Managing the Public Service in Developing Countries

Issues and Prospects

Selcuk Ozgediz

SWP583
July 1983

WORLD BANK STAFF WORKING PAPERS
Number 583

MANAGEMENT AND DEVELOPMENT SERIES
Number 10
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Abstract

Better management of the public service requires action on three fronts: the structural barriers to efficient management must be removed; the quality and allocation of human, financial, informational, and physical resources must be improved; and the systems and processes used for managing these resources must be reoriented toward performance goals. Of these, the paper focuses mainly on ways of better managing the human resources of the public service.

Public service employment in developing countries has been growing about four times as fast as in developed countries in recent years, partly in response to the demand for improved public services. In many countries, overstaffing at lower levels is accompanied by shortages of professional and technical staff. These shortages are exacerbated by the "brain drain."

Problems of public service training systems in developing countries lead to five policy recommendations: raising the status of the training function in government; preparing national training policies and plans; forging closer links between training and other areas of personnel management; strengthening the links between training, research, and consultancy; and expanding international cooperation in training.

In the personnel management area, the central need is to shift from a philosophy of passive administration of personnel policies to one of active management of the human resources of the civil service. This requires, among other things, clarifying the role and raising the status of the personnel function in government, building effective career development systems, improving public sector pay and conditions, and linking material and nonmaterial incentives more closely to performance.

The last major issue covered is the applicability of western management practices in developing country settings. Although some quantitative management techniques that have evolved in developed countries can be used successfully in developing countries after some adaptation, the transfer of people-oriented qualitative management practices often requires considerable tailoring to make them consistent with local political and cultural realities.
Acknowledgments

In preparing this paper I benefited from the suggestions of several individuals inside and outside the World Bank. Persons in or closely associated with the World Development Report (WDR VI) Core Team—Ramgopal Agarwala, Richard Heaver, Dominique Lallement, Geoffrey Lamb, Joost Polak, Mary Shirley, and Peter Wright, and, in particular, Pierre Landell-Mills—helped shape many of the ideas contained in the paper. Other Bank staff who offered helpful comments include David Davies, Nagi Hanna, Paul Isenman, Arturo Israel, Carl Jayarathe, Timothy King, Mark Leiserson, Francis Lethem, Raga Makharita, Guy Pfefferman, George Psacharopoulos, Nimrod Raphaeli, Alexander Shakow, Lem Truong, Robert Youker, Shahid Yusuf, and, in particular, Christopher Hermans and Lee Roberts.

The staff of the United Nations Development Administration Division, in particular, Michael Bentil, Robert Olivero, Rafiqur Rahman, and Kwaku Gyasi-Twum, contributed to the paper from its outline stage. In addition, Bentil and Olivero prepared two special background studies that are frequently cited in the paper.

The staff of the International Labour Organisation, in particular, Milan Kubr, L. Richter, Gerald Starr, Alfred Pankert, R. K. Srivastava and William Bartsch, provided several documents and prepared special background notes and reports. One of these is being published as a companion volume in this series (Kubr and Wallace 1983).

Kenneth Kornher (U.S. Agency for International Development), Francis Sutton (Ford Foundation), Ali el Mir and Praxy Fernandez (International Centre for Public Enterprises), and Rudi Klaus and Wendell Schaeffer (National Association of Schools of Public Affairs and Administration) contributed various materials and made helpful suggestions for structuring the paper. Metin Heper, George Honadle, Samuel Paul, Bernard Schaffer, Frank Sherwood, Peter Wileske, and, in particular, Glynn Cochrane commented on earlier versions.
Foreword

This study is one in a series of World Bank Staff Working Papers devoted to issues of development management. Prepared as background papers for the World Development Report 1983, they provide an in-depth treatment of the subjects dealt with in Part II of the Report. The thirteen papers cover topics ranging from comprehensive surveys of management issues in different types of public sector institutions (for example, state-owned enterprises, the public service, and local government agencies) to broad overviews of such subjects as planning, management training, technical assistance, corruption, and decentralization.

The central concern underlying these papers is the search for greater efficiency in setting and pursuing development goals. The papers focus on the role of the state in this process, stress the importance of appropriate incentives, and assess the effectiveness of alternative institutional arrangements. They offer no general prescriptions, as the developing countries are too diverse—politically, culturally, and in economic resources—to allow the definition of a single strategy.

The papers draw extensively on the experiences of the World Bank and other international agencies. They were reviewed by a wide range of readership from developing and developed countries inside and outside the Bank. They were edited by Victoria Macintyre. Rhoda Blade-Charest, Banjonglak Duangrat, Jaunianne Fawkes, and Carlina Jones prepared the manuscripts for publication.

I hope that these studies will be useful to practitioners and academicians of development management around the world.

Pierre Landell-Mills
Staff Director
World Development Report 1983
Papers in the Management and Development Series


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I. Introduction

Although only 3 out of every 100 inhabitants and 24 out of every 100 nonagricultural employees in developing countries are public servants, as a whole they play a more important role in influencing development than perhaps any other group. This influence takes various forms. First, public servants play a key role in the setting of public policy agenda and in the formulation of policy, even when the actual decisions are taken by persons in positions of political authority. Second, public servants implement the formulated policies, either directly (for example, in the areas of security and defense, protection of justice, education, and health) or indirectly (for example, in the implementation of the state's production policies, where they act as an intermediary between political authorities and state-owned enterprises). Finally, public servants oversee and monitor compliance with the government's allocative, redistributive, and regulatory policies by nongovernmental organizations. Thus, although the "public administration" component in total government spending is relatively small (less than 10 percent) in most countries, the role of the public service in policy formulation and implementation is high. This implies that poor management of the public service has high costs, and that even marginal improvements in management capabilities can have important positive effects on development. Hence, the purpose of this paper is to explore ways of better managing the public service in developing countries.

The paper does not cover all possible areas of public service performance in which improvements are possible. Nor does it cover the politics of managing bureaucracies in developing countries. Rather, it focuses on managing the human resources of the public service (sections II-V).
In addition, it touches on culture-management linkages (Section VI). The final section of the paper summarizes the key conclusions reached in this study and their implications for carrying out management reforms directed at the public service.

**Definition of the Public Service**

There are almost as many definitions of the public service as there are countries. This partly explains the paucity of reliable comparative data on various aspects of the public service. In most countries, the public service is defined by legislation specifying the characteristics of either the employees or of the employing institutions, or both. In a few countries, such as the United Kingdom, the public service is not defined by law or statute; instead, its form and function are determined in a more or less pragmatic manner. Legislation defining the status of public service staff also varies across countries. In most, a special legal system distinct from the general labor legislation applies to public servants. In some countries, including several in Eastern Europe, however, the general labor legislation applies to all workers, including public service employees (ILO 1983b).

ILO's Joint Committee on the Public Service takes the term "public service" to refer to "all persons employed by a public authority, institution or body with legal personality of its own" (ILO 1983b, p.7). That definition of public service has been adopted for this paper, with one exception. Since management issues of state-owned enterprises (SOE) are discussed separately in a companion volume (Shirley, 1983), for the purposes of this study, SOE employees are considered to be outside the boundaries of the public service. In practical terms, the definition adopted here covers mainly the institutions of the central (or federal) government and those of state, local, regional, and provincial authorities.
II. Growth and Composition of Public Service Employment

There are three common beliefs about public service employment in developing countries: (1) that it is "too big"; (2) that it has been growing too fast; and (3) that there is too much "fat" in administration. This section examines the available evidence on these questions and explores the policies developing countries could pursue to control the size and composition of the public service.

Is the Public Service "Too Big"?

The answer depends on one's definition of "big." Common sense dictates that, other things being equal, small countries would need to have a relatively bigger public service than big countries (reflecting economies of scale) and that richer countries can afford to have a bigger public service than poorer ones. Empirical evidence for about 75 countries supports this thesis: as per capita income rises, government employment increases on a per capita basis, but declines as a share of nonagricultural employment (Heller and Tait 1982). Thus, on a per capita basis, industrialized countries of the Organisation for Economic Co-operation and Development (OECD) now have more than twice as many public employees as the developing countries: 77 public servants per 1,000 population as against 29 for the 31 developing countries surveyed by the IMF. African countries, on the average, have fewer public employees per capita than Asian and Latin American countries (Table 1). Thus, the empirical evidence supports the view that the public service in developing countries, on the average, is not "too big," at least not bigger than what would be expected on the basis of their population and level of income.
Table 1  Number of Government Employees per 1000 Inhabitants a/

<table>
<thead>
<tr>
<th></th>
<th>Industrial OECD Countries (n=16)</th>
<th>Developing Countries (n=31)</th>
<th>Latin America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government</td>
<td>31</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td>State and local</td>
<td>46</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>government</td>
<td></td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Total government</td>
<td>77</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a/ The figures reported in each column are simple averages for the same group of countries. Although the survey was conducted in 1982, the coverage for some countries is late 1970s, for others, early 1980s.


A somewhat different picture emerges, however, when only the nonagricultural sectors of the economy are taken into account. First, government employment in developing countries constitutes 26.7 percent of all nonagricultural employment, which is higher than the government's share in nonagricultural employment in industrialized OECD countries (20.4 percent), although there is a wide variation across regions and countries (Table 2). In India the rate is as high as 54 percent, followed by 53 percent in Liberia, 50 percent in Benin, and 46 percent in Tanzania, among the sampled countries. The differential between the averages for developing and developed countries becomes even wider when employment in nonfinancial public enterprises is also taken into account (43.1 percent of nonagricultural employment as against 28.5 percent, respectively).

Second, employment in the public service is more heavily concentrated in the central government in developing countries than in the developed countries. State and local government accounts for about 57 percent of total
Table 2  Share of Government Employment in Nonagricultural Employment a/
(percent)

<table>
<thead>
<tr>
<th></th>
<th>Industrial OECD Countries (n=15)</th>
<th>Developing Countries (n=28)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Central government</td>
<td>Developing Countries (n=28)</td>
</tr>
<tr>
<td></td>
<td>State and local government</td>
<td>All</td>
</tr>
<tr>
<td></td>
<td>Total government</td>
<td>20.4</td>
</tr>
</tbody>
</table>

a/ See note for Table 1. Figures may not add because of rounding and variations in sample size.


government employment in industrial countries, compared with only 15 percent in developing countries. In the African countries surveyed, only 6.4 percent of the public service employment is at the local level, compared with 20.8 percent in Latin American and 36.5 percent in Asian countries.

Thus, regarding the first question posed, it can be concluded that in terms of its overall size the public service in developing countries, on the average, is not big. Size has become an issue mainly because a larger share of the salaried jobs is in government in the developing countries as compared with the developed countries. The concentration of public service jobs at the central government level at the expense of lower levels of government has helped to fortify the "big bureaucracy" perception, as has the rapid growth of the public service in most developing countries.

Is the Public Service Growing "Too Fast"?

Here, too, there are no objective yardsticks one can use to determine if the public service of a country is growing "too fast." Clearly the level
of development is an important factor: most countries that are in early stages of development and that have extremely low levels of institutionalization find it necessary to rely heavily on the machinery of the state to produce goods and deliver the most essential services. These countries have therefore expanded employment in their public service much faster than those with higher levels of institutionalization. The growth of today's industrial countries fits this general pattern, as do the experiences of the more advanced developing countries.

A second important factor is the role that the state plays in the economy and society. A prominent role by the state in the production of goods and services and the regulation of economic activity necessarily requires a larger public service. In such cases the growth in public service employment, in general, parallels the growth in the demand for government service. The number of primary school students in developing countries, for example, increased from about 117 million in 1980 to more than 236 million in 1975. This increase had to be matched by a similar growth in the number of teachers, who, in most countries, are public servants. This growth is likely to continue, although possibly at a reduced rate, wherever governments have nearly achieved universal primary education.

A third major reason for growth in public service employment is the desire of some governments to improve tribal, ethnic, or regional representation, or to use employment as a means for combating unemployment. The governments of Egypt, the Ivory Coast, Mali, Mauritius, and Sri Lanka, among others, have at various times adopted explicit roles as the "employer of last resort," particularly of university graduates. In Egypt, according to an ILO estimate, overstaffing was close to 42 percent of the total civil service employment in 1976 (Hansen and Radwan 1982). A recent consultant's study of
the headquarters offices of two ministries in a West Africa country identified 6,000 out of a staff of 6,800 as redundant. In some oil-rich countries governments have used the hiring of extra staff as a means of distributing petroleum revenues.

It is not possible to disentangle the effects of these three factors on the growth of public service employment. The empirical data for the middle and late 1970s shows that public service employment in developing countries increased about four times as fast as in developed countries (the median annual growth rate for the 20 developing countries listed in Table 3 is 7.5 percent as compared with a median of 2.0 percent for the 15 industrial countries.) Although this difference in the median growth rates is quite pronounced, it is not possible to state categorically that government employment in developing countries is growing "too fast." For that type of assessment, individual country circumstances must be examined over a longer time period.

Two general trends could potentially account for the differences in the growth rates in Table 3. First, as noted above, the developing countries tended to use public service employment as a means of alleviating unemployment more than the industrial countries did. Second, industrial countries as a group--prompted partly by the recession and the need for fiscal stringency--took tighter measures to limit the growth of their public service.

