

Helpdesk Research Report: Political Economy of Civil Service Reform

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Query: Please provide recent literature on the political economy of civil service reform, with a particular focus on how civil service reform is subject to political considerations, ethnic and regional factors, and the power and interests of bureaucrats and politicians. Please include empirical examples from Asia, Africa and Latin America.

Enquirer: DFID

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1. Overview

Much of the recent literature on civil service reform (CSR) emphasises that reforms have tended to fail and that political factors are critical to the success or failure of reform efforts. CSR in developing countries is not a topic that is widely researched or written about, and as such there is little material that explores this analysis further.

From the literature that it has been possible to find, political contextual factors and the impact of bureaucrats' and politicians' personal interests are most frequently discussed. Regional and ethnic political factors were generally not explored in detail. Several points emerge as themes from the resources listed below:

- Strong, committed political leadership is critical to CSR success.
- Civil servants are embedded in society and are therefore entrenched in societal norms. There is broad consensus that reforms must take account of institutional context.
- An analysis of incentives should be part of CSR programmes in order to increase the chances of reforms being adopted and embedded. These incentives do not always have to be financial.
- There has been experience of 'soft' reforms that focus on facilitating personal attitudinal and cultural change amongst bureaucrats.
- CSR programmes should consider ways of building the public legitimacy of reforms.
- CSR in developing countries often happens in a wider context of public scepticism and apathy. Several articles explore the role of civil society as a political actor in public administrative reform.
- Donors and reformers need diagnostic tools to assist in the design of politically sensitive reforms.

There is very little evidence and research on donor engagement with the politics of CSR. The World Bank evaluations listed below emphasise that the Bank has not consistently or adequately engaged in political issues surrounding CSR, and emphasise the need for supporting diagnostic tools. Bangladesh and Bolivia are noted as the exceptions, but no

further details are given (see page 29, Evans 2008). The Evans and Wilder 2006 paper is part of a wider World Bank / DFID review on tactics and strategies in CSR reform. Finally, the Jacobs 2009 paper reviews a DFID funded programme in Bangladesh which attempted to influence the motivations and mindsets of senior level bureaucrats to make them more 'reform-minded'.

Only resources that are post 2007 have been reviewed and included in this Helpdesk research report (with one exception). Most of the resources are from academic journals. Case studies from Asia and Africa have been included in the final section (no relevant Latin American studies were found in the time available, although the Andrews 2008 paper below discusses Latin American evidence).

2. General literature

World Bank, 2008, 'Public Sector Reform: What Works and Why?', IEG Evaluation of World Bank Support, Washington

<http://www.gsdrc.org/go/display&type=Document&id=3252>

This major World Bank evaluation of their public sector reform work emphasises the impact of political context and political economy factors on the success or failure of CSR initiatives. It finds that CSR is the area of World Bank public sector reform work that is least successful, with civil service performance improving in less than half of the countries supported by the Bank. Two causes are identified: the inherent political difficulty of reforms and the lack of clear diagnostic tools to address CSR issues. Some success is identified where reforms have focused on "personnel management reforms, such as merit-based recruitment and promotion, to improve performance and counter patronage based systems" (p.xvi). One of the main recommendations of the report is to "design PSR projects and allocate Bank resources to them with recognition that PSR has especially complex political and sequencing issues" (p.xvii). The main section that explicitly discusses CSR is from page 52 – 57.

Evans, A., 2008, 'Civil Service and Administrative Reform: Thematic Paper', Background Paper to Public Sector Reform: What Works and Why? An IEG Evaluation of World Bank Support

http://siteresources.worldbank.org/EXTPUBSECREP/Resources/civil_service_thematic_paper.pdf

This background paper fed into the wider IEG, World Bank evaluation referenced above. It conveys the same broad argument, that political contextual factors are critical for the success or failure of reforms, but explores the issues in greater depth. Chapter 4 includes a review of 19 country case studies and chapter 5 gives 'reasons for success or failure'. The first and most commonly experienced reason is "a lack of political commitment to reform or a discontinuity over the implementation period" (p.28). It is noted that "this issue of political commitment can affect even the most uncontroversial measures". Also, "changes in political leadership can also result in decisions to terminate, reverse, or dilute more controversial reforms such as downsizing. In a number of countries, such as Bangladesh, Yemen and Ethiopia, the persistence of patronage systems and politicization of the bureaucracy directly undermined implementation in the review period, particularly those reforms that affect pay, recruitment, promotion and downsizing. In addition, the strength of trade unions, particularly within the public sector, can subvert downsizing, pay, and merit-based reforms in an otherwise supportive political regime" (p.28). The authors note that the Bank does not have a standard diagnostic instrument for analysing the civil service and that they have "rarely analysed the political considerations that make CSA reform so difficult" (p.29). It is recognised that entrenched patronage and political appointments are often at the root of

problems with the civil service “but the Bank’s traditional tools, especially lending conditions, are ill-suited to addressing this fundamental challenge” (p.30).

