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### **LORC Seminar organized by Group 4**

Theme: 'Human Resource Management and Public Sector Performance'

Speaker: Per Tidemand (DEGE Consult)

Date and Time: Friday 15 September, 2006, 18:00-19:30

Venue: Campus Plaza Kyoto

Participants: Keiko Hattori (KRI International), Sayaka Kinashi (Graduate Student, Ritsumeikan University), Akiko Kishi (KRI International), Yoichi Mine (Osaka University), Takafumi Nakase (Graduate Student, Kobe University), Fumi Nishida (Graduate Student, Kobe University), Emi Ota (Graduate Student, Kobe University), Fumihiko Saito, Haruhiko Sakaguchi, Ben Ziwa (Graduate Student, Osaka University), two Ethiopian participants from JICA's training session, Ken Arai.

#### **Overview of Presentation (slide 1)**

The presentation is based on practical consultancy works that have been undertaken in association with public sector reform in Tanzania and Uganda. The presentation is divided into four main parts:

- 1) on different types of decentralization reforms that are now undertaking, drawing on the examples from Tanzania and Uganda;
- 2) on an analytical framework for understanding decentralization and human resource management (HRM);
- 3) on the differences in HRM under decentralization in Tanzania and Uganda;
- 4) on the result of the survey on HRM and staff motivation in Tanzania and Uganda.

#### **1. Types of Decentralization (slide 2)**

Decentralization is a very wide concept, which covers a range of different types of reforms, each with different policy implications. One of the most common ways to make distinction between different types of decentralization is to distinguish between the following three.

- 1) Deconcentration, whereby responsibilities are decentralized from the central government to the field based officers who are ultimately accountable to the central government. The basic accountability relations do not change.
- 2) Delegation, whereby certain functions are decentralized to semi-autonomous organizations, who yet are still accountable to the central government. This is typically happening in East Africa in the form of creation of 'executive agencies', to which certain functions (that do not relate to policy formulation) are handed over. e.g. Revenue Authority, Railway Authority etc.
- 3) Devolution, whereby functions and resources are transferred to semi-autonomous local governments. This type of decentralization implies transfer of power to elected local bodies, the accountability arrow goes to elected council and local community and NOT to the central government.

The objectives of these types of decentralization differ (slide 3 'Objectives of decentralization'). While all three forms of decentralization share the common objective of enhancing effectiveness and efficiency in planning and delivery of services, deconcentration and devolution specifically aim to bring services closer to local communities, including the poor. And it is only devolution that tries to enhance participation and local democracy, and to strengthen local accountability.

The literatures on decentralization often talk about different dimensions of decentralization (slide 4 'Dimensions of decentralisation'), most commonly: 1) the political; 2) the financial; 3) the administrative. 3) the administrative decentralization has three aspects: 1) functions; 2) organization; 3) human resources.

Public service both in Tanzania and Uganda is fairly small (slide 5 '1.1 Types of decentralised Public Service'). In Tanzania, 189,000 people are working in local governments, and in Uganda 190,000. These local governments have over the years strengthening reform through devolution. In Tanzania 106,000 people are employed at ministries, while this figure is smaller (29,000) in Uganda, and they are pursuing deconcentration. In both countries a number of executive agencies are created for delegation – 20 in Tanzania and 73 in Uganda, and in Uganda the number of people employed there is about 15,000-20,000. The degree of autonomy these organizations exercise over staff varies. In Tanzania, all types of public sector organizations are still fairly centralized. In Uganda, local governments and executive agencies have substantial autonomy, while ministries do not have much autonomy, for everybody is

employed by Public Service Commission.

## **2. Framework for understanding Decentralization of HRM functions (slide 6)**

A table developed by A. Evans (World Bank) is useful in describing the degree of the decentralization of human resources. Evans looks at the different dimensions of the employer's function and made an assessment if these particular functions had impact on administrative autonomy. For example, if one wishes to enhance staff's accountability at local level, it is important to look whether staff are paid from the organization's own budget, whether the organization is recognized as a formal employer with an authority to hire, whether there is a performance management system that the organization is undertaking, etc. If the purpose is to attract and retain skilled staff, then the different aspects are to be taken into account, such as control of career management, ability to discipline and fire, and some elements of pay policy.

Some of these functions are more critical than others (slide 7 '2. Suggested functions most critical to decentralization'). e.g. if it is to hold staff accountable, the most important dimensions are performance management, and the control over promotion.

## **3. Decentralization of HRM in Tanzania and Uganda (slide 8)**

This framework is applied to Tanzania and Uganda, to see what kind of decentralization that it is actually taking place. In broad sense both countries claim that they have decentralized human resource management but if one looks at the details, they are only particular aspects of HRM that have been decentralized. For instance, the executive agencies in Tanzania the staff are not paid by the agencies' own budget – the salary comes from the central government. In local governments in Tanzania, too, vast majority of staff are paid directly by the central government. It is only in the executive agencies in Uganda that real autonomy in this respect can be observed. Among these organizations, Ugandan executive agencies have most autonomy, and this is followed by the local governments in Uganda and executive agencies in Tanzania. The local governments in Tanzania have fairly limited control over HRM.