Regarding the first, overstaffing the public service imposes a financial burden on the state, undermines morale, and presents a major obstacle to efficient management. Expanding regular government employment does not help to solve the shortage of productive employment opportunities in the economy. Since most developing countries cannot afford unemployment insurance schemes, for short-term unemployment relief temporary public works
### Table 3  Growth in Public Employment a/

<table>
<thead>
<tr>
<th>Country</th>
<th>Period</th>
<th>Average annual growth rate in percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Developing countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zaire</td>
<td>1976-78</td>
<td>15.0</td>
</tr>
<tr>
<td>Mexico</td>
<td>1970-79</td>
<td>13.1</td>
</tr>
<tr>
<td>Burundi</td>
<td>1976-80</td>
<td>12.5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1970-76</td>
<td>11.1</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1970-76</td>
<td>10.1</td>
</tr>
<tr>
<td>Honduras</td>
<td>1977-81</td>
<td>10.0</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1976-81</td>
<td>9.1</td>
</tr>
<tr>
<td>Egypt</td>
<td>1977-79</td>
<td>7.7</td>
</tr>
<tr>
<td>Portugal</td>
<td>1976-80</td>
<td>7.7</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1974-80</td>
<td>7.5</td>
</tr>
<tr>
<td>Malawi</td>
<td>1971-76</td>
<td>7.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>1967-77</td>
<td>7.3</td>
</tr>
<tr>
<td>Madagascar</td>
<td>1977-80</td>
<td>6.9</td>
</tr>
<tr>
<td>Kenya</td>
<td>1972-79</td>
<td>5.5</td>
</tr>
<tr>
<td>Yemen Arab Republic</td>
<td>1977-80</td>
<td>5.3</td>
</tr>
<tr>
<td>Bolivia</td>
<td>1976-81</td>
<td>4.9</td>
</tr>
<tr>
<td>Philippines</td>
<td>1977-79</td>
<td>3.7</td>
</tr>
<tr>
<td>India</td>
<td>1976-80</td>
<td>3.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>1976-80</td>
<td>2.3</td>
</tr>
<tr>
<td>Argentina</td>
<td>1976-81</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Industrial countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>1976-80</td>
<td>5.2</td>
</tr>
<tr>
<td>Australia</td>
<td>1976-80</td>
<td>4.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>1976-79</td>
<td>3.6</td>
</tr>
<tr>
<td>Norway</td>
<td>1976-80</td>
<td>3.3</td>
</tr>
<tr>
<td>Belgium</td>
<td>1976-80</td>
<td>2.7</td>
</tr>
<tr>
<td>Finland</td>
<td>1976-80</td>
<td>2.6</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1970-80</td>
<td>2.3</td>
</tr>
<tr>
<td>France</td>
<td>1976-81</td>
<td>2.0</td>
</tr>
<tr>
<td>United States</td>
<td>1976-81</td>
<td>1.4</td>
</tr>
<tr>
<td>Japan</td>
<td>1976-80</td>
<td>1.1</td>
</tr>
<tr>
<td>Austria</td>
<td>1976-80</td>
<td>0.2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1976-80</td>
<td>0.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1976-80</td>
<td>-0.01</td>
</tr>
<tr>
<td>Canada</td>
<td>1976-80</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

*a/ The definition of public employment varies across countries, though for most it includes only the central and local government employees. See Annex for sources and definitions for each country listed in the table.
(or food-for-work) programs are preferable, both in terms of costs and returns, to indiscriminate additions to line agency payrolls that are likely to become permanent.

Regarding the second, after an increase in the share of the public sector in total employment from 11.6 percent in 1960 to 18 percent in 1979 (OECD 1982), several industrial countries have recently initiated action to limit the size of their public service. In the Federal Republic of Germany, for example, the growth of the federal civil service has been slowed down since 1975, and a complete freeze on new federal jobs was recently introduced. A similar freeze has been in operation in Switzerland since 1974. The government of Japan cut the number of personnel in the national public service by 143,000 between 1969 and 1981 and the United States reduced federal government employment by 300,000 in 1981. In the United Kingdom, the aim is to trim the size of the central government by 640,000 over the next two years, reducing government employment to its lowest level since 1945. And zero growth is the current policy in Canada (ILO 1983a).

Only a few developing countries have initiated similar actions. The military government in Turkey placed a freeze on hiring in 1980, and only 54 new entrants joined the public service in 1981, although the policy has since been eased (Heper 1982). 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.

One of the most drastic efforts to deal with the issue of overstaffing was launched in Papua New Guinea in 1982. The Public Service Commission divided all government posts into two categories: those deemed essential for the maintenance of government business and others deemed nonessential. Cuts were made affecting 3,620 national and 320 expatriate
staff—approximately half the target of reducing the size of the public service by 30 percent. Further cuts are planned in 1983 and beyond. Nonessential permanent staff are to receive compensation for the abolition of their office, while those on contract will not have their contracts renewed (Cochrane 1983).

Thus, there is an increasing awareness in developing and developed countries alike that competent specialists are needed on the staff of the public service if it is to be managed efficiently. This means, above all, that hiring decisions must be based on strict need and merit principles, even when overriding social objectives have to be met. The personnel management system, then, has to be effective (see Section V below).

Firing staff from the public service is also difficult. Those who suffer from it most are the people laid off (and their families) who join the ranks of the unemployed and bid for positions in the private sector. When these people are also the least qualified in the public service, their chances of finding equivalent employment are low. The result of such layoffs may be lower wages for some occupations in the private sector and, in some cases, increased disruptive political activity. For these reasons, most governments find early retirement schemes (as in Turkey and China) and transfers to understaffed geographic regions (as in Bangladesh) more politically feasible.

Is There Too Much "Fat" in Administration?

One aspect of this is the issue of fast growth of and overstaffing in the public service, which is discussed above. Another important question to ask is whether there are too many "administrators" working in the government. This question parallels Peter Drucker's hypothesis that the ratio of persons engaged in service activities to those involved with operations has been increasing worldwide. The implication here is that employment in
"service" departments such as administration, personnel, planning, and finance has been increasing at a more rapid pace than employment in production units.

Data collected by Heller and Tait shed some light on this issue (see Tables 4 and 5). There is little difference between developed and developing country central governments in terms of per capita number of administrators (2.9 administrators per 1,000 population as against 2.3, respectively). If one assumes that 90 percent of the public servants classified in the

<table>
<thead>
<tr>
<th>Functional Category</th>
<th>Industrial OECD Countries</th>
<th>Developing OECD Countries</th>
<th>Sample Size OECD Countries</th>
<th>Sample Size Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>2.9</td>
<td>2.3</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>Finance and planning</td>
<td>1.2</td>
<td>1.1</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>Labor and social security</td>
<td>1.2</td>
<td>9.5</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>Education</td>
<td>20.1</td>
<td>8.5</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td>Health</td>
<td>13.6</td>
<td>3.8</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>Defense</td>
<td>6.6</td>
<td>5.9</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>Police</td>
<td>3.4</td>
<td>3.3</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>Transport and communications (incl. postal)</td>
<td>4.1</td>
<td>2.3</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Others</td>
<td>4.3</td>
<td>5.2</td>
<td>-- b/</td>
<td>--</td>
</tr>
</tbody>
</table>

a/ Includes state and local government employees in three sectors: education, health, and police.

b/ Sample sizes vary depending on specific category.

### Table 5 Distribution of Adjusted Central Government Employment by Functional Category

<table>
<thead>
<tr>
<th>Functional Category</th>
<th>OECD Countries</th>
<th>Developing Countries</th>
<th>Sample Size OECD Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>5.0</td>
<td>9.2</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>Finance and planning</td>
<td>2.9</td>
<td>3.6</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>Labor and social security</td>
<td>2.2</td>
<td>1.9</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Education</td>
<td>38.9</td>
<td>29.5</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Health</td>
<td>17.7</td>
<td>12.2</td>
<td>12</td>
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<td>Defense</td>
<td>15.8</td>
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</tr>
<tr>
<td>Police</td>
<td>6.9</td>
<td>12.0</td>
<td>11</td>
<td>20</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>9.1</td>
<td>8.6</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>(incl. postal)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Others</td>
<td>6.3</td>
<td>16.8</td>
<td>-- b/</td>
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*a/ Includes state and local government employees in three sectors: education, health, and police. Figures do not add to 100.0 due to differences in sample size for each cell of the table.

*b/ Sample sizes vary depending on specific category.

**Source:** Heller and Tait 1982
not appear to be more administration-intensive than the developed countries. The slight difference (3 percent) is largely attributable to the fact that, on a per capita basis, there are more teachers, soldiers, police, and health personnel in developed countries (43.7 persons per 1,000 population) than in the developing countries (21.5 persons per 1,000 population); and a great majority of these are operational as opposed to service staff.

There are significant variations across regions and countries, however. The number of public education and health personnel, on a per capita basis, is lowest in Africa and highest in Latin America, with the Asian countries in between, as can be expected from the level of development in these countries. In terms of administrative staff alone, the situation is reversed: administrative personnel constitute a much larger percentage of the central government staff (adjusted by adding the education, health and police personnel working at the state and local government levels) in African countries than in Asia and Latin America. This situation could be either a reflection of larger "fat" in administration in African countries, or an illustration of the phenomenon that a critical minimum size of staff is needed in government even at the earliest stages of development when the volume of services provided by government is quite small.

To conclude, the evidence reviewed above does not provide clear-cut support for any of the three common views about the public service in developing countries. Public service employment is not relatively bigger in developing countries compared with the industrialized countries if one takes into account population and income factors. Although public service employment has been growing about four times faster in developing countries than in industrial countries in recent years, it cannot be stated categorically that the growth of public service employment in developing
countries is unproductive. Finally, there does not seem too be too much "fat" in administration in developing countries when the composition of public service employment in developed countries is used as a yardstick.

These tentative findings do not suggest, however, that public services in developing countries work efficiently. Shedding light on the efficiency question requires, among other endeavors, examination of the quality of the staff that make up the public service, especially those in critical decisionmaking or advisory posts. This topic is taken up in the next section.

III. Skill Shortages in the Public Service

The public service cannot be efficiently managed without a staff of competent people. This means that the skills that are needed by the public service must be available within the country and that the public service incentive systems must be capable of attracting and retaining the needed staff. These are primarily questions of supply and allocation, respectively.

Regarding the availability of skilled staff, although commendable progress has been made in expanding educational opportunities, several developing countries, particularly those in sub-Saharan Africa, still face critical shortages of high- and middle-level professional and technical manpower. Nonetheless, the situation, although still critical, is better than at the time of their independence. According to manpower surveys conducted in nine sub-Saharan countries during the 1960s, expatriate employment as a percentage of employment of trained manpower ranged from a low of 13 percent for Nigeria in 1964 to a high of 62 percent in Zambia in 1965,
with a median of 35 percent. During this period, more than three-quarters of the cadres for university graduates were held by expatriates (World Bank 1981).

The case of Nigeria is particularly revealing. In 1960, the year of independence, there was only one university in Nigeria (at Ibadan), and it had produced a few more than 600 graduates since its opening in 1948. During the initial years after independence, the Nigerian university graduates at home and abroad totaled less than 1,000 for each year, and, as a result, a great majority of the high level positions in the public and the private sector were held by expatriates. The situation has improved markedly since independence owing to investments in higher education and the implementation of a policy of indigenization. Now, more Nigerians graduate from Nigerian universities every year than the number that graduated from the universities in and outside Nigeria during all the years of British colonial rule. The dependence on expatriates, however, is still considerable in certain occupations. According to a 1977 manpower survey, one out of four lecturers in the universities was a non-Nigerian, about a fifth of managers and managing directors were expatriates, and in many technical and medical professions non-Nigerians occupied one-fourth or more of the positions. Vacancy rates, which are also indicative of skill shortages, were also high: 22 percent for all modern sector occupations, 43 percent for scientific and professional manpower, and 42 percent for secondary school teachers (Ozgediz 1980).

Kenya has had a similar experience. In 1967, 63 percent of administrators and managers and 61 percent of professionals were expatriates. Eight years later both ratios fell to 39 percent. At the technician and semiprofessional level, the ratio fell from 31 to 12 percent during the same period (Bennell 1981). There have been further decline since then. In 1980 only 1.3 percent of modern sector employees consisted of
noncitizens, compared with 8.3 percent in 1967 (Central Bureau of Statistics 1981). This drop in the number of expatriates, however, does not imply that the role of expatriates has diminished. Many observers of the Kenyan situation report that expatriates continue to play an important role, particularly in the making of critical decisions in the public service.

Outside of Africa, skill shortages are still acute in most low-income countries (for example, in Afghanistan, Bangladesh, Burma, Haiti, Laos, Nepal) and in resource-rich middle and higher income countries where rapid economic growth has outdistanced the expansion of education and training (for example, Kuwait, Libya, Saudi Arabia). More than half the technical assistance directed to developing countries is used to finance expatriate personnel, while much of the rest goes for the overseas training of developing country nationals.

In countries experiencing acute shortages of high-level technical and managerial skills, governments are finding it increasingly difficult to attract and retain the professionals they need in the public service. Although there are no reliable estimates of the nature of the shortages faced by the public service, an internal World Bank survey conducted for the World Development Report 1983 shows that about two-thirds of the countries borrowing from the Bank are having serious difficulty filling managerial and technical posts in the public sector, particularly for engineers and technicians, managers and administrators, accountants, economists and doctors. In an even larger number of countries governments are having trouble retaining the more experienced managers and technicians in the public service. In about half the countries, most of the outflow from government is directed toward employment abroad; in the other half it is mostly toward the private sector.
Within the public service, shortages are most severe in local government. In Nigeria, a third of the 143,000 primary school teachers possessed no qualifications beyond a primary school learning certificate, and a great majority of these worked in rural areas (Ozediz 1980). This bias extends to technical assistance personnel. In Papua New Guinea, meanwhile, of the more than 2,000 expatriates working for the government in 1982, only about a fifth worked at the local government level (Cochrane 1983). Understandably, rural institutions everywhere find it hard to lure staff away from the attractions of urban life.

Skill shortages in the public service are as much qualitative as quantitative. This is in part a result of the uneven quality of secondary and higher education in most developing countries. The most widely observed problems are the weakness of school systems in training people for science and mathematics-based occupations and the dominance of secondary and higher education systems by foreign-based curricula, which lock countries into occupational arrays not well suited to their particular needs. Second, the weakness of the public service training systems influences the quality of public service staff. Third, the strong demand from the private sector for the more able graduates, coupled with the fact that public sector salaries in most developing countries are not high enough to attract or retain well-qualified people in government, has exacerbated the qualitative dimension of the skill shortage problem. (These last two issues are discussed in greater detail in sections IV and V.)

The long-run solution to countrywide skill shortage problems lies in increasing the supply of people with the needed skills. As the array of skills required changes over time in response to changes in the structure of production and technology, such increases in supply require forward-looking
efforts in education and manpower planning. There is also scope for increasing the supply of skills, without further new investments, through improvements in the internal and external efficiency of educational systems (World Bank 1980).

The experiences to date with manpower planning have not yielded good results, mainly because of methodological problems. The most widely used method, the manpower requirements approach, applies a set of manpower utilization coefficients to sectoral projections of GDP to estimate the requirements for specific categories of skilled manpower. This approach suffers from the limitations inherent in all types of long-range planning: the inability to capture in models all the complex relationships, uncertainties surrounding future changes in the external environment, and poor data. That the projections are often wrong is as much attributable to unrealistic assumptions about economic growth and trends in labor productivity, as it is to underlying inadequacies of the data and errors in the estimates of the manpower utilization coefficients. Also, substitution between different types of skilled manpower is often overlooked.

