuals. All these problems are made worse by emigration. **The brain drain**

For many developing countries the export of labor and skills makes an important contribution to their balance of payments. But, given the shortage of professional and technical people in many developing countries, their emigration often has serious consequences for development management. The brain drain has some harmful effects even in the few instances in which there appears to be a relative abundance of skilled people (such as doctors and engineers in urban India), since emigrants are then replaced by people who might otherwise have worked in rural areas. Some countries undoubtedly benefit substantially from their emigrants, whose remittances more than offset the cost of their education. For most developing countries,
Box 10.2 Technical cooperation in development

Between one-fifth and one-quarter of official aid flows goes to financing technical cooperation for the purpose of transferring knowledge and skills to developing countries. Although the figures are not complete, they suggest that total disbursements of technical assistance in 1981 were some $7-8 billion, mostly in the form of grants. More than half ($4.6 billion) was provided by OECD countries on a bilateral basis, most of the rest by the UNDP, $730 million; other UN agencies, $540 million; and the World Bank, $510 million. The International Monetary Fund (IMF) and the regional banks were also important sources of official technical cooperation for the purpose of financing training and other technical assistance. Other big recipients were Bangladesh, Brazil, Egypt, India, Indonesia, Morocco, Peru, Philippines, and Thailand. Saudi Arabia and other Middle Eastern oil exporters obtain considerable amounts of (reimbursable) technical assistance from a variety of sources, including the World Bank.

More than half the recorded spending on technical cooperation is used to finance expatriate staff. Overseas training of developing-country nationals accounts for about one-tenth of the total outlays of both OECD countries and the UNDP; OECD countries provide roughly 110,000 fellowships a year and the UNDP, 10,000. Technical cooperation aid is also used to provide equipment (particularly in the early years) design and feasibility studies, economic and social surveys, and research.

In recent years there has been a steady growth of technical cooperation between developing countries (TCDC). Of the 10,000 experts serving in the field in 1981 under programs financed by the UNDP, 37 percent came from developing countries compared with fewer than 25 percent in the early 1970s. The UNDP can now use up to 10 percent of its funds for TCDC. Bilateral technical assistance is still mostly tied—provided by people or organizations in the donor country—but some donors such as Sweden are financing training and other technical assistance from third countries.

Technical assistance from DAC countries, 1981

(millions of dollars)

<table>
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<tr>
<th>Recipients</th>
<th>Donors</th>
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<td></td>
<td>Germany, Fed. Rep.</td>
</tr>
<tr>
<td>Europe</td>
<td>France</td>
</tr>
<tr>
<td>Africa north of Sahara of which</td>
<td>Egypt</td>
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<td>Morocco</td>
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<td>Africa south of Sahara of which</td>
<td>Kenya</td>
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<td></td>
<td>Tanzania</td>
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<td></td>
<td>Zaire</td>
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<td>North and Central America</td>
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<td></td>
<td>South America</td>
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<td>Middle East</td>
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<td></td>
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<td>Far East</td>
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<td>Oceania</td>
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<td>Unspecified</td>
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<td></td>
<td>Total</td>
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</tbody>
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a. Excluding French assistance of $687 million to its overseas territories.

Source: DAC Secretariat.
however, emigration faces them with the difficult (and usually urgent) task of finding replacements (see Box 10.3).

Small countries tend to be hardest hit by shortages of trained manpower, but the impact can be serious even for relatively large countries. A recent study of the Philippines estimates that, with present enrollment rates and no emigration, it will take the country about sixteen years to produce the physicians it needs. But if the present emigration rate among physicians continues, twenty-six years will be needed. A World Bank study of migration in the Middle East reached similar conclusions: in 1975 the number of trained people leaving nine Arab countries to work in neighboring oil-producing countries constituted 13 percent of the home countries' professional and technical manpower. If present trends continue to 1985, more than two-thirds of Sudanese professional and technical workers are likely to be employed elsewhere in the Middle East.