All executive agencies are undertaking many different kinds of operational functions. For instance, a number of training institutes, which were formerly run by the central government are now executive agencies.

#### **4. Study of HRM practices in Tanzania and Uganda (slide 9)**

Decentralisation is a wide concept and to say that HRM is decentralized is a very crude statement. If one looks at the reality, there are a lot of variations across countries and even within a country regarding what types of HRM have been decentralized. 'Public service' does not refer to a single organization – it refers to a lot of different organizations that are organized in different ways.

We have recently conducted a survey on HRM in the selected public sector organizations in Tanzania and Uganda. It is based primarily on the perceptions of the staff. Twelve organizations were looked at, that are two executive agencies, two local governments, and two ministries from each country.

We tried to pick up one organization which is performing well and another that is doing poorly for each category but it was quite a challenge especially for executive agencies and ministries, while for local government it was relatively easy since there have been some standardized local government assessment in both countries over the last couple of years. At the end, nine out of twelve organizations were classified as below or average performers.

The survey was by the means of questionnaire and two focus group discussions (one with young people and another with more senior staff) in each organization. The staff that were selected were with university degree, and working in finance or HR area. It was conducted by the Danish Institute of International Studies (DIIS) and Dege Consult over the period of two months.

(slide 10 '4a. Application of Merit in Public Service') One of the key findings of the study was that although there is general satisfaction with HRM procedures, there are very substantial differences among organizations (and there was most dissatisfaction in local governments). More important conclusion was that in both countries there was a very clear link between the staff assessment of merit in HRM and organizational performance. That is to say, those organizations that are classified as performing well also have far more people indicating that

recruitment was done according to regulations, and that people were promoted based on merit etc.

We also looked at what motivates staff (slide 12 '4c. Staff motivation). Public servants themselves particularly emphasized salaries. University graduates are paid in public sector around \$300/month in Uganda, and almost a half in Tanzania. Primary school teachers are paid about \$60/month. People are therefore complaining about the salaries being low. Allowance, e.g. for performing special duties, are also considered to be important. Public servants were relatively well paid, in comparison with ordinary people who make, for example, \$2/day, yet are complaining about salaries because they have been promised over many years a living wage from the government.

The survey however also showed that private sector employment was not considered to be a realistic alternative. Many of the public servants did try private sector works but found that the workload is significantly higher there and job security is far less. Also there are far more training opportunities in public sector and it attract people to stay there.

As a motivation factor staff also emphasized some aspects of HRM, such as the existence of clear objectives for staff and face to face interaction with managers.

The survey also indicated that there was a very clear link between organizational performance and the extent to which these kinds of HRM practices are in place (slide 13 '4d. Management style and performance'). If the management is setting clear targets, delegates to the staff, has personal direct interaction, gives feedback on individual performance, and has fairness and transparency, then the staff will be highly motivated and the organization will perform better.

It was also found out that civil servants have conflicting norms (slide 14 'Conflicting norms'). On the one hand, they have a high degree of self-interest. On the other hand, they recognize the importance of merit in HRM and many of them quest for more meaningful work and the condition of work that allows them to perform well. They would like hard performance enhancement measure (e.g. by differentiating the pay in accordance with performance), while at the same time desire fair treatment of all. They also would like to see improvement of performance but are loyal to their colleagues who are performing poorly. These conflicting

norms of civil servants allow some potential to the management to influence the situation.

From the survey, some operational conclusions were drawn (slide 15 'Operational Implications).

- a) Pay reform is not the only motivator. There have been attempts for pay reform, to increase salaries in a systematic way, over the last years in both countries but there may be other, cheaper, ways to enhance the performance of public sector.
- b) One important way is to introduce total reward approach, which involves training and other aspects to motivate staff.
- c) Another is to improve simple day to day HRM, e.g. Permanent Secretary sending a note congratulating one's job well done.
- d) One should be very careful about the different treatment of staff in monetary terms. The difference in pay can be demotivating to those who receive lower salary.
- e) Also it is good to improve the credibility of OPRAS (Open Performance Appraisal Assessment System). Before the public sector reform started, staff did not know how they were assessed by their supervisors, and this system has been introduced. But at the moment it is not working well.
- f) It seems very important to improve compliance to merit in hiring, firing, transfer, and promotion, and remove political interference to HRM. It was clear from the survey that particularly in Uganda, District Service Commissions that are appointed by local government politicians, interfere in the decision of who is hired for a particular job.
- g) Finally, information on hiring, firing, transfer, and promotion events needs to be improved.

Based on the study, some further works are recommended (slide 16 '4g. Further Work').

- 1) It would be a good idea to document best HRM practices. There are a lot of differences in the way management interprets their given autonomy on HRM, and there are some good practices.
- 2) A tool needs to be developed so that HRM practices can be assessed in more rapid way.
- 3) Some more works should be done on politicians.
- 4) Also it is recommended that some research is done on frontline service providers.