A complementary method, the rate of return approach, compares the costs of providing a given type of schooling with the incremental benefits measured in terms of projected earnings. It provides a rationale for ranking different educational investments, but provides little help in matching specific future skill requirements with the expected supply of graduates. Also, the approach suffers from uncertainties regarding future relative earnings that are used for measuring social benefits. (Psacharopoulos 1982; Hollister 1981; ILO 1978).

Given various limitations, no single manpower planning method can be relied on to guide the planning of investments in education and training.
Both approaches described above, or their variants, should be used simultaneously and the resulting sets of projections should be regarded merely as pieces of diagnostic information policymakers can use. In addition, selective analysis of labor markets is needed. The objective here should be to secure timely and operationally useful information on skilled manpower surpluses, shortages, flows, wage movements, and the costs of alternative programs. New techniques for collecting such information are being tested in several countries with ILO assistance. Systematically tapping the knowledge of key employers on manpower and employment patterns in several localities has yielded useful information in countries including Bangladesh, India, Malaysia, and Sri Lanka (ILO 1981; ILO 1982). Tracer studies and job vacancy surveys for critical skills have also been useful.

Manpower needs can be assessed with greater certainty at the enterprise level in both the public and the private sector than for the economy as a whole—in the light of production plans, likely changes in technology, firsthand data on labor productivity, and the potential for substitutability—and recruitment and staff development strategies can be formulated with greater confidence. These exercises should also take into account emigration of skilled manpower.

The Brain Drain

Given the shortages of high level professional and technical manpower in many developing countries, the emigration of these people in significant numbers can have adverse consequences for development. The brain drain can have harmful effects even in the few instances where there appears to be a relative abundance of skilled people (such as doctors and engineers in the urban areas of India), since it reduces the "spillover" from the urban areas where most are seeking work to underserved rural areas (Bhagwati 1976).
Although a few countries have sizable benefits from exports of human capital, particularly when the remittances substantially offset the investment costs of creating such manpower, most developing countries experiencing emigration are faced with the difficult task of finding replacements in the short term.

The overall magnitude of brain drain (or "reverse flows of technology" as UNCTAD calls the phenomenon) is substantial. But, because of severe problems with the data and methodology, no precise or comprehensive estimate is available. Most studies focus on a single country of destination and examine the gains of the recipient country against the losses suffered by the countries of origin.

A recent UNCTAD Secretariat study (1982) examined the key findings from three studies focusing on emigration of high-level manpower to the United States, Canada, and the United Kingdom. The first of these, a U.S. government study, concluded that the estimated savings in U.S. dollars by the United States as a result of brain drain are considerably greater than the loss suffered by the developing countries: savings of $882.8 million as against a loss of $320.2 million in 1972. According to the second study, replacement costs of human capital transferred to Canada during 1967-73 range from $Can. 1.0 billion to $Can. 2.4 billion at 1968 prices, which is roughly ten times greater than the value of Canada's spending on aid for education and technical assistance during the same period. The third study, conducted by UNCTAD in 1975, places the income gains of the United States, Canada, and the United Kingdom from brain drain, net of income foregone by the developing countries, at $44 billion for the 1961-72 period, which is slightly under the $46 billion total overseas development assistance (ODA) figure for these three countries during the same period. This study reports the imported capital
value of skilled migration (as a percent of ODA) to be 272 percent for Canada, 56 percent for the United Kingdom, and 50 percent for the United States.

The issue of remittances changes the complexion of the brain drain phenomenon. It underscores the benefits to both the migrants themselves (in the form of much increased incomes) and their countries (in the form of increased foreign exchange earnings). A recent World Bank study of thirty-two labor-exporting developing countries shows that these countries recorded receipts of about $23 billion in remittances in 1978, which is equivalent to about 10 percent of the value of their exports of goods and services (Swamy 1981). Within this total, the share contributed by professional and technical people is not known, although some information is available for a few individual countries. Although professional and technical manpower—teachers, doctors, engineers—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. The remittance figures are even higher for high-level emigrants from Bangladesh: in 1979 the 1,200 such emigrants working in the Middle East sent home about 60 percent of their overseas salaries—an average of about $9,800 per person at 1979 prices (Ali et al. 1981).

These studies imply that the receiving countries gain from the export of high-level manpower from the developing countries, as do the migrants themselves and the countries where such manpower is in surplus. But when emigration takes place from countries that are already facing acute high-level manpower shortages, the losses can be serious for institutions in both the public and the private sector. Small countries often tend to be the hardest hit as they have no margin to compensate for the skills lost, 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 educational system there about sixteen years to produce the physicians the country needs. But if the present emigration rate among physicians continues, it will take twenty-six years to produce the number needed (Abella 1979). A World Bank study of emigration to the oil-producing countries of the Middle East reached similar conclusions. In 1975 emigration of professional and technical workers from Egypt, Jordan, Lebanon, Oman, Sudan, Syria, Tunisia, and the two Yemens constituted 13 percent of their total available manpower at this level; by contrast, emigrating unskilled workers amounted to less than 4 percent of the total stock of such manpower in the exporting countries. The debilitating effects of brain drain on a single country is best illustrated by the case of Sudan. If present emigration trends continue to 1985, over two-thirds of Sudanese professional and technical workers are likely to be employed in other countries in the Middle East, as compared with less than one percent of unskilled Sudanese workers (Serageldin et al. 1983).

There is also some information about the effects of brain drain on the productivity of individual sectors in developing countries. A 1983 World Bank report on Turkey's energy sector notes, for example, that the capacity of public institutions to implement the domestic energy program has been severely curtailed as a result of the emigration of experienced professionals to other countries or to the private sector. The Turkish Electricity Authority's net loss of engineers with six or more years the experience, for example, jumped from 6 in 1977 to 54 in 1980; the number of engineers in the State Hydraulic Works Dam Design and Construction Department similarly declined from more than 100 to 55 in recent years; and the most qualified senior exploration and drilling staff of the Turkish Petroleum Company left at an alarming rate in
1980 and 1981 (World Bank 1983). Similar trends have been observed in Guyana's bauxite and electricity utility institutions and Egypt's national urban planning office.

The causes of and remedies for brain drain vary from country to country. If the underlying cause is political (as it was after the change of regime in Jamaica in 1975), a change in the political climate may encourage migrants to return. If brain drain is caused mainly by the pull of economic incentives, however, reversing the trend is costly and should only be attempted on a selective basis. The government of Sri Lanka, 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 by facilitating re-entry of senior staff to appropriate positions in government (Tilakaratna 1982). 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 luring back Korean scientists trained abroad.

Other steps can also be taken to slow the brain drain. Paying adequate salaries to retain the needed staff is an obvious one. 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 (Glazer 1978). Imposing heavy emigration taxes and passport fees on trained manpower may discourage them from leaving, but such action may compromise basic human rights. Another similar measure is to introduce a program of compulsory public service employment for certain categories of personnel, akin to military service, as is being tried for medical doctors in Turkey. Finally, 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 them to leave upon completion of their study or research mission.

Internal Flows of Qualified Manpower

Problems due to emigration of trained manpower from the public service are compounded in some countries by the brain drain from the public to the private sector. This trend is not as pronounced in countries with a relatively weak and slow growing private sector (for example, Ghana) or in some Asian countries where lifetime employment in an enterprise is the norm and, consequently, labor mobility is low. It is also not too serious in countries where the discrepancy between public and private sector salaries is not wide (for example, several Latin American countries, Malaysia, Singapore). It has become a major factor, however, in countries where trained manpower is scarce and there is a fast growing private sector (for example, Kenya and Nigeria) or where public sector compensation levels for senior staff lag far behind the rates in the private sector (for example, Turkey and Jordan).

In several countries in the Middle East, the public sector has become the private sector's principal training ground for university graduates. In some (for example, Egypt), a guaranteed graduate employment scheme attracts into government service young professionals who cannot find jobs elsewhere. In others, the high priority private sector institutions place on prior work experience—in part because of the absence or weakness of career development and training programs for young professionals joining private establishments—leaves most applicants with little choice except to apply for a government job. According to a survey of public servants in Turkey, more than 40 percent of those who joined the service recently indicated that they did so because
they could not find a job elsewhere. Most were dissatisfied with their work, as 32 percent had made up their minds to quit and another 50 percent were searching for jobs elsewhere (Heper 1982). As a consequence, in recent years there has been a sizable exodus of experienced and qualified staff to the private sector from Turkey's public service. A similar trend is evident in other countries in the Middle East, notably Jordan.

In many respects regular interchange of qualified staff between the public and the private sector is healthy for both sectors. This broadens the staff's understanding of each other's problems and helps to construct a fruitful dialogue between public servants and private sector establishments. When these flows are only in one direction, however, little benefit accrues to the institutions losing such manpower.

There are several remedies for slowing the flow of qualified manpower from the public to the private sector. The most obvious is to reduce wide disparities between public and private sector salaries. Allowing lateral entry into public service positions is another measure. A third is to improve the career prospects of public servants through better training and personnel management system. These issues are taken up below, starting with the last.

IV. Public Service Training

Training is perhaps the most popularly prescribed remedy for curing organizational ills. As payoffs from changes in educational systems materialize only in the long run, training is often seen as the short-term solution to equipping the staff with the desired skills and knowledge. At times of structural change in society or after an administrative reform, training is often seen as the only practical way of equipping public servants
with the tools they need to play new roles. Political leaders also regard training as a socialization or indoctrination device for generating an esprit de corps or instilling in staff the values and attitudes consistent with a particular political ideology. And many staff see training as an opportunity for career advancement.

Despite the multiplicity of the objectives it serves, training is largely a mystery: its effectiveness is rarely measurable in precise terms and its methodology is a constant source of debate among educators. But recent experiments in developed and developing countries and advances in learning theory have pointed to a number of promising avenues that can increase the overall effectiveness of training. Following a brief overview of the expansion of training in developing countries, this section identifies the most common problems faced in public service training and points to areas requiring rethinking and policy reform.

Expansion of Public Service Training in Developing Countries

The original impetus for initiating and expanding public service training systems in developing countries came from international organizations and large donor agencies. As early as 1948, the United Nations recognized that public administration had to be improved in developing countries and that provision of technical assistance for training in public administration was a logical first step in this direction (Olivero 1982). Other agencies, notably the Ford Foundation and the USAID, also supported this thinking. As a result, the 1950s and early 1960s witnessed two major trends: increased donor assistance in the establishment of public service training institutes in developing countries, and the expansion of overseas training opportunities for developing country nationals. Thus, the United Nations, USAID, and the Ford Foundation are estimated to have spent about $250 million in support of
institution building in public administration alone during 1951-62 (Paul 1983). The United Nations provided direct or indirect assistance in the establishment of thirty-nine institutes of public administration in response to demands for assistance from countries such as Turkey, the United Arab Republic, Libya, Ethiopia, El Salvador, Brazil, Costa Rica, Ghana, and Argentina (Olivero 1982). The U.S. government helped set up new training institutions in several Latin American countries and in Korea, Vietnam, Thailand, the Philippines, and Pakistan. The French government focused on institution building in Francophone African countries and the Ford Foundation helped establish institutes in India, Pakistan, Egypt, and Indonesia (Paul 1983).

After the initial set-up years, the developing countries themselves further expanded training infrastructure and diversified their institutions and training curricula. The expansion has been quite rapid: 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 31 developing countries in 1980, which is four times the number listed in a United Nations report in 1960 (Paul 1983). Diversification has taken various forms. First, five regional and intergovernmental training institutions--three under U.N. auspices--were established in Africa, Asia, and Latin America to support public service training institutions in individual countries and to help form a network of training institutions. Second, in keeping with the changes in development thinking, new areas of training gained prominence in the 1970s. The World Bank's spending on project-related training, for example, increased from $38 million in 1976 to $187 million in 1981. The target groups of U.N.-supported
training programs also shifted from supervisory management in the initial years to middle management in the 1960s and finally top management in the late 1970s (Olivero 1983). Third, the training curricula underwent considerable changes over the years, partly in response to changes in target groups, but mostly because of advances in academic disciplines related to public management. In the 1950s, the initial training programs concentrated exclusively on traditional public administration subjects: public personnel management, organization and methods (O&M) services, government accounting and auditing, principles of organization, and so on. Although these subjects still make up a good portion of current training programs, newer ones—such as policy analysis, organization development, industrial relations, attitudinal and behavioral change, and information systems—are being included. In addition, there is greater emphasis on management training for specific programs and institutions (for example, rural development, health care, state-owned enterprises, family planning, educational institutions, and so on) (Olivero 1982).

As a result of the investments by donors and developing country governments in training infrastructure, there has been a considerable increase in the number of public servants trained. According to Paul (1983), the increase was ninefold over a twenty-year period in Malaysia, fivefold in India (central government only), and equally rapid in most other developing countries. Donor agencies continue to support investments in training. Training schemes financed by the U.N. Development Program in 1981 amounted to more than $70 million, including the award of 11,500 overseas fellowships to developing country nationals. The industrial market economies are currently granting $500-600 million a year (including the award of roughly 110,000 overseas fellowships) for the training of developing country nationals.
Problem Areas

Given the skill shortages faced by the public service in most developing countries and the role training can play in overcoming them, one would expect developing countries to put more emphasis on public service training than the developed countries. Available evidence indicates, however, that, despite the impressive growth record since 1950, training still receives less emphasis in developing countries than in public sector organizations in industrialized countries, or private enterprises, or multinational corporations. The United States and Japanese governments, for instance, offer training opportunities to nearly a quarter of their employees every year (Paul 1983). Management training programs in developing countries are attended more frequently by staff from private sector organizations, as shown by a recent review of successful programs in twenty developing countries (Roberts 1982). Among the multinationals, all IBM managers get at least forty hours of mandatory training a year, in which the major emphasis is on issues of "people management" (Roberts 1982), and Siemens and Unilever annually spend the equivalent of 5 percent of their payrolls on training (Paul 1983).

In contrast with their counterparts in industrialized countries, only a small share of developing country public servants are exposed to training. In Malaysia, which puts greater emphasis on training than do most developing countries, only 4 percent of federal and state workers 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 (Paul 1983); in Turkey only one in seven has received any instruction in public administration (Heper 1982). Local government officials typically fare even worse. Although they account for a small share (about 20 percent) of all government employees
in developing countries, an even smaller share of the total government budget for training is allocated to them (Cochrane 1983).