The authors conclude with three factors that contribute to success or failure:

- Lack of political commitment to reform, or more often a lack of sustainable commitment that ends in stalled implementation. This can result from a change in government in midstream, or simply a lack of staying power once the impacts of implementation take hold.
- Ingrained patronage systems that can directly undermine implementation, particularly those reforms that affect pay, promotion and employment status.
- Presence of strong public sector unions that subvert reforms even in an otherwise supportive political environment.

It is argued that “while these factors are not necessarily insurmountable, they do require careful and strategic implementation strategies” (p.33).

Leonard D., 2008, 'Where Are 'Pockets' of Effective Agencies Likely in Weak Governance States and Why? A Propositional Inventory', Institute of Development Studies (IDS), Brighton UK <http://www.gsdr.org/go/display&type=Document&id=3326>

This article explores ‘pockets of productivity’, or well functioning, effective government agencies that operate in the context of poor governance and generally weak public sectors. Such pockets can be formed and continue to prosper in environments that are generally hostile to administrative reform and effectiveness and “very often will be the creation of some kind of reform effort at some point in the past” (p.10). The article synthesises the work of a small group of scholars over the last 20 years who have argued that “the ability of an agency to carry out valuable internal managerial reforms is dictated – at least in part – by the nature of the work being done, by the constituencies that it serves, by the larger political environment in which it exists” (p.7). This body of research has been organised into the following five meta-hypotheses:

- An organisation’s ‘productivity’ is largely determined by how it does its tasks – i.e. by management and leadership – not primarily by its function or its political context.
- Function drives organisational structure and personnel, which in turn determine performance.
- The process by which efforts to improve performance are undertaken frequently can overcome other aspects of its political context.
- Political institutions shape what is organisationally feasible and are not automatically deducible from interests and power.
- The underlying political economy in which an organisation is placed ultimately will overcome and shape all the other causal factors and thus determine what productivity is possible.

The article also discusses the question of what conditions make pockets of productivity possible, and what are the possible implications for development programming. Leonard argues in support of the argument that “the political economy surrounding an organisation... mediated through its functions and endowment of other attributes, are the motivating force behind the adoption of good management and thus the largest ultimate cause of its existence” (p.26).

Haque, N. U., 2007, 'Why Civil Service Reforms Do Not Work', Pakistan Institute of Development Economics, PIDE Working Paper 2007:24, Islamabad
<http://ideas.repec.org/p/pid/wpaper/200724.html>

This working paper argues that civil service reforms have focused on downsizing and changing the structure and procedures of the service without emphasising the human element. Haque draws on organisational theory of incentives to advocate an incentives based approach to reform that places the management of human resources at the centre of any strategy. The incentive system operating in many developing countries consists of declining real wages, wage compression, and a non-merit promotion and rewards system. For reforms to succeed, human resource management (HRM) must be reformed at an early stage so that productivity incentives can be established. These include giving substantial autonomy to organisations and creating new incentive schemes. The paper also explores the tendency for reforms to be centrally driven and suggests that a decentralised approach, focusing on local leadership and local incentives, may have more success.

Andrews, C., 2008, 'Legitimacy and Context: Implications for Public Sector Reform in Developing Countries' Public Administration and Development, vol. 28, pp. 171-180.
<http://www3.interscience.wiley.com/journal/121356340/abstract>

This article acknowledges that public institutions and public servants are integrated in society. Despite this, few studies have examined the impact of contextual factors on the ethical behaviour of public servants. Andrews argues that legitimacy and context are key determinants of public sector reform outcomes and criticises reform strategies for failing to take these factors into account. She states that "in developing countries, administrative reforms usually seek to curb corruption and establish trustworthy organisations by attempting to raise ethical standards in public organisations. However, this strategy forgets to take into account the influence of the overall context on institutional performance. In an ideal world, public institutions would perform at high ethical standards, setting an example of behaviour for citizens. In practice, however, contextual factors seem to overwrite the efforts of reformists" (p. 174). The article applies civic culture theory to the analysis of civil service reform and explores the impact of civic morality in Latin America, defined as 'the expression of citizen's respect for public institutions and for the norms they lay out'.

3. Country case studies

Evans, A. and Wilder, A., 2006, 'Politically-Conscious Public Administration Reform Tactics in South Asia: The Case of Pakistan', Draft report to the World Bank.