The nature of the brain drain varies from country to country. When emigration of skilled people is balanced by a flow of more experienced returning migrants and trained expatriates, no serious problems arise. If the underlying cause of emigration is political, a change in the political climate may encourage migrants to return. If the brain drain is caused by the pull of higher salaries, however, reversing it is costly and should only be attempted on a selective basis. The Sri Lankan government, for example, launched a program in 1979 to encourage professionals to stay or return home by revising its pension system, easing exchange controls so that people could finance the education of their children abroad, and making it possible for senior staff to return at appropriate levels in the public service. Guaranteeing jobs for those who might return and recruiting abroad for important public service positions have also been effective measures. In the 1970s, with a similar approach, the Republic of Korea was successful in attracting back Korean scientists trained abroad.

Other steps can also be taken to slow the brain drain, though some may compromise basic human rights. A survey of developing country students in Canada, France, and the United States showed that they were much more likely to return home if they signed a pledge or deposited a money bond before their departure. Some countries have imposed heavy emigration taxes and passport fees on trained people to discourage them from leav-

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**Box 10.3 Brain drain: who gains?**

No comprehensive estimate of the size of the brain drain is available, though it is undoubtedly very large. Most studies focus on a single country of destination and examine its gains against the losses suffered by the countries from which people emigrated. Less attention has been given to the foreign exchange earnings from remittances, and almost none at all to the enhanced incomes enjoyed by the migrants.

One study by the United States government estimated that the United States saved $883 million in 1972 in educational costs, against a loss suffered by the developing countries of $320 million—the amount spent on educating these immigrants. According to a Canadian study, the replacement costs of the human capital transferred to Canada during 1967–73 ranged from C$1.0 billion to C$2.4 billion at 1968 prices—roughly ten times greater than the value of Canada's spending on aid for education and technical assistance during the same period.

A third study, conducted by UNCTAD in 1975, puts the income gains of Canada, the United Kingdom, and the United States in 1961–72 at 544 billion more than the income lost by the developing countries. The imputed capital value of skilled migration in 1961–72 as a percent of official aid during the same period is reported to be 272 percent for Canada, 56 percent for the United Kingdom, and 50 percent for the United States.

The balance of these figures changes when migrants' remittances are included. A recent World Bank study of thirty-two labor-exporting developing countries shows that these countries recorded remittances of about $23 billion in 1978, equivalent to about 10 percent of the value of their exports of goods and services. Within this total, the share contributed by professional and technical people is not known, although there is some evidence for a few individual countries. While professional and technical workers constituted only 4 percent of Pakistani emigrants to the Middle East in 1979, they earned about 17 percent of total emigrant income and their per capita remittances averaged $4,500 a year—more than twice that of unskilled workers. Professionally trained Bangladeshis returned even more—those working in the Middle East in 1978 sent home about 60 percent of their salaries, an average of about $9,800 each at 1979 prices.

None of these calculations take into account the losses in output that may be suffered by the exporting country as a result of its losing skilled technicians and managers. There are several well-documented examples—Guyana's bauxite and electric utility institutions and Turkey's electricity, coal, and petroleum authorities—of just how serious such losses can be.
Box 10.4  High returns to secondary education

The 1980 World Development Report described how even limited education can raise the productivity and incomes of poor people. A new World Bank study of 4,000 primary and secondary school graduates in Kenya and Tanzania compared workers' wages with the number of years they had spent in school (their credentials) and their literacy and numeracy skills. The study concluded that skills accounted for almost 50 percent more of increased earnings than did credentials.

Although, on average, secondary education equipped students with better skills and, as a result, they earned more than those with only primary education, the study showed that, in both countries, primary school graduates with strong literacy and numeracy skills earned appreciably more than secondary graduates with weak skills. Thus, Kenyan primary graduates scoring in the top 10 percent of the skills tests earned an average of 1,109 Kenyan shillings a month compared with 864 shillings for the bottom 10 percent of secondary graduates. In Tanzania the most skilled primary graduates averaged 747 Tanzanian shillings a month; the lowest scoring secondary graduates, 681 shillings.

The findings applied equally to blue- and white-collar occupations, since the returns to skills achievement were just as high in nonmanual occupations. For technicians, machinists, and fork-lift drivers, as much as for accountants, clerks, and secretaries, basic literacy and numeracy skills apparently increased their productivity enough for employers to pay more for their services. In sum, secondary education paid in both countries, particularly for students who learned their lessons well.