These low levels of training in developing countries can be partly explained by the fact that public service organizations in these countries spend much less on training than do similar organizations in industrialized countries or the multinationals. Training expenditures of the Indian central government as a share of its total payroll were 0.5 percent in 1968—roughly one-tenth of the equivalent share in some large multinationals. Public service training expenditures of the government of Malaysia were much higher at 2.75 percent, but that is still considerably less than the comparator figures for the multinationals. Training expenditures in most developing countries are probably between these two extremes.

A second reason for the relatively low number of persons going through public service training in developing countries is that much of what is spent on training goes to more expensive training programs of long duration (one to two years). In his review of public service training programs in developing countries, Paul (1983) finds that such training is heavily concentrated on pre-entry and immediate post-entry courses for administrative elites, to the neglect of in-service training and the training needs of lower level staff.

The reason for this bias in most low income developing countries is that higher education institutions inadequately prepare some of their graduates for careers in the public service. In others, social and political goals, such as indigenization of the public service and creation of an esprit de corps in the higher echelons of the public service, require longer term entry-level training programs. Although legitimate, these reasons do not
imply, however, that the training needs of other public servants should be completely overlooked.

The problems connected with the quantitative dimension of public service training— that is, the overall shortage of training opportunities and their skewed distribution in favor of administrative elites—are exacerbated by the poor quality of training in most developing countries. Several types of qualitative problems have been observed (Paul 1983; Olivero 1982; Roberts 1982; Kubr and Wallace 1983):

- Training is often treated as a discrete event, rather than a part of an overall program of organizational improvement.
- Few trainees are selected on the basis of greatest need; bureaucratic politics and patronage play a more important role.
- Competent trainers are rare, as training is not a profession in high demand and trainers have few opportunities to upgrade their skills and obtain firsthand knowledge of the environments from which trainees come.
- Training curricula and materials are usually based on borrowed models that are rarely updated; little effort is made to generate indigenous materials.
- Classroom-based, academic-style teaching still dominates most training programs; building training on the knowledge trainees already possess and relating it to actual work environments are rare practices.
- Evaluations of training go little beyond taking attendance and assessing the "happiness levels" of trainees; effects of training on knowledge, attitudes, behaviors, and job performance are rarely measured.
- Most training institutions are poorly financed and managed, except for a few "centers of excellence" found in Asia, Africa, and Latin America.

These observations portray a dismal picture of the status of public service training in developing countries. Although there are no clear-cut remedies that are applicable to all countries, the experiences of some
successful training institutions--such as the Indian Institute of Management, Ahmedabad (IIMA), the Asian Institute of Management in the Philippines (AIM), Malaysia's National Institute of Public Administration (INTAN), and the Central American Institute of Business Administration (INCAE) in Nicaragua--illustrate the policy interventions that are likely to be necessary for correcting the quantitative and qualitative deficiencies of most public service training systems.

Courses of Action

A flexible and dynamic public service requires a responsive and forward-looking training system. As the demands placed upon the public service change, so do its composition and the functions it performs. Similarly, as the staff move from job to job, retire, or leave the public service, suitable replacements must be found to take their place. An effective public service training system must anticipate and respond to these changes in a timely manner.

Building such a training system requires action in five interrelated areas:

- the status of the training function in government
- preparation of training policies and plans
- links between public service training and other areas of public personnel management
- links between training, research, and consultancy
- international cooperation on training.

The status of training. In most countries, training suffers from low visibility and priority in government. This is partly because it is usually regarded as an element of personnel management, which itself has low status in government (see the section on personnel management below). Training is often seen as a luxury and an activity that has little or no effect. Public
servants seldom demand training, unless they want to have a break from their
daily routines, as the outcomes they expect from it are not of high value to
them. In some countries, for example, Pakistan, senior civil servants invited
to attend training programs often send their subordinates as their
replacement. In short, the situation in most developing countries is a
vicious circle of poor performance, poor status, and poor demand.

By contrast, training in many large multinationals and private
organizations is accorded high status and receives high priority. For
example, in Matsushita, the world's largest consumer electronics company,
training is one of four important centralized functions (the others are
accounting, capital budgeting, and performance reviews and personnel
management). In-service training is a way of life for all employees,
particularly supervisors and managers, and training is well integrated with
other aspects of management (Kubr and Wallace 1983). The Is Bank in Turkey
has also taken a pro-active stance toward training. Frequent performance
assessments lead to the identification of problem areas for which training
programs are quickly designed and implemented. In these and other
organizations, human resources are seen as the most valuable asset of the
enterprise, a view that facilitates justification of further investments in
this resource.

The status of training can be raised in several ways. The methods
employed by INTAN of Malaysia illustrate some of these options:

- It is located in the powerful central personnel agency.
- It has operational and budgetary autonomy.
- It is headed by a senior civil servant whose personal
  prestige underscores the seriousness with which the
  government views its work.
- A council of senior representatives from government
  ministries provides continuous feedback and advice.
It offers competitive salaries to its instructors and provides them with opportunities for further advancement.

It takes training evaluation seriously and modifies programs on the basis of evaluation results and feedback from the participants.

Training will attain greater status when it is made an element of major policy initiatives by the government. In Malaysia, for example, training is an integral component of the government's New Economic Policy, which lays stress on improving public sector employment and promotion opportunities for ethnic Malays. In other countries, this can be achieved by tying training closely to changes in economic policy (for example, an export promotion drive), social development strategy (for example, development of a particular geographic region), or the structure of government (for example, administrative decentralization).

According higher status and authority to training may not lead to better performance, however, unless measures are included to ensure greater accountability of the training system. For this reason, training evaluation must be given higher priority and the training system must be made more "user-driven"—that is, it must be responsive to the most urgent needs of its clients. A strong planning and policymaking framework for training is an important element of such a system.

Training policies and plans. Recent reviews of training in developing countries show that most have no clear policies and plans for public service training, although some (such as India, Indonesia, Kenya, Malaysia, the Philippines, and Zimbabwe) have made notable attempts to fill this vacuum (Paul 1983; U.N. 1978, 1982). Indonesia, for example, is currently developing a comprehensive nationwide management training plan, which covers both the public and the private sector, with assistance from the World Bank, ILO, UNDP, USAID, the Ford Foundation, and other donor
organizations. The Commonwealth Secretariat is collaborating with the Economic Commission for Africa to establish public service training plans in several African countries. In many developing countries, however, training needs are determined on an impressionistic basis. The task is often left to the training staff, who tend to offer programs and courses they can teach, rather than those the clients need. The emphasis is thus on teaching instead of learning.

Public service training plans should specify the objectives, types, and duration of training for different categories of personnel and the institutions that should carry out the training. These specifications should be based on systematic and periodic assessments of present and expected future training needs and on the evaluation results of past training programs. The regular assessments of training needs should be supplemented with evaluations of the capacity of the public service to implement new policies at times of major new policy initiatives by the government.

The experience of the World Bank's Economic Development Institute (EDI) shows the importance of carefully assessing needs in designing a medium-term training plan. In Niger, for example, EDI staff worked closely with the representatives of the Ministry of Rural Development and the personnel of five agricultural projects to identify ways of improving the management of the projects. The assessments conducted by the Nigeriens themselves led them to identify training needs in specific areas and to prepare a three-year plan for training for rural development. EDI's involvement in Tunisia and other countries produced similar results in that training plans were generated through a "trickle-up" process that began with the project staff and moved to the upper echelons of the involved ministries, rather than being left—as is more common—to an external entity.
After needs assessment and initial design, field testing of a training package is the next critical step in tailoring the plans to client needs, as noted by John Montgomery (Paul 1983) in the testing of a model curriculum in Zambia. This model was developed by the African Center for Administrative Training and Research for Development (CAFRAD) for training rural project managers in its thirty-two member states. The test showed that the curriculum actually dealt with less than 30 percent of the areas in which rural project managers felt they needed instruction. As a result, the training program was fully redesigned.

Training plans should also spell out ways of meeting the identified needs. Details should be provided on all possible sources of training: overseas training, instruction at the higher education institutes in the country, training in the government's institutes, and training available through collaborative ventures with private enterprises and multinationals. The last source, in particular, presents an opportunity to improve dialogue with private and multinational enterprises and can help economize on the government's scarce training resources. In the past, multinationals have entered into such arrangements, among others, with the National Manpower and Youth Council in the Philippines, National Administrative and Management Training Centers in Brazil, the Science Council in Singapore, and government training institutes in Malaysia and Nigeria (Roberts 1982).

The effectiveness of training can be enhanced by actively involving users of training in the preparation of training plans and policies. An advisory group of senior officials from ministries, as in Malaysia, can be helpful. In addition, the views of line managers on the training needs of their staff should be periodically sought. Also, in organizational settings with a reasonably effective performance accountability system in place,
training budgets can be allocated to line managers. This approach would ensure closer ties between training and on-the-job performance and would help actively involve line managers in post-training follow-up.

Links between training and personnel policies. Public service training is clearly an integral part of the government's personnel management function and, as such, policies and plans on training should be closely linked with policies governing other aspects of personnel management. Recruitment policies, for example, should go hand in hand with plans for entry-level training. Similarly, rotations and transfers should be viewed not only as a personnel reassignment measure, but also as a staff development vehicle. Most important, training should be closely tied with career development, performance assessment, and promotion policies.

All training aims at generating some type of change—in the knowledge, skills, values, attitudes, or behavior of the trainees. Such changes must be valued by the organization if the trainees are to be motivated to undergo training and apply what they have learned upon their return to their own job settings. Also, because most changes of this type require a time period longer than the duration of typical training programs to take hold, the work environment must reinforce the changes initiated during training.

These observations have several personnel policy implications. First, if the trainee believes that the changes that may result from training will not mean much for him in the form of promotion or career advancement, he may refrain from enrolling or may attend the course reluctantly. Malaysia has found the solution to this problem by making training an integral part of career development. Each trainee's performance is formally assessed at INTAN, and in some cases certain courses have to be completed successfully before a
public servant can be promoted. For some jobs, this pattern is reversed—people are selected for the training needed for promotion only if they have performed well at their jobs.

Second, if the line managers do not provide opportunities to the trainee to apply his new skills, the benefits from training will be quickly lost. Thus, as noted earlier, the line managers should be closely involved in the assessment of training needs and training follow-up methods should be emphasized in the training programs for line managers.

Third, as people learn more on the job than in a training institution, the workplace should be seen as the primary location for learning. Rotational assignments of short duration can sometimes equip the public servant with better skills than formal training programs can. Similarly, apprenticeship and self-learning programs can have higher payoff than courses completed at training institutes. These and other similar learning alternatives should be made a part of the career development plan for each public servant; and that plan should be implemented jointly by the line manager and the personnel officer of the individual concerned.

Career prospects of trainers should be another consideration in the linking of training and personnel policies. In most countries training is a "stale" profession and instructors have few opportunities for career development. To bring dynamism to the training profession and to raise the status of the training function, institutions should give successful trainers overseas assignments and consultancy opportunities. Also, staff of training institutions could be assigned to regular civil service jobs (and vice versa), which would bring them more closely in touch with operational work and stimulate new ideas for training.
Linking training, research, and consultancy. There are several advantages to having the staff of the training institutions undertake research and consultancy for ministries and parastatal organizations. For one thing, trainers will be in close contact with line agencies and be kept aware of their operational problems. The additional budgetary costs can be largely offset by the fees received. Such a strategy also enables the staff of training institutions to develop up-to-date indigenous training materials. The most successful training institutions in developing countries have all benefited from integration with research and consultancy, as in the case of AIM's work with the Philippine Ministry of Agriculture, IIMA's involvement with a large population program in Uttar Pradesh, India, and INCAE's role as adviser on several rural development projects in Central America.

In establishing stronger links between training, research, and consultancy, policymakers should keep in mind that the main mission of public service training institutions is training. Research and consultancy activities should be performed only to the extent that they are necessary to make training programs more meaningful for public servants and more relevant to the world of work. Too much research can easily turn a training institution into an academic center, and too much consultancy can change the institution to an administrative reform organization or an O&M office. Obviously, these other activities are also necessary; the point is that the training institution may not be the proper agency to carry them out. That is a question each country must decide for itself.

International cooperation on training. International agencies and large aid donors have played an important role not only in the expansion of training infrastructure in developing countries, but also in the greater exchange of research and information in this area. The activities of regional
institutes illustrate this role. The Asian and Pacific Development Administration Centre (APDAC, which recently merged with three other regional institutes under the title of Asian and Pacific Development Centre, APDC) played an important catalytic role in stimulating national training institutions and in providing several countries with a forum for exchange of ideas and experiences. The East and Southern Africa Management Institute (ESAMI) had a similar experience in assisting enterprises and government agencies in the area of management. Another regional institution, the Central America Public Administration Institute (ICAP), provided direct assistance to its member countries in the areas of training and research. From 1954 to 1961 it provided public service training in public administration to 388 civil service officials from Costa Rica, El Salvador, Guatemala, and Nicaragua. Later it developed concentrated and country-specific training programs in specialized areas such as customs administration, development administration, financial management, statistics, and highways and postal management. During 1964-74, ICAP, in addition to training, provided about 200 technical assistance missions; and in 1980 it established a Masters program in public administration (Olivero 1982). Other regional centers continue to play an important role in improving international dialogue in training. The regional institute concept is particularly relevant to small states, many of which find it uneconomic to invest in separate and full-fledged public service training institutions.

International cooperation in training has proved to be effective in generating innovations and in testing and documenting them. Some of the recent and promising approaches to training have been the result of such collaboration. Four prime examples of this development are:

- Action learning, pioneered by the National Coal Board in the United Kingdom and then used in many public and
private organizations throughout the world. Managers work individually or in teams to solve a practical problem. They may spend time in a lecture room with a tutor or consultant, but there is no "trainer" as such to teach "trainees." Experiments with action learning have been made with OECD assistance in Egypt, with British assistance in India, with the Ford Foundation's support in the Philippines and Bangladesh, and with USAID involvement in a number of countries including Ghana, Jamaica, and Tanzania. Initial results have been most encouraging.

- Integrated Training Programs, developed by the Economic Development Institute of the World Bank. This method combines short courses with project-related technical assistance. Experimental programs in Niger and Tunisia have encouraged participants to assess their own training needs, have trained instructors, and have made selective use of outside consultants to provide technical knowledge.