## Q&A

FS: A lot of literatures on local government or public administration particularly in Africa are very pessimistic in their tones. They portray people working at public institutions very self-interested etc. The pictures which are coming out from such orthodox studies are that the public institutions are not getting anywhere. This study however provides more balanced picture.

Q. What do you think about the resistance to decentralization.

A. In Tanzania and Uganda there is an official policy on decentralization. Decentralization has been in progress since the early 1990s in Uganda and since the late 90s in Tanzania, probably because political leaders saw it as important for political purposes. There have been some resistances from ministries, bureaucracies, and unions. But at least as long as the political leadership sees the interest, then decentralization continues. Yet there have been an agreement that decentralization has somehow stopped in Uganda and in a sense going backward, toward more centralized system, particularly in the area of HRM. There are two areas in which resistance to decentralization is commonly observed: money and control of staff.

Q. Slide 10, '4a. Application of Merit in Public Service' says that 'general satisfaction with HRM procedures, but substantial differences among organizations'. Why?

A. A lot of literatures on Africa talk about the failed states, etc. but what was found out in the survey was that HRM to a large extent work according to rules and regulation. What was interesting about the study was that we could see some variations, that not all local governments are performing poorly. One should not generalize public service in Africa. There are significant differences even within a country and these differences explain how well the organizations perform. This is mostly in line with most of the HRM literatures, which emphasize the importance of these tools.

Q. Is the satisfaction related to decentralization? Do you compare HRM procedures under the centralized system and decentralized one in these countries? And can you really think salary is a motivating factor? The satisfaction brought by increase in salary is not permanent.

A. In normal HRM theory, pay is considered to be one of the tools for the managers to motivate

workers, and consideration on pay has been very significant in the public service reform in these countries. In ten years ago, there was a very small gap between the highest paid and the lowest paid, and what they have done in both of these countries is to make that gap very big. This has been done because it has been very difficult to attract and retain engineers.

As regard to decentralization and pay, if you look at the table on the slide 8 ('3. Decentralization of HRM in TZ and Uganda'), the function of pay is not the one that has been decentralized to local governments – only executive agencies in Uganda has authority over pay. Local governments have to follow the central government's guideline for public servant's pay, and neither do they have means.

FS: One important thing that affects the satisfaction of public servants is not only how much one is paid but also how regularly and how soon the payment is released.

Q. Regarding incentives, what do you think about psychological, rather than material, incentives?

A. What came out of the survey was the importance of the non-material incentives. People talked about the importance of the management practices whereby the management recognize the performance of staff. It is clearly an important factor in motivating people. None of the officers participated in the survey was entirely self-interested. They have a sense of contributing to the common goods. But they complain when their working environment ('dry desk') prevents them from performing well or doing meaningful work.

Q. In the current trend of decentralization a massive amount of money started to flow into local governments. This transfer enables local governments to provide better salaries and training to staff. But an easier way to promote efficiency may be to contract out the services to NGOs etc. What do you think about this kind of 'easy solution'?

A. Outsourcing is a very popular concept in public service reform in East Africa, where people try to pick up the most modern management concept. They have been trying to do some outsourcing very basic services with a limited success. Uganda and Tanzania are also working on more radical attempt of outsourcing, e.g. agricultural extension.

BZ: In Uganda decentralization has been desired but the conflict is about the types of decentralization. The government is trying to take more power and would go for delegation

type of decentralization, while local communities seek devolution, and districts would desire federation.

Q. What was the methodology used to measure the performance? Different administrative points should have different challenges.

A. We asked the ministry which is responsible for performance assessment – Ministry of Public Service in Uganda and President Office Public Service Management in Tanzania. In some cases it was easier – for instance the basic performance of all local governments is officially assessed every year, in Uganda since 1999. Indeed, there are substantial differences between different types of organizations, e.g. executive agencies and local governments, but when comparison is made, the same type of organizations are compared and the conclusion was that the way the management is undertaking HRM matters.

Q. About the relationship between the Ministry of Local Government which is responsible for decentralization and other line ministries which have huge resources. In case of delegation, for instance, the Ministry of Local Government sometimes needs to coordinate different line ministries and it can be costly and time consuming. Have there been difficulties in such coordination and how has the coordination been done in Tanzania and Uganda?

A. In the beginning of the reform, in Uganda there was a tendency that the central government would like to continue doing the work they used to do. Yet as decentralization advances the line Ministries has realized how they can oversee/monitor/quality assure how the works that have been happening at local government level, by refining policy, guidelines and capacity building etc. Therefore, the roles of the central government have changed even more than the local governments' during decentralization and that is an important lesson for reforms. If one wants to support decentralization reforms, it is important to assist at local level, of course, but even more important is to make sure that the related changes are also happening at the central government.

For instance in Tanzania there is a layer of government between the central and local governments, called Regional Secretariat. Before their role was to implement but it has been changed these days and now is to facilitate and oversee etc. However, nobody supported them with this new function and officers are sitting there completely frustrated, not knowing how to help local governments to do works.

FS: One thing that has not been talked so much today was the politics behind performance measurement, which is not neutral. Also we did not talk much about ethnic elements in local democracy. These are the areas we need to keep our eyes on.