This draft paper is older than other articles listed in this Helpdesk report. It has, however, been included because it is an unpublished draft and has not been widely accessible. The paper is part of a larger joint World Bank / DFID review of the tactics and strategies through which public administration reforms in Bangladesh, Pakistan and India have been introduced over the last 10 years. The authors take a political economy perspective and analysis of the Pakistani political context of civil service reform is presented in depth. Case studies are presented on three civil service reforms: reform of the Federal Public Service Commission, Pay and Pension reform and Restructuring and Rightsizing within the federal civil service. A 'tentative typology of tactics' is presented with recommendations for designing and implementing reforms. The typology covers the following areas:

- Leadership - including finding a proactive reform champion and selling reform to the broader constituency.

- Legitimacy – justifying reform through technical analysis and institutionalizing reform through legal instruments.
- Pace and timing – in relation to individual reforms as well as strategic linking of reforms.
- Scale and packaging – considering incremental versus ‘big bang’ approaches and bundling reform objectives.

Antwi, K. B., Analoui F. and Nana-Agyekum, D., 2008, ‘Public Sector Reform in Sub-Saharan Africa: What Can Be Learnt from the Civil Service Performance Improvement Programme in Ghana?’ *Public Administration and Development*, vol. 28, pp. 253-264.

<http://www3.interscience.wiley.com/journal/121422256/abstract>

This case study of the Civil Service Performance Improvement Programme (CSPIP) in Ghana emphasises the importance of political contextual factors in facilitating / blocking successful reform efforts. The authors quote the Government of Ghana’s conclusion that “while the results on the mechanical routine aspects of the CSPIP were impressive, the actual level of ‘transformation’ or ‘change’ that endures and should be reflected in management and staff’s attitude and behaviour, and in the organisational culture, is to say the least unacceptable” (p.261). This outcome is attributed to a number of design and implementation weaknesses, including the following which relate to political considerations and the interests of bureaucrats:

- Key service-wide constraints relating to budget reform, pay and reward reforms were not undertaken, thereby serving as a major disincentive to employee morale. For example, people keep asking ‘what is in it for me?’
- Support for the reforms at the highest level (both political and bureaucratic) was cosmetic

Seven critical success factors, many of which relate to political economy, are identified that should be considered and consciously incorporated into any reform process:

- Whole-hearted political leadership commitment
- Whole-hearted bureaucratic leadership commitment
- Thoughtful synergistic planning / preparation
- Patience for implementation and evaluation
- Capacity to convince, neutralise and/or accommodate reform-phobias and critics
- Sustainable financial and technical resource availability
- Conscious nurturing of general public support

Secondly, the authors emphasise the need to appreciate the concerns of the public and civil society scepticism of public institutions and civil servants. Reformers are advised to address citizen concerns that public sector institutions are “too big, costly, wasteful, unproductive, inefficient, ineffective and unnecessarily bureaucratic, coupled with the complaint that ‘public sector operatives’ (civil / public servants) are equally too parasitic rent-seeking, incompetent, rude, officious, mean, abusive and corrupt” (p. 263). Finally, reform efforts must be contextualised within country specific realities including history, culture, politics, economy, sociology, ideology and values.

Jacobs, C., 2009, 'How to Bring about Change in the Bangladesh Civil Service? Attempts to Change Mindsets, Behaviours and Practice,' Public Administration and Development, vol.29, pp. 218-227.

<http://www3.interscience.wiley.com/journal/122455186/abstract>

This is a case study of the DFID funded Managing at the Top (MATT2) civil service reform programme in Bangladesh. The article analyses the extent to which a senior civil service development programme can succeed in altering the interests of bureaucrats and creating reform minded civil servants. Anecdotal evidence is presented. Jacobs acknowledges that in developing countries 'senior civil servants may appear indifferent to service users and are able to insulate themselves from the needs of the poor. In this scenario policies which support the development of the poor will only be promoted if they fit the ambitions of dominant players in patron-client relationships. Civil servants may in fact deliberately impede or block pro-poor measures and act to ensure that powerful factions and their political leaders are rewarded instead. Changing behaviours in this situation can be particularly difficult' (p.219). The article then explores ways in which the MATT2 programme has been successful in changing the mindsets, attitudes and behaviours of senior level bureaucrats in the heavily politicised Bangladeshi civil service. Jacobs argues that "the story is impressive and the development programme is widely praised for its rigour, depth and ability to move civil servants from reactive and essentially passive administrators in the system to proactive, reform minded individuals" (p.223).

Jacobs also acknowledges that "being 'reform-minded' may not be sufficient without a formal reform mandate driven by the highest authority" (p.225). The importance of a strong vision and leadership, low senior staff-turnover and engaged external stakeholders including civil society, donors and business is also mentioned.