- Performance Improvement Planning (PIP), favored by the ILO and the U.N., has been applied to public enterprises in Bangladesh, the Dominican Republic, Ecuador, Nigeria, Somalia, Sri Lanka, Syria, and Zambia (where public enterprises and their supervising ministries participated in the same exercise). Typically, the program begins with diagnostic workshops in which senior managers identify problems prevalent in their organizations and devise solutions. Consultants and management specialists play only a catalytic role. Instead of passively attending lectures, participants collectively set targets and prepare plans for pursuing them. Follow-up action is specific and immediate, sometimes leading to dramatic improvements. One airline turned a large loss into a substantial profit within a year, and a postal and telecommunications corporation far exceeded its targets for new telephone connections.

- Modular training, also used by the ILO, has been effective in upgrading supervisory skills and knowledge quickly. The training program consists of thirty-four modules covering various aspects of management such as finance and cost control, maintenance, purchasing, and salary and wage administration. Specialized packages have also been developed for public works and cooperative management. Some of these modules are now available in fourteen languages. The modules allow the users to choose topics that are relevant to their organizations and to incorporate local cases and problems into the prepackaged materials. The effectiveness of modular training can be enhanced if trainees, after trying to implement what they have learned, are brought back to the training institution to discuss their results and to work out their own strategies for further action.
In a companion paper, Kubr and Wallace (1983) discuss in greater detail these and other new approaches to training that have resulted from initiatives by international agencies in collaboration with developing country training institutions.

In brief, although training alone is not a panacea for all organizational ills, it is an important instrument for improving the performance of the public service. Many developing countries still need to expand their training infrastructure, but more important, they have yet to remove the many inefficiencies in their public service training systems. To be effective, however, such changes must be reinforced by parallel improvements in personnel management. This issue is taken up in the following section.

V. Personnel Policies and Management

If the public service in developing countries is to become more performance oriented, public personnel systems must share and reinforce the desire for this change. Although day-to-day management and motivation of staff are the responsibility of line managers, public personnel systems often limit the options available to them through rules that govern how the staff are selected, assigned, paid, and promoted. In most developing country governments, personnel departments play a relatively passive (sometimes even negative) role, administering these (mostly outdated) rules rather than actively developing and pursuing policies for improving public sector management. Instead, they should take an active role, not only by planning and overseeing public service training, but also by:

- clarifying the status of the personnel function in government
This section is devoted to discussion of these five policy issues.

Role and Status of the Personnel Function

The management of human resources rarely receives as much attention within government as the management of other, in particular financial, resources. If lists were prepared of the most powerful ministries in developing country governments, few would include personnel-related agencies, whereas all would have the ministry of finance in its top ranks. One reason for this is that lines of responsibility and accountability for effective use of financial resources are more straightforward and clear than those for human resources. Another is that personnel-related agencies have an unimpressive record of contributions to major policy decisions—partly because few of them have strong policy analysis capabilities and partly because little is known about the best methods of utilizing people in different cultural and organizational settings. In short, the low status of the personnel function stems both from the inadequacies of most governmentwide personnel management systems and the low priority assigned to human resource management in government by the top decisionmakers. It is not surprising, therefore, that personnel issues are regarded in most countries as administrative matters, rather than management concerns that can make major contributions to the achievement of social and economic goals.

The role and status problem can be solved first by making performance and efficiency a prime consideration of personnel policy, and second by
rethinking the role of the personnel function in government (to clarify responsibilities and pinpoint accountability).

In most countries responsibility over personnel matters is highly fragmented among three types of agencies: public or civil service commissions, establishments or central personnel offices, and the departmental personnel offices. In addition, local government units and public enterprises typically have different personnel offices. Some countries, for example Thailand and Indonesia, do not even have a single civil service as such; rather, 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. This diffusion of responsibility often leads to confusion and inconsistency, and limits the formulation and implementation of well coordinated personnel policies throughout the public service (Bentil 1982).

The fragmentation issue has two dimensions. The first has to do with centralization as against decentralization of the personnel function. The second relates to the presence or absence of a "corporate management" strategy, to borrow a term from private enterprises, for giving overall direction to personnel matters in the light of the goals of the public service.

Taking the decentralization question first, in theory, line managers will manage better if they are given control over the use of all resources, including human resources. This was recognized, for example, by the Glassco and Lambert commissions in Canada during the 1960s and 1970s in their recommendation that authority over personnel and finance matters be devolved from the two central organs (the Treasury Board and the Civil Service Commission) to departments and other agencies (Dwivedi 1982). The full
results of this effort are not yet known. As the Canadian commission recognized, however, the success of this devolution is likely to depend on whether the decentralized authority is accompanied by increased accountability of departments and line managers and on whether the government can strengthen its corporate management capabilities to oversee such a decentralized system.

The immediate implications of decentralization for developing countries are threefold. First, a decentralized personnel system can be a viable option if it is part of a larger decentralization effort, that is, if authority over other decision areas are transferred simultaneously to lower units of government. Decentralizing only the personnel function in an otherwise centralized system may create insurmountable problems in ensuring performance accountability. Second, even if it were possible to decentralize some aspects of personnel management (for example, recruitment, training, promotion), there would still be a need for a politically independent agency to oversee the protection of the merit principle (for example, a public service commission). As it is far more difficult to decentralize this function, a premature decentralization of most personnel functions may create insurmountable coordination problems between the public service commission and the decentralized personnel units. Third, as noted earlier, even a highly decentralized personnel system requires a strong corporate management capability at the center.

This last point, in many ways, is the most important one in that it points to the need for: establishing a philosophy of management, taking stock of the strengths and weaknesses of the nation's and the public service's human resources, examining the personnel policy implications of major policy directives of the government, contributing to the formulation of such directives, and painstakingly weeding out outdated and inflexible rules and
regulations and replacing them with more timely and performance-conscious measures. To do all this, most countries will have to rethink the role of the personnel management function within government and introduce structural changes that will strengthen corporate management capabilities. The specific solution will differ from country to country. In Canada, the Glassco Commission's recommendations have led to a strategy of combining expenditure and personnel management functions under one roof, the Treasury Board, (Dwivedi 1982). Tanzania, meanwhile, gave the corporate management responsibility over personnel matters to a cabinet-level entity, the Ministry of Manpower Development established in the mid-1970s. Sudan's Ministry of Public Service and Administration Reform and Guyana's Ministry of Civil Service are also examples of attempts to raise the status of the personnel function in government and make it an integral part of public policy formulation in all matters (Bentil 1982).

These changes relate mostly to the structural location and status of the personnel function within government, and, in and of themselves, may do little to strengthen corporate management capabilities. Steps may also be taken to establish effective leadership over personnel matters and to strengthen policy capabilities in central personnel offices.

The discussion above applies mainly to personnel management at the central government level. The issues are different, and far more difficult to address, in local government units. Smallness and the inadequacy of the resource base prevent them from establishing full-fledged independent personnel systems. Many developing countries have strengthened management capabilities by integrating local government personnel systems either horizontally with other local systems or vertically with the national system, or both. Horizontal integration has evidently helped to unify local
government services, standardize personnel procedures, and establish common pension and salary funds in several countries, including Botswana, India, Jamaica, and Nigeria (Cochrane 1983). Vertical integration, as in Egypt and Tanzania, has helped to improve the career prospects of local officials and to attract more competent staff to local government service. Because it gives local officials a chance to serve at the center, and vice versa, vertical integration is a useful strategy, particularly in countries with a highly centralized form of administration.

In brief, effective management of the public sector's human resources depends on the status of the personnel function in government. That is to say, fragmentation in personnel decisions must be avoided, and corporate management capacities strengthened. This is the case for both centralized and decentralized personnel systems. Moreover, the process of strengthening must begin with improvements in policy and management capacities in central personnel offices.

Management Capabilities of Personnel Offices

To plan the kind of active policy formulation and management role described above, central personnel offices must be staffed with competent specialists. Personnel offices in most developed countries are staffed with generalists. An internal World Bank survey conducted for the World Development Report 1983 shows that there are special career cadres for personnel administrators in only 40 percent of the forty-five developing countries for which data were available. That means the activities of most personnel offices go little beyond record keeping and drafting personnel procedures. More advanced techniques for studying personnel issues (such as organization development, systems analysis, manpower planning, job evaluation, position classification, performance assessment, counseling, staff
development, and various statistical methods) are rarely employed (Bentil 1982). As a result, personnel offices in most developing countries remain staffed with public servants who are in less demand elsewhere and who stress passive administrative tasks over more controversial management concerns that require robust policy research and analysis.

A short-term solution to the capability problem is to replace some of the existing staff with competent specialists, and to train the rest. A more lasting solution would be to improve the status and career prospects of personnel specialists. In addition, line agency administrators can usefully be seconded for a term of service in 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 greater demand for better personnel management for the line managers responsible for implementing personnel policies.

Efficient information systems are also critically needed. In many developing 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, or monitoring policy implementation. Micro-computers now offer new and relatively inexpensive systems for quick and accurate information storage, retrieval, and processing.

Most developed countries have devised computerized personnel information systems. The system used by the U.K. civil service, for example, enables the Central Civil Service Department to carry out timely and accurate policy reviews and statistical analyses and thus has become an important tool for planning and control. The system is also used by personnel offices in individual departments, which can now analyze on a regular basis recruitment
and wastage issues, promotion prospects, pay trends, and the composition of the civil service in terms of age, sex, length of service, and so on (Bamfield 1981). A similar trend is evident in some developing countries. The government of Bangladesh, with World Bank assistance, is currently setting up a personnel management information system in the Establishment Division, while Venezuela's National Registry of Public Sector Human Resources has begun compiling and analyzing information useful for the Central Personnel Office. Personnel offices in most developing countries, however, still have a very limited data base.

**Career Development**

An important way to improve the motivation and to facilitate the training of public officials is to define possible career paths and to make clear that advancement in the public service depends on experience, the upgrading of skills, and performance. An effective device here is to establish schemes of service clearly spelling out career paths for the most common skill or occupational categories of staff. According to an internal World Bank survey conducted in 1982, only 30 percent of the developing countries have established such systems for scientists and about 40 percent have them for economists, statisticians, personnel administrators, and engineers. Specialist cadres are most common for accountants (56 percent of the countries surveyed) and tax administrators (53 percent).

Public sector management cannot be strengthened, however, without executive leadership. A high level cadre of this type will have to be built up, not only because such talent is scarce in developing countries, but also because all countries should have a mechanism by which to provide a proper balance between the forces demanding bureaucratic accountability to the
political leadership and those demanding that career civil servants be insulated from undue political control and interference.

Different approaches have been tried; most derive from the British, French, or American models. Selection for the elite cadres patterned on the British or French administrative systems takes place mainly at the time of entry into the civil service, whereas U.S. civil servants must have considerable experience and specialization before they join the recently established Senior Executive Service. Those who are likely to hold executive posts in government for a long period are systematically nurtured in the British and French models, a key feature of which is the esprit de corps among the members of this select group. The American system, on the other hand, is more open to lateral mobility: it does not obstruct the entry of experienced outsiders or force government officials who wish to take up opportunities elsewhere to forfeit pensions and other benefits. An open system that permits interchange of staff between the public, parastatal, and private sectors has obvious advantages, since it encourages the transfer of ideas and proven managerial practices. These and other differences among the various executive leadership development models underscore the fact that each model is a byproduct of the history and tradition of administration in a given society. For this reason, an indigenously developed system may be more appropriate for a developing country than one borrowed from another country. Establishing a scheme of service for specialists or executives is not enough, of course. The scheme has to be implemented so as to avoid both excessive internal mobility and congestion at different points in the career channel.

Regarding mobility, frequent shuffling of civil servants can have serious repercussions in institutional performance. That kind of shuffling seems relatively common in developing countries, where more than one-third of
the key economic decisionmakers—the permanent secretary of finance, the national planning director, and the central bank governor—have each been changed three or more times during the last five years, according to the internal World Bank survey mentioned earlier. A good example is Turkey. According to Heper (1982), from December 1, 1979, to May 1, 1980, 1,223 high-ranking civil servants were removed from their posts and 1,367 appointed. The same pattern is evident among public enterprise managers: in Turkey a director-general of a state-owned enterprise kept his office for an average of 3.5 years during the 1962-74 period; however, this average dropped to 1.7 years during 1974-80, which was a period of ideological polarization and political fragmentaton (Heper 1982).

The reshuffling problem is not limited to senior levels: in India, six district collectors, five district development officers, and three project-cum-tribal development officers in the Dharampur district changed hands in a period of two years (Gupta 1981); in a Latin American country the commercial, technical, financial, and administrative managers of the national railway organization were changed four to six times during 1976-79. These frequent changes, often the result of political patronage and nepotism, jeopardize continuity in policy administration, necessitate constant retraining of staff, and reduce efficiency and morale.

As for congestions in career channels, rapid and unplanned promotions are a principal cause of this problem. Some governments have promoted young and inexperienced civil servants into the upper grades, primarily to fill new positions previously held by expatriates. In other cases, changes in government have brought further additions to the top layers of the civil service because tenured senior bureaucrats have had to be shifted from their previous government duties to others to make room for the more preferred
staff. In Turkey, for example, the number of civil servants in top grades increased by 146 percent between 1976 and 1978, during a period of frequent political changes, as compared with an increase of only 24 percent for lower grades (Heper 1982).

Japan has dealt with bottlenecks in career channels by moving a number of civil servants in their fifties out of line management posts to staff or advisory roles, or by retiring them (Shurcliff 1970). Recently China announced that it will now retire development directors and vice-ministers at age 60 and ministers at age 65, to ease congestion in the top layers of the public service (Morgan 1981). Such initiatives are particularly appropriate when there are no serious skill shortages in an occupation and young professionals need to feel that their career paths are not blocked for years on end.

Salaries and Conditions

Well qualified staff will not be drawn toward and retained in the public service without an offer of attractive compensation. Salary and nonsalary benefits, the working environment, and career development schemes must be competitive with alternative job opportunities, especially for critical skills in short supply. Too often, public service compensation systems, though adequate for lower level staff, fail to attract and retain qualified high level professionals, both managerial and technical.