The study has important economic implications for Kenya and Tanzania. Two decades ago both countries had similar secondary school enrollments and total population. By 1978 secondary enrollment was 350,000 in Kenya but only 60,000 in Tanzania. Because of this difference in enrollments, Kenya's labor force is more skilled than Tanzania's. The difference in skill, in turn, contributed to differences in the growth of wages, labor productivity, and output. Average wages, which fifteen years ago were roughly equal in both countries, are now nearly twice as high in Kenya. Tanzania's policy of moderating wage differentials accounts for some of the difference in earnings between the two countries; but Kenya's greater abundance of skills acquired in school accounts for as much as a third of that difference.

ing. Developed countries can aid these efforts by enforcing visa rules for certain categories of temporary immigrants (for example, "exchange visitors" to the United States) that require visitors to leave on completion of their studies.

While a slowing of the brain drain can make it easier for the public service to retain its staff, it will still face competition from the domestic private sector. In some Asian countries, where lifetime employment in one organization is the norm, labor mobility is low. But in several Middle Eastern countries, many university graduates start their careers in the public sector and later move to the private sector. In such countries as Kenya and Nigeria, where graduates are scarce and private businesses have grown rapidly, the public sector is continually faced with the danger of losing its senior staff.

Governments are in constant competition with the private sector for competent staff. Care must be taken to balance the needs of the public and private sectors. Highly successful government recruitment may risk choking off the supply of skills to the private sector. The long-run solution to this problem lies in producing more skills of all kinds—which means increasing the responsiveness of the formal educational system to trends in the labor market. Recent research confirms the strong association between education and economic growth noted in World Development Report 1980 (see Box 10.4). But the immediate shortages remain and can be met partly through job-related training and more imaginative personnel policies.

Public service training

Training is widely advocated but often poorly executed. Before 1950 most developing countries had only limited training facilities. Over the next thirty years, aid donors directed large quantities of aid to training public officials in developing countries and to building training institutions inside and outside governments:

- Five regional and intergovernmental training institutions have been established in Africa, Asia, and Latin America—three under UN auspices—to support public service training.
- The United Nations, the United States government, and the Ford Foundation are estimated to have spent roughly $250 million in support of institutions for training in public administration alone during 1951–62.
- The industrial market economies are currently granting $500–600 million a year for training of developing country nationals, including the award of roughly 110,000 overseas fellowships.
Training schemes financed by the UN Development Programme in 1981 amounted to more than $70 million, including the award of 11,500 overseas fellowships to developing-country nationals.

World Bank spending on project-related training increased from $38 million in 1976 to $187 million in 1981.

According to a survey by the International Association of Schools and Institutes of Administration, there were 276 government institutions, university departments, and independent institutes providing public administration and management training in 91 developing countries in 1980. This is four times the number listed in a United Nations report for 1960. In Malaysia the number of people attending courses at such institutes increased from 1,000 in 1960 to 9,000 in 1980. For the Indian central government, the corresponding expansion has been from 1,500 to 7,000. In the Philippines nearly 20,000 officials participated in a special program for middle-ranking administrators in the five years after it was inaugurated in 1972. These are examples of a general trend in all developing countries.

Coverage and gaps

Despite its growth, training still receives less emphasis in developing countries than in public sector organizations in industrialized countries, or private enterprises, or multinational corporations. The US and Japanese governments, for instance, offer training opportunities to nearly a quarter of their employees every year. All IBM managers get at least forty hours of mandatory training a year, and Siemens and Unilever annually spend the equivalent of 5 percent of their payrolls on training. By contrast, most developing countries spend much less (the Indian central government spent roughly 0.5 percent in 1968). In Malaysia, which puts greater emphasis on training than do most developing countries, only 4 percent of federal and state employees received some form of training in 1978. In India only one senior civil servant in five is likely to have some in-service training during his entire career; in Turkey only one in seven has received any instruction in public administration. Local government officials typically fare even worse. Though they account for 20 to 30 percent of all government employees, only 10 to 15 percent of total government budget for training is allocated to them.