Mengesha, Getachew Hailemariam and Richard Common, 2007, 'Public Sector Capacity Reform in Ethiopia: A Tale of Success in Two Ministries', Public Administration and Development, vol. 27, pp. 367-380.

<http://www3.interscience.wiley.com/journal/114269679/abstract>

This article assesses the outcomes of the Public Sector Capacity reform, based on a small-scale survey in two Ethiopian ministries, conducted in 2005. Notable transformations in service delivery, very high levels of user satisfaction and spectacular improvements in performance were recorded as a result of the introduction of business process reengineering (BPR). The authors position their findings in opposition to recent research which argues that New Public Management (NPM) style reforms do not contribute to performance improvements in Africa. The Ethiopian political context is referenced throughout the paper as being typified by neo-patrimonialism and the authors express surprise that considerable performance improvement was attainable given the socio-political context: "The positive results of the study are surprising given the unpromising context of Ethiopia's system of public administration, which exhibits patrimonial features that persist from the imperial era" (p.371). The authors argue that "the outcomes of this survey reveal that changes can be initiated and implemented successfully in public institutions in the African continent when the groundwork for change is worked out properly, particularly close to the point of service delivery. Whether or not senior officials are committed for the change and readily own the reform is not so relevant" (p.378). However, the authors do also seem to recognise the importance of the political context by stating that "the success achieved at MOTI could also be ascribed to various factors including the commitment and full involvement of high ranking officials of the Ministry and access to policy makers (p.378)... top down foreign induced strategies and policies will only be put into effect when the commitment, ownership and involvement on the part of top management are in place" (379). In particular, they note the need to develop a mechanism to enhance the momentum of reform with appropriate incentives, in order to prevent reforms from backsliding.

Samaratunge, R., Alam, Q. and Teicher, J., 2008, 'The New Public Management Reforms in Asia: A Comparison of South and Southeast Asian Countries', *International Review of Administrative Sciences*, vol. 74

<http://ras.sagepub.com/cgi/content/abstract/74/1/25>

This article examines how contextual factors have influenced the nature and the outcome of NPM initiatives in Singapore, Malaysia, Sri Lanka and Bangladesh. The particular factors explored are political history, party politics, macroeconomic considerations, state traditions, role of International Development Agencies (IDAs) and the state of civil society. The authors conclude that these factors are critical in determining the outcome of NPM style reforms. Reforms in Sri Lanka and Bangladesh are analysed as having been hindered by these factors as reform initiatives were influenced by short-term political motives. The authors argue that "the political commitment and leadership seem to be the most influential factor in these four countries. Singapore and Malaysia can be categorised as successful cases with their reform initiatives due to strong political leadership. The reform package was relatively comprehensive in these two countries. In contrast, Sri Lanka and Bangladesh opted for selective reform programs which suited the short-term interests of the ruling elites. The policy prescriptions of IDAs influenced these changes. Narrow partisan politics acted as a force against comprehensive reforms" (p.42).

Morgan, P. and Baser, H., 2007, 'Building the Capacity for Managing Public Service Reform: The Tanzania Experience', European Centre for Development Policy Management (ECDPM), The Netherlands

<http://www.gsdrc.org/go/display&type=Document&id=2699>

This case study primarily explores the role of the President's Office, Public Service Management (PO-PSM) as a change manager within the broader Public Service Reform Programme (PSRP) in Tanzania. Political economy issues are mentioned and the authors conclude that "an unusual combination of political support, low levels of political conflict, some skilled Tanzanian managers, an absence of deep bureaucratic resistance, some historical resonance, funder patience and some key domestic constituencies may be enough to make PSRP effective" (p.vi). The Tanzanian capacity for change management was shaped by "a supportive context for public service reform, a relatively homogenous population with no one dominant ethnic group, and global trends and the demands of foreign investors and the international development community which acted to demand improved performance from the public service" (p.v). 'Soft' reforms were made, focusing on cultural and attitudinal change, after the more standard technical changes to organisational structure and systems. The PO-PSM is also credited with strong leadership and giving staff a "sense of meaning" which acted as a greater incentive for commitment and responsibility than was created by financial incentives.

5. Additional information

Authors

This query response was prepared by Zoë Scott zoe@gsdrc.org and Claire Mcloughlin claire@gsdrc.org

Contributors

Anne Evans (Independent Consultant)
Tom Hewitt (IDD)
Mike Hubbard (IDD)
David Leonard (IDS)
Willy McCourt (IDPM)

Websites visited

Centre for the Future State, UNDP, Oslo Governance Centre, Capacity4Development, CMI, DESTIN, Reliefweb, CAPAM, Eldis, Google, Google Scholar, GSDRC, United Nations Capital Development Fund,

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