The lack of published data makes it difficult to compare total compensation packages available in the public and private sectors, but scattered evidence indicates that average government pay in developing countries is lower than that in the private sector. In the OECD region, the ratio of government wages (exclusive of parastatals) to total wages in the economy, and of government employment to total nonagricultural employment is
roughly equal (19.7 percent and 19.0 percent, respectively); in these countries, then, average government wage does not appear to be out of line with the average wage in the private sector (Heller and Tait 1982). In fact, the average public sector pay is better than that in the private sector in virtually all industrialized OECD countries (OECD 1982). In developing countries, however, the government's share of total nonagricultural employment (24.4) is somewhat higher than the share of the government's wages in total wages (21.4); thus the average wage in government is probably lower than that in the private sector (Heller and Tait 1982). Moreover, many developing countries, for political and equity reasons, have raised the salaries of lower level civil servants more quickly than those of top civil servants (Bennell 1981), and thereby have widened the pay differentials between the public and the private sector for high level staff. As a result, in many countries the outflow from the public sector is low or negligible for people in lower grades, but high for top level staff.

In some countries, large private-public salary differentials have caused a flight of highly skilled professionals to the local private sector and to other states. In Jordan, the salaries of government managers at the undersecretary/director level were about one-third of their equivalents in the private sector and slightly more than one-half the level in public corporations. As a result, Jordan has been experiencing a sizable flow of experienced staff to the private sector and to the nearby oil-producing states (Socknat 1982). Another case in point is Turkey, where salaries for new university graduates are about one and a half times higher in the private sector, and much higher for many categories of 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.

Matters have been made worse by the drop in the real wages of public servants in recent years. Even in the industrialized OECD countries, average annual pay increases for public servants during the last five years have been, on the average, about 87 percent of the average annual increase in consumer prices (see Table 6). Although comparable data are not available for developing countries, ILO reports that public servants in most developing countries have fared worse. In India, for example, emoluments of central government employees declined by 16-41 percent in real terms during 1973-78 (ILO 1983a). This general trend was evident in several other developing countries.

Table 6: Comparison of trends in public service pay and consumer prices, 1976-81

<table>
<thead>
<tr>
<th>Country</th>
<th>Period</th>
<th>Average annual pay increase (in percent)</th>
<th>Average annual change in consumer prices (in percent)</th>
<th>Average annual pay increase as percent of the average annual increase in consumer prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>1978-81</td>
<td>8.4</td>
<td>15.8</td>
<td>53.2</td>
</tr>
<tr>
<td>Austria</td>
<td>1976-81</td>
<td>6.5</td>
<td>6.7</td>
<td>97.0</td>
</tr>
<tr>
<td>Canada</td>
<td>1977-81</td>
<td>11.3</td>
<td>12.3</td>
<td>91.9</td>
</tr>
<tr>
<td>France</td>
<td>1977-81</td>
<td>14.4</td>
<td>14.2</td>
<td>101.4</td>
</tr>
<tr>
<td>F.R. Germany</td>
<td>1976-81</td>
<td>5.3</td>
<td>5.2</td>
<td>101.9</td>
</tr>
<tr>
<td>Japan</td>
<td>1976-81</td>
<td>6.3</td>
<td>7.6</td>
<td>82.9</td>
</tr>
<tr>
<td>Norway</td>
<td>1977-80</td>
<td>10.3</td>
<td>11.1</td>
<td>92.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>1976-81</td>
<td>10.4</td>
<td>14.5</td>
<td>71.7</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1976-81</td>
<td>3.9</td>
<td>3.6</td>
<td>108.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1976-81</td>
<td>14.1</td>
<td>17.0</td>
<td>82.9</td>
</tr>
<tr>
<td>United States</td>
<td>1976-80</td>
<td>8.4</td>
<td>11.3</td>
<td>74.3</td>
</tr>
</tbody>
</table>

Source: ILO 1983a
Apart from pay, individuals enter or stay in government 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 attainable. 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 both economically and politically to match private sector salaries across the board. To do so would simply push up private sector wages, where they do not fully reflect the scarcity value of high-level staff, and would also widen the gap between the incomes of public officials and those of the rest of the population. Average government pay in developing countries is about 4.5 times the per capita income; the corresponding ratio for OECD countries is 1.8 (Heller and Tait 1982).

The issue of disparities in salary levels is complicated by the use of nonsalary "perks" to attract or retain staff. Most governments provide their senior staff with substantial nonsalary benefits such as housing, cars, directorship fees, medical care, and education. In most countries this encourages public servants to seek new benefits while protecting those they already have, often with damaging results.

A clear example is Indonesia, where civil servants are paid very low salaries, but these are supplemented with a dazzling array of benefits, including a family allowance, a supplement based on one's civil service rank, rice and other food allowances, and, for some officials, cars, drivers, and petrol allowances. To further complicate matters, many high level civil servants are formally appointed to two, and sometimes three, government jobs, and they draw salaries, allowances, and honoraria in each. The result is that
government officials are lured away from the provinces and outer islands toward the center where "perks" are more abundant. Also, staff gravitate to agencies offering the most generous benefits and strive constantly to maintain them (Warwick 1978; Gray 1979).

The perverse effects on performance of nonsalary "perks" are evident elsewhere as well. Travel allowances are a good case in point. In some countries (for example, Lesotho) they are so generous that middle and high level officials have a strong incentive to spend a great portion of their time traveling abroad, leaving the business of running the government to their subordinates. In others, a specific rule, such as an overnight allowance to be given only if the individual travels at least a specified distance, often serves as a disincentive to travel to certain locations. The provision of subsidized housing generates similar dysfunctional behavior. Since not all employees can be favored with housing benefits, civil servants engage in intense maneuvering to secure and retain them. Also, because of high housing rents in most urban centers, the housing benefit often serves as an important disincentive to mobility.

Some governments attempt to retain important public officials by giving them special allowances and benefits on a discretionary basis. In theory, this adds flexibility to the system of rewarding high performance, but in practice it creates tensions between superiors and subordinates, who may become so tightly knit in a complex financial and social web that the situation can easily degenerate into corruption. In Indonesia's civil service, for example, projects included in the government's development budget are provided with funds earmarked for the staff costs of execution and supervision. The amounts vary from agency to agency and from project to project, and are divided by supervisors into "honoraria" for staff. The
honoraria are assigned almost entirely at the discretion of supervisors; some employees are given no project allowances, some more than one. The allowances are given out—usually in sealed envelopes—as "fees" for attending meetings. In addition, supervisors in some government agencies are authorized to distribute "incentive bonuses" ranging from 20 to 100 percent of salaries (Gray 1979; Warwick 1978).

Nonsalary benefit schemes must be designed and controlled so that perverse behavior is not encouraged, while at the same time, the possible gains from having a flexible compensation package are not sacrificed. Discretionary benefits are best given to whole groups whose skills are in short supply—statisticians and computer specialists, for example. In addition, policymakers can ensure that a gross imbalance does not arise between public and private sector salaries by conducting regular reviews of public sector salaries, preferably as low profile internal exercises. In Singapore and Malaysia public sector salaries are reviewed and adjusted frequently to compensate for differences between the public and the private sector and neither country has experienced a major brain drain problem. Such reviews should also take into account nonpecuniary benefits resulting from public employment and should eliminate or modify perks that produce perverse behavior.

Linking Incentives With Performance

Early thinking on questions of job performance was influenced by the argument that individuals would be motivated to perform their jobs effectively if their needs were satisfied. Thus, job security, high wages, predictable promotion practices, comfortable working conditions, and so on, were believed to lead to higher job satisfaction, which in turn would result in increased productivity. Empirical research on the job satisfaction-performance
connection showed, however, that while satisfaction factors were important in attracting and retaining individuals in an enterprise and in reducing absenteeism, they had little effect on job performance. Findings from 20 empirical studies conducted in developed countries yielded a median correlation coefficient of 0.14 between satisfaction and performance (Vroom 1964). This finding cast serious doubts on the view that performance could be increased appreciably through increased job satisfaction.

Within the last few decades ideas about what determines the level of performance shifted from satisfaction as a governing factor toward motivation of individuals (through material and nonmaterial incentives). The notion that motivation can be enhanced by linking incentives with performance has its roots in the scientific management methods of Frederick Taylor and a substantial body of psychological research and theory. It is based on a simple argument: an individual will be motivated to perform better if he is convinced that his high performance will lead to outcomes he values and that his low performance will generate outcomes he does not favor. Material incentives, such as pay, allowances, and perks, help form a link between motivation and performance through external rewards or stimuli. By contrast, nonmaterial incentives, such as increased participation, considerate supervisory behavior, and a challenging job, create conditions under which effective performance itself will be a goal desired by the individual, rather than a means towards the attainment of some other goal (for example, higher pay). In the latter case, the incentives help generate internal stimuli that will enhance emotional commitment of the individual to organizational goals and to doing an effective job (Horton and King 1981; Vroom 1964; Cummings and Schwab 1973).
In general, private enterprises tend to link incentives, in particular material incentives, with performance to a greater degree than the public sector. There are several reasons for this. First, public bureaucracies, and individual civil servants, are expected to serve social and political objectives more so than private enterprises. Preoccupation with objectives such as alleviating unemployment or reducing ethnic or socio-economic disparities, though legitimate, inevitably divert attention from operational efficiency and productivity. Second, in order to curb potential abuses of political and bureaucratic power, civil service rules in many countries tightly circumscribe the discretion allowed public managers in rewarding excellence and penalizing poor performance. As a result, civil servants are rewarded more for their seniority or educational attainments than for their performance. Third, at the more operational level, many civil service jobs do not easily lend themselves to objective output and efficiency measurements, as the social costs and benefits of meeting political and social goals are difficult to calculate. Finally, informal social relations between managers and their subordinates are so strong in many countries that, even in instances where output measures are available, supervisors often refrain from conducting objective performance assessments that could jeopardize existing patterns of workplace loyalties.

**Linking material incentives with performance.** The above considerations notwithstanding, it is now widely accepted that enhancing the performance orientation of the public service can be enhanced through higher motivation of public servants towards job performance. Recognizing this, several developing countries, including the Philippines, India, and Kenya, have begun to devise performance appraisal systems that aim at linking periodic merit pay increases and grade promotions to individual performance
Simple but effective performance appraisal systems that fully recognize the cultural and political realities of the public service have yet to be designed, however, in most developing countries.

Three key preconditions should be met before effective performance appraisal systems can be instituted in the public service. First and foremost, the managers and supervisors who are in positions to evaluate the performance of others should themselves be held accountable for the performance of their work units. A systemwide chain of performance accountability would therefore have to be installed to link the successive layers of management. This is a long-term proposition and demands a reevaluation of accountability within the bureaucracy. Since most of the present systems place greater importance on legal, fiscal, and procedural accountability, managers put greater value on not making a legal, financial, and procedural mistake than on achieving better results. A shift toward performance budgeting, for example, could be the first step in establishing a chain of performance accountability.

Second, the technical capacity of central personnel offices to devise reliable, valid, and pragmatic performance appraisal systems should be strengthened. Although many developing countries have adopted an open system of reporting on the performance of employees, very few have designed and tested the tools and the procedures necessary for putting them into operation or have trained managers and staff in their use (U.N. 1982).

Third, proceduralism and red tape in performance assessment and promotion should be reduced. In Afghanistan, for example, a single promotion decision may require 54 operations, 20 reviews and inspections, and 73 movements of documents from one place to another. For an employee in a provincial office, an additional 41 steps may be required (U.N., 1982).
Although this is an extreme example, cumbersome procedures are common. Systematic rationalization of civil service regulations, aimed at providing added flexibility to reward and sanction policies, is needed in most countries, without forfeiting accountability.

In theory, performance appraisal systems provide a close link between monetary and other material incentives and job performance, but in practice they are difficult to implement objectively, even in the most developed countries. If they are to take hold over the long run, such systems require persistent backing from the political and bureaucratic leadership and from the public at large. In view of the difficulties noted above, and the high potential of their misuse, developing countries should adopt a gradual, experimental approach to the installation of appraisal systems. To increase the motivation of civil servants, greater stress can be put simultaneously on linking nonmaterial incentives with performance.

**Linking nonmaterial incentives with performance.** Because the effects of nonmaterial incentives on motivation depend largely on sociocultural factors, it is not possible to specify a precise set of measures applicable in all settings. In some countries, where there is strong, long-term loyalty among employers and employees, staff may require fewer short-term material incentives, and increases in performance may depend on strengthening the existing links between nonmaterial incentives and performance. In highly individualized, competitive societies, where material incentives often play a more dominant role, performance may possibly be enhanced by blending monetary rewards with some nonmonetary incentives. Recent trends in the United States and other western industrial countries toward humanization of the workplace indicate that more people are coming to recognize the importance of nonmaterial factors in increasing productivity.
Notwithstanding the constraints introduced by sociocultural settings, there are four broad strategies for improving job performance through the use of nonmaterial incentives: increasing subordinate participation in decisionmaking, using supervisory relationships effectively, improving the cohesiveness of the work group, and improving the content of jobs. These are reviewed below.

Participation in decisionmaking is increasingly regarded as a basic human right, as several countries (including Ecuador, India, Norway, Peru, Portugal, Spain, Federal Republic of Germany, and Yugoslavia) have recently demonstrated by incorporating the principle of workers' participation in their national constitutions (Cordova 1982). In theory, participation enhances productivity in three ways: first, it improves the "quality" of the decisions reached, as they take into account the views of those who will eventually implement them; second, it increases the speed and efficiency with which decisions are implemented, because the subordinates as a group are more likely to exert pressure on each other to fulfill their joint commitments; and third, it makes people become more "ego involved" in decisions, as these decisions become their own (Vroom 1964).

There is a growing body of empirical evidence showing gains in labor productivity as a result of higher levels of involvement of subordinates in the making of the decisions they will subsequently carry out, though most of this evidence is based on data from private enterprises (Horton and King 1981). The most far-reaching participatory models are found in Yugoslavia (where workers commonly participate in decisionmaking in both the economic and the noneconomic enterprises) and the Federal Republic of Germany (where a system of comanagement is practiced in many large corporations). Forms of participation practiced in other countries include collective bargaining
(which is the most generally accepted form in both the industrialized and the developing countries), works councils, representation on company boards, participation at the shop-floor level, and involvement in specialized committees covering issues such as safety, productivity, health, job classification, and training. These forms of participation has been expanding rapidly in recent years (Schregle 1982; Cordova 1982). Another participatory mechanism--redesigning work organization with the participation and involvement of employees themselves--has also been effective in improving productivity and job satisfaction, as demonstrated by recent field experiments conducted in Norway, India, and Tanzania (Kanawaty 1981).