A dominant characteristic of public service training in most developing countries is its concentration on pre-entry and immediate post-entry courses for administrative elites, to the neglect of in-service training and the needs of lower-level staff. In India, Malaysia, Pakistan, and the Philippines, among others, new entrants to the senior administrative ranks go on courses lasting from nine months to two years. Several francophone countries in Africa have followed the French national administration schools in offering two-year pre-entry training courses for top civil servants.

The few reliable studies of training in developing countries show that the quality of most public service training is low. This is primarily because it is usually treated as a discrete event, rather than as one element in a comprehensive program of organizational improvement. Too often, little effort has been made to adapt training programs borrowed from abroad or to generate indigenous ones. As a result, most programs are classroom-based and tend to teach the skills that trainers know rather than building upon the knowledge that trainees already possess. Many programs rely on stylized examples rather than on trying to solve real problems. And few offer rotational assignments that are tied to a training and career development plan, and that attempt to broaden civil servants’ outlooks and help them develop their skills in different jobs and organizations.

Policy improvements

The weaknesses of training can be tackled in four interrelated ways:

- The use of training policies and plans. A recent review of training in developing countries shows that most have no policies and plans for public service training, although some (such as India, Kenya, Malaysia, Philippines, and Zimbabwe) have made notable attempts to fill this vacuum. Plans should specify the nature and purpose of training for different categories of personnel, and should be based on a systematic assessment of training needs and the effectiveness of past programs. The experience of the World Bank’s Economic Development Institute in Niger, Tunisia, and other countries shows how important it is to judge training by its relevance to the actual problems facing the public service. Field-testing can therefore be valuable: one such test, conducted in Zambia in 1974 by the African Center for Administrative Training and Research for Development, showed that the training curriculum designed by the headquarters staff dealt with less than 30 percent of the subjects in which rural proj-
consultancy, so helping to forge close links with
have integrated their training with research and
ning and implementing their own strategies; they
 futures in common. They enjoy autonomy in plan-
ting (INCAE) in Nicaragua—have several fea-
tures in common. They enjoy autonomy in plan-
ing and implementing their own strategies; they
 have themselves some lessons to offer in getting the
most out of their facilities. The best of them—such
as the Indian Institute of Management, Ahmeda-
bad (IIMA), the Asian Institute of Management in
the Philippines (AIM), Malaysia’s National Insti-
tute of Public Administration (INTAN), and the
Central American Institute of Business Adminis-
tration (INCAE) in Nicaragua—have several fea-
tures in common. They enjoy autonomy in planning
and implementing their own strategies; they
have integrated their training with research and
consultancy, so helping to forge close links with
their clients; and they have benefited from stable
leadership. Many of these qualities are embodied
in INTAN in Malaysia (see Box 10.5).
• Stronger links between training and career de-
velopment. If training improves the skills required
for career advancement, trainees will be encour-
aged to take it seriously. But if promotion policies
and staff reports make no reference to training,
public servants will know that it is dispensable.
Governments also need to pay attention to the
career prospects of the trainers themselves. In most
countries, civil service training bodies (unlike their
military counterparts) lack status, and instructors
have few opportunities for career development.
There are several ways of correcting this bias. A
senior civil servant of recognized merit can be
brought in to head the training organization.
Overseas assignments and consultancy opportu-
nities can be given to successful instructors. After
a period in training institutions, staff can be given
regular civil service jobs, which would bring them
more closely in touch with operational work and
stimulate new ideas for training.
• More international cooperation on training.
Regional institutes and international agencies can
help satisfy the need for specialized kinds of training. The UN Development Administration Division and the ILO have concentrated on doing this. Assistance in training instructors can be valuable, especially for small developing countries that may not be able to afford their own schemes. Aid donors can also involve local training institutions with project-related training activities; and they can do more in support of research and development in public management training, especially if it is adapted to the needs of particular countries (see Box 10.6).

**Personnel policies and management**

In most governments, personnel departments play a relatively passive (sometimes even negative) role, administering an ingrained system of rules rather than developing policies for improving public sector management. In addition to planning and overseeing public service training, a more positive approach would include:

- Building effective career-development systems
- Improving public sector pay and conditions
- Linking incentives more closely to performance
- Better management of expatriates.

To institute such a program, the status of the personnel function in government should be raised and the managerial capacity of the personnel offices should be strengthened. This requires a sustained effort, as Bangladesh’s experience has demonstrated (see Box 10.7).

In a number of countries responsibility for personnel matters is widely diffused. In such cases it is difficult to talk of a single civil service; almost every ministry has its own personnel department and policies for staff recruitment, promotion, and training. Although some governments have created centralized personnel agencies, much more can be done to streamline their operations and give them the status, resources, and authority they need to be effective. At the local government level, improvements in personnel management often require either horizontal integration of personnel systems with other local authorities or vertical integration with the national government structure.
Strengthening of management and policy analysis capabilities of personnel offices requires competent specialists. Although training of existing staff can help, improving the status and career prospects of personnel specialists is needed. In addition, administrators of line agencies can usefully be seconded to personnel offices to expand their awareness and commitment to personnel policies, as well as to keep the personnel office in close touch with client departments. Such exchanges are likely to generate an increased demand for better personnel management from the line managers responsible for implementing personnel policies.

The installation of efficient information systems is also badly needed. In many countries personnel records are maintained manually, are updated infrequently, and are too cumbersome for the aggregate analysis needed for formulating policies, determining staffing and training requirements, and monitoring policy implementation. As discussed in Chapter 7, recent advances in microcomputers provide new and relatively cheap opportunities for installing systems for quick and accurate information storage, retrieval, and processing. Most developed countries have computerized personnel information systems and several developing countries are setting up systems for analyzing personnel-related data, and for making comparisons across departments and organizations. Such systems are essential for carrying out manpower planning for the public sector and for assessing staffing and training needs more accurately.

**Career development**

Motivation and training will both be helped if public servants have a clear idea of their career paths and of how promotion depends on achievement. For general administration, many developing countries have adopted the British or French models of a career civil service recruited by competitive examination, divided horizontally into classes, and generally closed to experienced outsiders. More open and diversified systems based on American practice are usually to be found in Latin America. About half the developing countries have established separate career paths for specialists, most commonly for accountants and tax administrators. A system that allows staff to move between the public and private sectors has obvious advantages, since it encourages new ideas and firsthand experience of managerial techniques.
Frequent shuffling of civil servants can be harmful, however. In more than a third of the developing countries, principal economic decisionmakers—the secretary of finance, national planning director, and central bank governor—have each been changed three or more times during the past five years. This problem is not limited to senior staff: in one developing country, the commercial, technical, financial, and administrative managers of the national railways were changed four to six times each during a three-year period. In another country, the top staff in a population field project were changed at least three times in five years.

Rapid and unplanned promotions are also a major problem. Some governments have promoted young and inexperienced civil servants into the upper grades, primarily to fill new posts arising from the growth of the public service, or to take over from expatriates. Changes of government can also cause disruptive growth: in Turkey, for example, the number of senior civil servants increased by 146 percent between 1976 and 1978, a period of frequent political changes, compared with an increase of 23 percent for lower grades.

Japan and France have dealt with promotion bottlenecks by moving some civil servants in their fifties out of administrative jobs to staff or advisory posts. Last year China decided to ease bottlenecks by introducing a standard retirement age—sixty for department directors and vice-ministers, sixty-five for ministers. Such measures are particularly relevant when there are no serious shortages of skilled people, and young professionals need to feel that their paths are not blocked for years on end.

**Salaries and conditions**

To join the public service and stay there, staff need salary and nonsalary benefits that compete with alternative job opportunities. This is particularly important for those with unusual skills: public service compensation, though adequate—and sometimes excessive—for junior staff, too often fails to attract and retain senior professionals.

The reward of any job goes far beyond the straightforward question of salaries. They are relatively easy to compare, however, and the scattered evidence from developing countries indicates that, for senior staff, government pay is usually lower than in the private modern sector. Moreover, many governments, for political and equity reasons, have raised salaries of junior staff more quickly than those of top civil servants, thus reducing the incentive for people to stay in the civil service once they have reached a certain grade. Countries such as Jordan have experienced a flight of skilled civil servants to the local private sector and to nearby oil-producing states. The same thing has happened in Turkey, where salaries for new university graduates are about two and a half times higher in the private sector, and even higher for many experienced professional and technical staff. By contrast, qualified public servants in some large Latin American countries, such as Brazil and Mexico, are relatively well paid, as evidenced by the difficulties faced by international organizations in recruiting staff from these countries.