Considerate supervisory behavior has a positive effect on motivation, particularly if it is practiced in response to high job performance, rather than an invariant supervisory style. Empirical work conducted in the United States and the United Kingdom shows a strong correlation between supervisors' "attitude towards men" and the productivity of work units (Horton and King 1981). In most job settings, the key is to find the right balance between employee-centered as against production-centered supervision that would be conducive to higher productivity. This task requires training in methods of supervision; such training is lacking in developing countries: only 7 to 10 percent of the supervisory staff have had some formal training in supervision and the existing training facilities cover no more than 1 to 2 percent of the annual requirements (ILO 1980).

The cohesiveness of the work group also effects productivity. Individuals belonging to cohesive groups are likely to have higher rates of job satisfaction and lower rates of tension, absenteeism, and turnover (Vroom 1964). This is certainly true for organizations employing group decisionmaking as a management practice, as in some East Asian countries. It
has also been found to be true, particularly in the aftermath of the pioneering findings from the Hawthorne experiments, in western countries. Increased group cohesiveness can act as a doubled-edged sword, however. When it is directed toward attainment of organizational goals, productivity rises, but when it is used in opposition to the organization, productivity may drop. This may be a risk worth taking, because opposition to the organization is equally likely to form in the absence of human resource policies and supervisory attitudes that foster group cohesiveness.

Finally, improving the job content—that is, modifying the scope, breadth, and responsibility associated with the tasks assigned to an individual—can lead to higher motivation and job performance, as illustrated by several cases from developed and developing countries (Horton and King 1981). This usually takes the form of increased specialization or either vertical loading (more responsibility) or horizontal loading (greater variety of tasks). Persons with high achievement motivation may respond well to job enlargement, and in societies where cooperative work group norms are prevalent, enlargement may make more sense at the group level.

Modifying job content is a productivity enhancing measure that can be taken by line managers in the public service. To use this tool effectively, however, a government would have to define, classify, and analyze all public service jobs, a task that the central personnel office should undertake in collaboration with departmental personnel offices and representatives of the public servants. A major comprehensive effort in this direction is underway in Bangladesh, but it is needed in many other developing countries.

The suitability of the four measures reviewed above to the administrative culture of a given country is an important determinant of their potential effectiveness. Wide-scale participation, for example, may both be
unfeasible and ineffective in authoritarian administrative systems. The same could be said for group cohesiveness in administrative settings that place great value on individualism and competition. The other two measures, relating to supervisory behavior and job content, however, depend to a large degree on the discretion of individual managers and could be effective in all settings.

VI. The Effects of Culture

It is easy to prescribe what is needed for successful management of the public service. It is not so easy to adapt these requirements to the cultural and political environments of individual countries. This is true both for the management interventions proposed in this paper and for other practices that organizations typically employ for managing people and tasks (for example, management-by-objectives, inventory and quality control systems, and financial management and other management information systems). Unless these techniques and practices are designed to take account of the prevailing cultural and political environment within the bureaucracy, they are likely to fall far short of their potential effectiveness. Although several management practices that have evolved in developed countries can be used effectively in many developing countries, they need to be tailored to local realities. And it is just as important to identify and develop indigenous management practices.

Since the early 1950s, the transfer of management practices from developed to developing countries has been seen as the only viable option in the absence of both proven local management traditions and local capabilities to develop new systems quickly. The transfers have taken various forms:
systems acquired as built-in components of new investment projects were grafted onto the bureaucratic systems inherited from the pre-independence era; multinational corporations continued to use the practices of the parent company; and technical assistance, consultancy, fellowship, and training programs acted as important transfer vehicles for foreign management practices (ILO 1966; Kubr and Wallace 1983).

Decisions on the installation of a new management practice are inevitably political in that the introduction of a new system often threatens the internal balance of power within the institution—those who are likely to benefit from the change support the idea, the others resist it. The more alien an idea seems, the greater the opposition, and greater the threat to the status quo. Bureaucratic politics continues to play a key role even after the installation of the technique. Those who opposed the idea in the beginning often offer covert resistance during the initial period of implementation. Thus, the transferability of management practice across countries is not purely a cultural issue; it is indeed highly political as well.

On the cultural side, the thesis that all western management practices are universally applicable has been challenged on the basis of new research findings highlighting the nature and importance of cultural differences among nations; Japan's success in developing management practices consistent with its own societal values; and the frequent failures of some management practices transplanted across cultural boundaries. These three trends are reviewed below.

The Many Dimensions of Culture

Michel Crozier (1964) and Ross Webber (1977) argue convincingly that culture, as it affects the behaviors approved and disapproved in a societal
setting, strongly influences the nature of human relationships within organizations, whether between individuals, between a supervisor and a subordinate, or among groups. Work by psychologists, particularly David McClelland (1961), reinforces this view by illustrating the variation across countries in the achievement needs of different social groups. Finally, recent work by Moris (1977) and Mendoza (1977) provide firm examples from East African and Asian settings, respectively, which demonstrate the cultural traits that distinguish these societies from others.

None of these earlier works, however, provide a broad, comparative picture of values and cultural characteristics that cut across international boundaries. A recent study by Hofstede (1980a) is an exception. On the basis of 116,000 responses from the employees of a large multinational corporation in 40 countries, Hofstede identifies four main dimensions that account for a great share of the cultural differences among the countries surveyed: (1) individualism as against collectivism, (2) uncertainty avoidance (that is, attitudes toward risk-taking and stability), (3) power distance (defined as the society's attitude toward power and its distribution), and (4) masculinity as against femininity (which shows the extent to which the dominant values in society emphasize assertiveness, acquisition of many things, ambition, and performance).

Hofstede observes that individualist societies (many Western countries led by the United States) exhibit a loosely knit social framework in which individual freedom is greatly valued and social behavior is primarily motivated by self-interest. By contrast, in collectivist societies (for example, Mexico, Pakistan, Singapore, and Thailand) people are closely tied with an in-group--such as relatives, tribe, or organization--and expect the group to look after them in exchange for absolute loyalty to it. In countries
where strong uncertainty avoidance is observed (for example, Belgium, France, Greece, Japan, Peru, and Portugal), individuals feel threatened by uncertain and ambiguous situations and avoid them by providing greater career stability and more formal rules and by not tolerating deviant ideas and behaviors. In countries which tolerate large power distances among people (for example, Brazil, Colombia, France, Mexico, the Philippines, Turkey, Venezuela, and Yugoslavia) the use of hierarchical authority and rules are more readily accepted than in small power distance cultures (for example, Ireland, New Zealand, and the Scandinavian countries).

The relationships Hofstede finds among these four dimensions are not surprising. By and large, individualist societies tend to emphasize greater equality, whereas people in collectivist cultures believe more strongly in large "power distances." Similarly, equality appears to be emphasized more strongly in societies where risk taking is highly valued. There is also a strong relationship between individualism and per capita income; individualist societies are among the richest in Hofstede's sample.

Although the specific conclusions of this study regarding individual countries could be questioned, as is the case in most empirical studies of this type, the main thrust of the findings appears to have some validity. The patterns of cultural variability illustrated by this set of data have important implications for the appropriateness of specific management models to a given societal setting. In individualist societies, for example, the task is central and the relationships among people are more peripheral and fluctuating than in collectivist cultures. Thus, a management model such as matrix organization has a far greater chance of success in these settings than in collectivist cultures where social relationships matter at least as much as task requirements. Similarly, the use of hierarchical management models, as
in pyramidal bureaucracies, are more appropriate in societies that place
greater value on large power distances among individuals.

The upshot of this body of research is that culture matters. Because
managing people is the essence of management, the techniques and practices
adopted for managing an organization should not conflict with the general
values, attitudes, and behavior patterns of staff. At the very least, this
requires careful examination of the value assumptions embodied in a given
management practice before it is considered for adoption in an organizational
setting and adapted to the local circumstances, if necessary. It is far
better, however, to use locally developed models.

The Japanese Case

Japan's success during a period of high growth in adopting U.S.-based
quantitative management techniques while developing a management style
consistent with its own societal values and attitudes has shown that countries
can benefit from attempts to devise "home-grown" management practices. The
techniques (for example, information-based scheduling, production or inventory
management systems, and techniques based on operations research or systems
analysis models) Japan has successfully transferred from the United States are
mainly of a quantitative nature, that have little to do with the underlying
behavior of their users. Most of these have an internal deductive logic that
is applicable everywhere. Although the installation and implementation of
these techniques may create problems of a political nature and users may have
to be trained extensively before they can be applied, cultural compatibility
is often not the major issue. The opposite is true of "qualitative"
management practices, which are not applicable everywhere because they do
include underlying assumptions about the behavior of the users.
The qualitative management practice that has emerged in Japan basically mirrors the key values and attitudes embedded in Japanese society. Accordingly, there is less emphasis on the individual than the group, and interdependence, subordination, and obligation toward others are valued more highly than self-assertion and preoccupation with one's own needs and aspirations. Voluntary cooperation dominates self-interested individualistic behavior, and discipline and self-restraint are valued more highly than ambition and competitiveness. Harmony and avoidance of conflict are desired societal and organizational goals, and living up to one's obligations and making the maximum contribution to the work group are desirable individual qualities (Hawrylyshyn 1980; Ouchi 1981; Hatvany and Pucik 1981.)

The Japanese management practice emerging from these societal traits, which have been oversimplified here for the sake of illustration, essentially puts the emphasis on groups rather than the individuals. Although group-based decisionmaking increases the time required to reach decisions, it speeds implementation, in that most problems are ironed out during the process of reaching a consensus and therefore there is little internal resistance to the decision during its execution. Life-long employment, based on mutual obligations and loyalty, is the norm in most large enterprises. This practice ensures that individuals accept responsibility without authority. In this system, pay and promotion can be based mainly on seniority, as individuals can be readily motivated with nonmaterial rewards for their performance (Hawrylyshyn 1972; Nadler 1976.)

Transferring this type of a management practice to a western environment is as difficult as using western practices in the Japanese setting. As most individuals raised in western countries do not share the
values embedded in Japanese practices, such transfer attempts would require considerable adaptation.

There is no straightforward answer to the question of how other countries could devise their own brands of management, à la Japan. As in western countries and in Japan, this is a case more of an evolutionary process of trial and error to see what works and what does not, than complete overhaul of an existing practice. Expanding research to identify and examine indigenous practices can help, but that would call for joint endeavors by universities, management training institutes, and organization development units within the public service. A similar effort is needed to examine ways of successfully adapting quantitative as well as qualitative management techniques and processes that have been shown to work in other settings. These efforts should be reinforced with a flexible attitude toward trying promising solutions in a limited number of organizations to test their potential for wide-scale applicability.

Some Failures in the Transfer of Management Technology

Most of the so-called "modern" management techniques and processes originated in the United States. They were initially tried and developed either in the private industry or the military and subsequently used in other units of government. Most of these have been transferred successfully to other countries, particularly in western Europe and Latin America. The few cases of failure noted in the literature involve mainly the attempts to transfer qualitative management practices of U.S. origin. Such practices may not fit into the cultural setting of the receiving organization.

Consider, for example, what happened when a number of countries tried to introduce management by objectives (MBO). In France, the system was never fully accepted, despite a change in its name to "participative management by
objectives," because MBO "presupposes a depersonalized authority in the form of internalized objectives; but French people, from their early childhood onward, are accustomed to large power distances, to an authority that is highly personalized" (Hofstede 1980b, p.59). MBO, however, was not greeted with as much resistance in Germany, because some of its features, such as co-determination of objectives and clear specification of tasks, conform well to typical German values and attitudes (Hofstede 1980b). The fate of MBO in Nigeria was similar to that in France: the implementation of the Udoji Commission's recommendation to install a governmentwide MBO system has not been implemented to date. It is not clear, however, if this is due to political resistance or cultural incompatibility between MBO and the broad elements of the Nigerian culture.

A second example comes from Vietnam. In his study of cultural receptivity to induced administrative change, Nguyen Quoc Tri reports that several administrative practices borrowed from the United States that were either of a technical nature (for example, procedural reforms in organization and methods) or that reinforced local values (for example, systems of central coordination and leadership) were transplanted successfully in Vietnam. But, "those transferred items which ran counter to the prevailing local values, such as local democracy, decentralization, position-classification, performance budgeting, participative learning, and team research have been rejected either at the outset or through their gradual disappearance" (Tri 1971, p.43).

Cultural factors have clearly played an important role in the rejection or failure of the management practices cited in these examples. However, culture is not the only factor that accounts for the success or failure of a management transfer. As noted earlier, political factors are
also important. A third factor is the organizational context into which such transfers are made. Korten (1980) has noted that many western management practices were developed to improve already well developed organizational settings. These individual techniques or practices are often transplanted into less well institutionalized environments in developing countries for the purposes of system development even though they may be ill-suited for these environments. The absence of other supporting organizational elements thus reinforces cultural incompatibilities and leads to the failure of the transfer.

In summary, the best clues as to how to manage people effectively come from culture. Since it is less easy to change a culture than a management practice, developing countries should not attempt to force a management technique upon an organization if the technique appears incompatible with the prevailing values and attitudes. Although simplification and adaptation of the practice could lead to an improvement, indigenously developed systems—because they follow an organic as opposed to an induced model of change—have a far greater chance of success.

VII. Conclusions

Better management of the public service requires action on three fronts: the structural barriers to efficient management must be removed; the quality and allocation of human, financial, informational, and physical resources must be improved; and the systems and processes used for managing these resources must be reoriented towards performance goals. Because action is often necessary in all three areas, management reform should be conceived as a comprehensive exercise that takes into account the interrelatedness of
the three groups of factors. The implementation of the reform package, however, should be incremental, sequential, and adaptive, and should allow room for continuous revision of the initial design on the basis of what is learned. Although the interrelatedness of factors affecting public service performance calls for comprehensiveness, limited knowledge of the potential effects of a specific measure in a given circumstance demands a more cautious, incremental strategy.

The key is to maintain continuity in management reform. One-shot exercises, such as those conducted occasionally by public service review commissions, often generate a blueprint for reform, but make no provision for learning or for modifying the blueprint during implementation. To generate such a capacity, it is often necessary to set up a permanent institution, either in the form of a ministry (such as Brazil's Ministry of Debureaucratization) or a high-level government agency (such as Japan's Administrative Management Agency).

The policy suggestions made in this paper could form part of the reform agenda of such an agency. However, as this paper's main focus is on ways of better managing the human resources of the public service, these should be supplemented with measures directed at better management of financial, physical, and informational resources.