Apart from pay, individuals value government service for its other benefits—such as status, interest, and security of tenure. For this reason, complete equality between public and private sector pay is generally neither necessary nor desirable. Singapore and Malaysia, where public sector salaries are regularly adjusted for changes in the cost of living, are two of the few developing countries that appear to have maintained parity. In Nigeria, the restructuring of public sector salaries by the Udoji Commission in 1975 resulted in virtual parity, but the private sector quickly restored its competitive pull for skills in short supply. For most governments it would be prohibitively expensive to match private sector salaries across the board. To do so would simply push up private sector wages and would also widen the gap between public officials and the mass of the population. Average government pay in many developing countries ranges from four to ten times per capita income; for OECD countries, the corresponding ratio is 1.8.

Nor are public servants short of nonsalary "perks." Most governments provide their senior staff with substantial benefits such as housing, cars, directorship fees, medical care, and education. This encourages civil servants to seek new benefits while protecting those they already have, often with damaging results. In one African country, for example, the daily travel allowance is so generous that middle- and high-ranking officials spend a third or more of each year traveling abroad, leaving the business of running the government to their subordinates. In an Asian country an overnight allowance was given to agricultural extension agents if their work took them more than twenty-five kilometers from their duty station: consequently, the agents were rarely seen by farmers living within the twenty-five-kilometer radius.

Some governments also try to retain important officials by giving them discretionary allowances and benefits. In theory, this gives added flexibility for
rewarding high performers; in practice, it creates tensions between superiors and subordinates and can easily degenerate into corruption. Discretionary benefits are best given to whole groups whose skills are in short supply—statisticians or computer specialists, for example. To ensure that an imbalance does not arise between public and private sector salaries, regular (and preferably internal) reviews of public servants' pay should be conducted. Such reviews should take into account nonpecuniary benefits resulting from public employment and should eliminate or modify perks that produce perverse results.

Linking incentives with performance

While greater rewards do not automatically produce better performance, it is helpful to establish some link between the two. This is seldom easy to do because public bureaucracies are expected to serve social and political objectives that are inherently hard to quantify. In addition, informal social relations between managers and their subordinates are often so strong that, even where 'output' can be measured, supervisors are reluctant to jeopardize loyalties and friendships.

These considerations notwithstanding, several developing countries (including India, Kenya, and the Philippines) are starting to devise appraisal systems that link promotion and pay increases to individual performance. This requires, first, strengthening the capacity of personnel offices to work out such systems. Second, red tape can often be reduced. To take an extreme example, a single promotion decision in one developing country was found to require fifty-four operations, twenty reviews or inspections, and seventy-three movements of documents from one place to another. For an employee in a provincial office, an additional forty-one steps were required. Third and most important, promotion on merit requires the backing of political and bureaucratic leaders and the public at large.

Even with such advantages, performance appraisal systems are difficult to implement objectively. In view of this, developing countries should install them only gradually, while laying stress on nonmaterial rewards for good performance. In some countries where there is strong loyalty among employers and employees, staff may require fewer pecuniary incentives. Research shows that rewarding performance with enhanced prestige or considerate supervisory behavior is often an effective way of motivating staff. The same is true of job enlargement—giving people greater responsibility and challenge. Finally, productivity and job satisfaction can often be improved if employees are involved in designing the organization of their work—as demonstrated by recent field experiments in India, Norway, and Tanzania.

Better management of expatriates

According to a recent World Bank study, there are at least 80,000 expatriates (including teachers) working for public agencies under official aid programs in sub-Saharan Africa alone. More than half the estimated $7 billion to $8 billion spent annually by donors on technical assistance goes to finance expatriate personnel, with costs being shared with host governments. At one extreme, volunteers—who constitute about one in ten of the technical assistance staff financed under Development Assistance Committee (DAC) bilateral aid—cost about $10,000 a year, perhaps less. At the other extreme, the cost of management assistance supplied by North American or European consulting firms can run as high as $15,000 to $16,000 per man-month.

Donors and recipients tend to approach technical assistance from different standpoints. Donors are naturally inclined to push such assistance as a ready solution to what they see as administrative shortcomings in the institutions to which they are lending. Recipient governments may be less convinced of the need for outside help; indeed, local officials often see the recruitment of expatriates as a threat to their own positions and promotion prospects. The preferred assistance may nevertheless be grudgingly accepted for fear that rejection may lead to the aid program being reduced.

This conflict of interest can then be compounded. Local staff may not be consulted on exactly what kind of assistance they need. Salary differentials and differences in lifestyle can cause frictions. Personal qualities highly prized in the donor country may be unsuitable in a different culture. Experts chosen for their technical skills are often inept at training, and recipient governments anyhow usually prefer to use them as doers rather than as instructors.

For all these reasons, better management of expatriates should be a priority both for donor agencies and for recipient governments. Recipients need to establish clear priorities, specify the objectives to be met by expatriates, and adopt a more determined approach to managing and coordinating technical assistance staff. Donors need to accept a more equal partnership with recipients, which
means working through a country’s institutions and procedures rather than bypassing them. The Bank’s experience indicates that when the “psychological distance” between expatriates and their local counterparts is minimized, the value of technical assistance is much enhanced.

The selection of technical staff is also of great importance. For donors, the poor quality of some of their staff can often be attributed to their not having tenure. Development agencies tend to recruit the majority of their field staff on fixed-term contracts, and dispense with them first if budgets have to be cut. Attempts to establish a permanent corps of specialists for service in developing countries have rarely been successful, because staff are not offered promising career prospects. France and Sweden have instead encouraged the secondment of staff from regular public and private employment for service overseas. Canada, the United Kingdom, and the United States have formed private organizations of retired executives to carry out short-term consultancy work in developing countries (see Box 10.8). A similar scheme has recently been launched in the Federal Republic of Germany.

While expatriates often have much to contribute, local consultants should not be neglected. Some donor agencies, such as the UNDP and the World Bank, have declared their preference for national rather than expatriate consultants when both are equally competent. Some of the more advanced developing countries can already offer considerable consulting expertise. A recent study of management consulting in India, for example, lists eight large private consultancies that have been set up by industrial firms and chartered accountants, between them employing more than 750 professionals. In addition, India has numerous small firms and individual consultants, four publicly financed management institutes, the business faculties of various universities, and numerous public sector industrial and technical consulting bodies that provide advisory services to small businesses.

A concluding note: the cultural dimension

It is easy to prescribe what is needed for successful management of the public service. It is much less easy to adapt these requirements to the cultural and political environment of individual countries. Unless management techniques are designed to take explicit account of these cultural influences, however, they will fall far short of their potential. Although practices evolved in developed countries can be used in many developing countries, they need to be tailored to local realities. And it is just as important to identify and develop indigenous management principles.

Whenever an institution is considering changes in its management practices, its internal balance of power is inevitably threatened. Those who are least likely to benefit from a change may agree to
it in principle, but then offer covert resistance during implementation. Opposition is usually greater the more alien an idea seems and the more it appears to have been imported indiscriminately. Once installed, however, success or failure in implementing the practice largely depends on its suitability to the local cultural environment.

Some new techniques (for example, quantitative information-based scheduling, accounting, budgeting, and inventory control) have been introduced and implemented successfully in many developing countries. But those that rest heavily on assumptions about the behavior of individuals (for example, management-by-objectives, organization development, and "matrix" management) have either failed or been implemented only after considerable adaptation. A study of administrative change in one Asian country concluded that attempts to introduce Western management practices (such as position classification, performance budgeting, participatory learning, and team research) that ran counter to local values or political interests, were either rejected outright or failed eventually. Similarly, in Nigeria, the Udoji Commission's recommendation to install management-by-objectives throughout the government has never been realized.

Such experiences have reinforced the view that "qualitative" management practices are harder to transfer than those that are more "quantitative," though the latter also need to be adapted to local conditions. Japan's success in using American-based quantitative techniques, while developing its own qualitative management approach, is the best example of how discrimination can bring considerable rewards. Such a course calls for initiating or expanding programs to adapt foreign techniques and to identify and develop promising indigenous practices, which can be undertaken by universities, management training institutes, and special units within government.