The principal findings that emerge from this paper can be summarized as follows:

- Public service employment in developing countries has been growing about four times as fast as in developed countries in recent years, partly in response to the demand for improved services and in part because of the desire of some governments to improve tribal, ethnic, or regional representation, or to use public employment as a means for combating unemployment. However, on a per capita basis, developed countries still have more than twice the number of public servants as the developing countries. Although the public service's share in non-agricultural
employment is larger in developing countries, analysis of cross-sectional data suggests that this differential is likely to narrow as a result of increases in the per capita income of developing countries.

- In several developing countries the public service is overstaffed at lower levels but faces shortages of professional and technical skills. Three factors contribute to these shortages: inadequacy and uneven quality of secondary and higher education, inappropriateness of public sector compensation systems to attract and retain competent people, and, in some countries, brain drain.

- Training receives less emphasis in the public service in developing countries than in public sector organizations in industrialized countries, or private enterprises, or multinational corporations. In addition, most public service training offered in developing countries is not relevant to the demands of the job. Improvements in training systems require the following actions: raising the status of the training function in government; preparing training policies and plans; forging closer links between training and other areas of personnel management; strengthening the links between training, research and consultancy; and expanding international cooperation in training.

- A strong civil service requires a personnel office that actively manages rather than passively administers personnel policies. Ways to strengthen personnel management include clarifying the role and raising the status of the personnel function in government, improving the managerial capacity of personnel offices, building effective career development systems, improving public sector pay and conditions, and linking material and non-material incentives more closely to performance.

- The thesis that all western management practices are universally applicable has been challenged in recent decades on three grounds: new research findings highlighting the nature and importance of cultural differences among nations, Japan's success in developing management practices consistent with its own societal values, and frequent failures of some management practices transplanted across cultural boundaries. Although some quantitative management techniques that have evolved in developed countries can be used successfully in developing countries after some adaptation, the transfer of people-oriented qualitative management practices may require considerable tailoring to make them consistent with local political and cultural realities. As indigenously developed qualitative management practices may have a greater chance of
success, developing countries should invest in the identification, development, and testing of such systems.

Development, by and large, is man-made. Abundant natural resources, although important, are neither necessary nor sufficient for sustained growth. The excellent performance of countries like Japan, Switzerland, and the Republic of Korea amply demonstrate that the lack of resources is not an insurmountable barrier to rapid development. Conversely, natural wealth, as in Zaire, is no guarantee of swift takeoff. Land and minerals are "passive" factors to be exploited through human organizational and technical skills. Thus, a country's development performance turns largely on its ability to properly allocate, upgrade, and manage its human resources. Strategies, such as those advocated in this paper, can help bring the human element to the forefront of discussions on development and start a turnaround in development performance.
Annex. Sources and definitions of growth in public employment data in text Table 3.

### Developing countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>Total public service employment.</td>
<td>ILO 1983a.</td>
</tr>
<tr>
<td>Burundi</td>
<td>Total permanent public servants, excluding temporary employees and employees of parapublic sector and local government institutions.</td>
<td>ILO 1983a.</td>
</tr>
<tr>
<td>Honduras</td>
<td>Total government officials.</td>
<td>ILO 1983a.</td>
</tr>
<tr>
<td>Egypt</td>
<td>Total central and local government and public enterprise employees.</td>
<td>ILO 1983a.</td>
</tr>
<tr>
<td>Portugal</td>
<td>Total central and local government and public enterprise employees.</td>
<td>ILO 1983a.</td>
</tr>
</tbody>
</table>
Thailand - Definition: Total civil service employees (central government).

Madagascar - Definition: Total permanent officials, contractual personnel, and other temporary personnel.

Kenya - Definition: Total central and local government employees.

Yemen Arab Republic - Definition: Total government employees.

Bolivia - Definition: Total central, regional, and local government employees and staff of autonomous institutions (e.g., universities).

Philippines - Definition: Total employees of national, provincial, and city governments and public corporations plus teachers.

India - Definition: Total employment in central and state governments and local bodies.

Turkey - Definition: Total public service employment.

Argentina - Definition: Total employment in the national administration, provincial administrations, and the Buenos Aires commune.

Industrial countries

Sweden - Definition: Total employees in the central government, municipalities, and regional councils.

Australia - Definition: Total employees in the Australian Public Service, other governmental services, states, and local authorities.

Denmark - Definition: Total central government employees and the staff of local authorities and of institutions receiving financial assistance from the state.
<table>
<thead>
<tr>
<th>Country</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>Total employees in the central government and public education institutions.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>Belgium</td>
<td>Total employees in the ministries, special corps, local authorities, public utilities, and the legislative branch.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>Finland</td>
<td>Total central and municipal government employees.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Total central government employees (including the military), social security personnel, and the staff of public education institutions and of local, provincial, and other public authorities.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>France</td>
<td>Total employees in the state and local government agencies and in the public services (e.g., main public enterprises, nationalized banks and insurance companies and social security agencies).</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>Germany, Fed</td>
<td>Total full- and part-time employees of the federal government, federal railways, PTT, land governments, and local authorities.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>United States</td>
<td>Total federal, state, and local government employees.</td>
<td>ILO 1983a</td>
</tr>
<tr>
<td>Japan</td>
<td>Total employment in the national public service, prefectures (districts), and local authorities.</td>
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<td>Austria</td>
<td>Total employees in the federal civil service and federal enterprises.</td>
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<td>Switzerland</td>
<td>Total employees in the federal government, state enterprises, PTT, and federal railways.</td>
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<td>United Kingdom</td>
<td>Total central and local government employees, excluding public enterprise and nationalized industry personnel.</td>
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<td>Canada</td>
<td>Total full- and part-time federal civil servants.</td>
<td>ILO 1983a</td>
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World Bank Publications of Related Interest

Accelerated Development in Sub-Saharan Africa: An Agenda for Action
In the fall of 1979, the African Governors of the World Bank addressed a memorandum to the Bank's president expressing their alarm at the dim economic prospects for the nations of sub-Saharan Africa and asking that the Bank prepare a "special paper on the economic development problems of these countries" and an appropriate program for helping them. This report, building on the Lagos Plan of Action, is the response to that request.

The report discusses the factors that explain slow economic growth in Africa in the recent past, analyzes policy changes and program orientations needed to promote faster growth, and concludes with a set of recommendations to donors, including the recommendation that aid to Africa should double in real terms to bring about renewed African development and growth in the 1980s. The report's agenda for action is general; it indicates broad policy and program directions, overall priorities for action, and key areas for donor attention. Like the Lagos Plan, the report recognizes that Africa has enormous economic potential, which awaits fuller development.


The Design of Development
Jan Tinbergen
Formulates a coherent government policy to further development objectives and outlines methods to stimulate private investments.
LC 58-9458. ISBN 0-8018-0633-X. $5.00 ($3.00) paperback.

Development Strategies in Semi-industrial Economies
Bela Balassa
Provides an analysis of development strategies in semi-industrial economies that have established an industrial base. Endeavors to quantify the systems of incentives that are applied in six semi-industrial developing economies—Argentina, Colombia, Israel, Korea, Singapore, and Taiwan—and to indicate the effects of these systems on the allocation of resources, international trade, and economic growth.
The Johns Hopkins University Press, 1982. 416 pages (including appendixes, index).

Economic Development Projects and Their Appraisal: Cases and Principles from the Experience of the World Bank
John A. King
The English-language edition is out of print.
99 francs.
An Agenda for Action
Development Strategies in Semi-industrial Economies

Economic Growth and Human Resources
Norman Hicks, assisted by Jahangir Boroumand
Stock No. WP-0408. $3.00.

The Extent of Poverty in Latin America
Oscar Altimir
This work originated in a research project for the measurement and analysis of income distribution in the Latin American countries, undertaken jointly by the Economic Commission for Latin America and the World Bank.
Presents estimates of the extent of absolute poverty for ten Latin American countries and for the region as a whole in the 1970s.
ISBN 0-8213-0012-1. $5.00.
First Things First: Meeting Basic Human Needs in the Developing Countries
Paul Streeten, with Shahid Javed Burki, Mahbub ul Haq, Norman Hicks, and Frances Stewart
The basic needs approach to economic development is one way of helping the poor emerge from their poverty. It enables them to earn or obtain the necessities for life—nutrition, housing, water and sanitation, education, and health—and thus to increase their productivity. This book answers the critics of the basic needs approach, views this approach as a logical step in the evolution of economic analysis and development policy, and presents a clear-sighted interpretation of the issues. Based on the actual experience of various countries—their successes and failures—the book is a distillation of World Bank studies of the operational implications of meeting basic needs. It also discusses the presumed conflict between economic growth and basic needs, the relation between the New International Economic Order and basic needs, and the relation between human rights and basic needs.

The Hungarian Economic Reform, 1968–81
Bela Balassa
Reviews the Hungarian experience with the economic reform introduced in 1968 and provides a short description of the antecedents of the reform. Analyzes specific reform measures concerning agriculture, decision-making by industrial firms, price determination, the exchange rate, export subsidies, import protection, and investment decisions and indicates their effects on the economy. Also examines the economic effects of tendencies toward recentralization in the 1970s, as well as recent policy measures aimed at reversing these tendencies.

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Implementing Programs of Human Development
Edited by Peter T. Knight, prepared by Nat J. Colletta, Jacob Meerman, and others.
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Frances Stewart
Stock No. WP-0344. $5.00.

Levels of Poverty: Policy and Change
Amartya Sen
Stock No. WP-0401. $3.00.

Models of Growth and Distribution for Brazil
Lance Taylor, Edmar L. Bacha, Eliana Cardoso, and Frank J. Lysy
Explores the Brazilian experience from the point of view of political economy and computable general equilibrium income distribution models.
Oxford University Press, 1980. 368 pages (including references, appendixes, index).
Patterns of Development, 1950-1970
Holllis Chenery
and Moises Syrquin
A comprehensive interpretation of the structural changes that accompany the growth of developing countries, using cross-section and time-series analysis to study the stability of observed patterns and the nature of time trends.

Poverty and Basic Needs Series
A series of booklets prepared by the staff of the World Bank on the subject of basic needs. The series includes general studies that explore the concept of basic needs, country case studies, and sectoral studies.

Brazil
Peter T. Knight and Ricardo J. Moran
An edited and updated edition of the more detailed publication, Brazil: Human Resources Special Report (see description under Country Studies listing).
December 1981. 98 pages (including statistical appendix, map). English.
Stock No. BN-8103. $5.00.

Malnourished People: A Policy View
Alan Berg
Discusses the importance of adequate nutrition as an objective, as well as a means of economic development. Outlines the many facets of the nutrition problem and shows how efforts to improve nutrition can help alleviate much of the human and economic waste in the developing world.
Stock Nos. BN-8104-E, BN-8104-F, BN-8104-S. $5.00.

Meeting Basic Needs: An Overview
Mahbub ul Haq and Shahid Javed Burki
Presents a summary of the main findings of studies undertaken in the World Bank as part of a program for reducing absolute poverty and meeting basic needs.

Shelter
Anthony A. Churchill
Defines the elements that constitute shelter; discusses the difficulties encountered in developing shelter programs for the poor; estimates order of magnitude of shelter needs for the next twenty years; and proposes a strategy for meeting those needs.
Stock Nos. BN-8002-E, BN-8002-F, BN-8002-S. $3.00 paperback.

Water Supply and Waste Disposal
Discusses the size of the problem of meeting basic needs in water supply and waste disposal and its significance to development in the context of the International Drinking Water Supply and Sanitation Decade. Examines the Bank's past role in improving water supply and waste disposal facilities in developing countries and draws conclusions for the future.

Poverty and the Development of Human Resources: Regional Perspective
Willem Bussink, David Davies, Roger Gravell, Basil Kavalsky, and Guy P. Pfeffermann
Stock No. WP-0406. $5.00.

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Poverty and Human Development
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Four chapters provide an overview of alternative strategies; a detailed look at health, education, nutrition, and fertility; lessons from existing programs; and an examination of broader issues in planning.

Oxford University Press. 1982. 96 pages (including statistical appendix).

Reforming the New Economic Mechanism in Hungary
Bela Balassa

Evaluates the reform measures taken in 1980 and 1981 (price setting, the exchange rate and protection, wage determination and personal incomes, investment decisions, and the organizational structure) that aim at the further development of the Hungarian New Economic Mechanism, introduced on January 1, 1968.


Social Infrastructure and Services in Zimbabwe
Rashid Faruqee

The black majority government of Zimbabwe, coming to power after a long struggle for independence, has announced its strong commitment to social services to benefit the vast majority of the population. This paper looks at issues related to education, health, housing, and other important sectors and reviews specific plans and resource requirements to help improve the standard of living of the population.

Stock No. WP-0495. $5.00.

Structural Change and Development Policy
Hollis Chenery

A retrospective look at Chenery's thought and writing over the past two decades and an extension of his work in Redistribution with Growth and Patterns of Development. Develops a set of techniques for analyzing structural changes and applies them to some major problems of developing countries today.

Oxford University Press. 1979; 2nd paperback printing. 1982. 544 pages (including references, index).
ISBN 2-7178-0404-8, 80 francs.
ISBN 84-309-0845-5, 1,000 pesetas.

Tourism—Passport to Development? Perspectives on the Social and Cultural Effects of Tourism in Developing Countries
Emanuel de Kadt, editor

The first serious effort at dealing with the effects of tourism development in a broad sense, concentrating on social and cultural questions.

49 francs.

Tribal Peoples and Economic Development: Human Ecologic Considerations
Robert Goodland

At the current time, approximately 200 million tribal people live in all regions of the world and number among the poorest of the poor. This paper describes the problems associated with the development process as it affects tribal peoples; it outlines the requisites for meeting the human ecologic needs of tribal peoples; and presents general principles that are designed to assist the Bank's staff and project designers in incorporating appropriate procedures to ensure the survival of tribal peoples and to assist with their development.

May 1982, vii + 111 pages (including 7 annexes. bibliography).

The Tropics and Economic Development: A Provocative Inquiry into the Poverty of Nations
Andrew M. Kamarck

Examines major characteristics of the tropical climates that are significant to economic development.

LC 76-17242. ISBN 0-8018-1891-5. $11.00 ($7.75) hardcover; ISBN 0-8018-1903-2. $5.00 ($3.50) paperback.

Twenty-five Years of Economic Development, 1950 to 1975
David Morawetz

A broad assessment of development efforts shows that, although the developing countries have been
remarkably successful in achieving growth, the distribution of its benefits among and within countries has been less satisfactory.


**World Development Report**

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ISSN 0253-2115/ISBN 0-8213-0243-4